

LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

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SIXTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY
1933



Legislative Assembly.

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THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

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MR. GAYA PRASAD SINGH, M.L.A.

KUNWAR HAJEE ISMAIL ALI KHAN, O.B.E., M.L.A.

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LEGISLATIVE ASSEMBLY,

Tuesday, 12th December, 1933.

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

QUESTIONS AND ANSWERS.

LOAN ADVANCED TO THE BAHAWALPUR STATE.

1387. *Sirdar Harbans Singh Brar: (a) Will Government please state the total loan advanced to the Bahawalpur State upto the end of this calendar year? What is the amount of (i) capital, and (ii) interest thereon?

(b) Has any portion of the capital or interest been realised so far?

(c) What funding arrangements have been made with the State?

(d) What is the annual interest due in respect of the total loan?

(e) Have Government arrived at a decision regarding the writing off of a portion of the loan?

(f) Before deciding the matter finally, do Government propose to give this House an opportunity of discussing the matter in case they consider it necessary to remit a portion of the loan?

The Honourable Sir George Schuster: (a) The total amount of the Bahawalpur loan, including interest, outstanding on the 31st October, 1933, was Rs. 11,98,14,582. I am having fresh calculations made of the separate figures for direct capital expenditure and for accumulation of interest. These will be laid on the table in due course.

(b) No.

(c) The budget of the State section of the Sutlej Valley Project has been entirely separated from the State budget, and is under the control of a Public Works and Revenue Minister who has been authorised to correspond direct with the Government of India in the Finance Department. After deducting a sum roughly equivalent to the revenue which was derived by the State from the area in question before the inauguration of the Sutlej Valley Project the balance of the income derived from the Project will be devoted to the liquidation of the loan. It is anticipated that the Project will begin to earn a profit in 1934-35 and the profits should increase rapidly in subsequent years.

(d) I would invite the attention of the Honourable Member to the reply given to part (b) (i) of starred question No. 655 by Mr. Gaya Prasad Singh on the 6th September, 1933, where the estimated interest for this year was given as approximately 68½ lakhs.

(e) No.

(f) I do not wish at this stage to admit the necessity of having to remit any portion of this loan. If however any financial re-arrangement involving a remission of capital should be proved to be necessary, Government will consider in what manner it will be possible to discuss its terms with representatives of the Legislature.

Mr. Lalchand Navalrai: May I know from the Honourable Member if any Committee was appointed to go into the claims of the Government against the Bahawalpur State?

The Honourable Sir George Schuster: No Committee has been appointed on that particular subject. An expert Committee was appointed to advise us as to the reconstruction of the whole scheme.

Mr. Lalchand Navalrai: Did it consider this question of the loans?

The Honourable Sir George Schuster: I understand my Honourable friend to mean, did they consider the question of the State's claims against the Government of India? They only considered them incidentally. They were not appointed to go into that question.

Mr. Lalchand Navalrai: Did they make any report that there should be a reduction in the loans, or a writing off?

The Honourable Sir George Schuster: No. It was not their function at all to make recommendations on that to the Government.

Dr. Ziauddin Ahmad: May I ask one question? Is not this loan forced on that State in order that the Punjab Government might complete a particular scheme and is it that the State never demanded it?

The Honourable Sir George Schuster: My Honourable friend in the guise of a question is making a series of very serious insinuations against the various authorities that have been concerned in this matter. I do not wish to do more than state most emphatically that my Honourable friend's insinuations are entirely unjustified.

Mr. S. C. Mitra: Was there any suggestion from the expert Committee or anybody else for further capital expenditure over this project in order that it may help in realising the whole amount?

The Honourable Sir George Schuster: I have not got in my mind the exact details of the recommendations of the expert Committee, but what they did was to recommend the closing down of certain works, and I think there were certain subsidiary works which would fall, under my Honourable friend's question, under the description of further capital expenditure which was of a very minor nature. There was no substantial further capital expenditure involved.

Mr. M. Maswood Ahmad: Is it a fact that the initiative was taken by the Punjab Government as regards the work for which this loan was taken?

The Honourable Sir George Schuster: As regards the initiative, that is going into complicated past history. All the authorities which owned land which would have come into this scheme were, I think I may say, equally

interested in getting this scheme started, and, in order to get it started, it was necessary that they should all come in.

Dr. Ziauddin Ahmad: May I just put my question in a simple form? Did the State demand this loan?

The Honourable Sir George Schuster: The State was certainly very anxious to have this scheme undertaken. There was no question about that.

Mr. Gaya Prasad Singh: Will Government kindly state the approximate annual income of the State, seeing that about Rs. 11 crores have been advanced to it?

The Honourable Sir George Schuster: I would remind my Honourable friend of the answer which I gave to a similar question in Simla. This project cannot, of course, stand on the security of the State revenue. It stands on its own revenues, and the revenues of the State, apart from this project, would be quite insufficient to meet the service of the loan which they have raised.

Mr. S. O. Mitra: May we take it that there is a fair chance now of the realisation of capital and interest in a reasonable period of time?

The Honourable Sir George Schuster: I can tell my Honourable friend that the situation has improved a very great deal in the last eighteen months. The sales of land have been proceeding quite satisfactorily, and if there is anything like a recovery to normal prices, this project will not only be able to pay for the loan, but will be a very profitable project for the State. If present prices continue, it looks as if it would be possible to provide interest on the loan and as if the Government would not be involved in any serious loss.

Mr. President (The Honourable Sir Shanmukham Chetty): Next question.

LOANS ADVANCED TO DIFFERENT STATES IN THE PUNJAB.

1388. ***Sirdar Harbans Singh Brar:** (a) Will Government please state the amounts of loans advanced to different States in the Punjab States Agency, stating the purpose for which they were required, which have not been paid in full so far?

(b) Have Government received any applications for loans from Indian States during the present year? If so, what are (i) the names of the States; (ii) the amounts applied for and (iii) the purposes for which they are required?

The Honourable Sir George Schuster: A statement is laid on the table.

Statement.

(a)

States.	Amount advanced.	Purpose for which required.
	Rs.	
1. Bahawalpur . . .	11,98,14,582 (Up to the 31st of October, 1933).	To finance the State's share of the expenditure in connection with the Sutlej Valley Project.
2. Khairpur . . .	9,00,000	To prevent a break-down of the administration of the State owing to the serious decrease in realisations of land revenue resulting from the general fall in the prices of agricultural products.
3. Patiala . . .	23,00,000	This represents the arrears outstanding against the State in the account current with the Accountant-General, Punjab, on the 31st of March 1932. This debt was funded and is now being repaid by fixed instalments.

(b)

States.	Amount applied for.	Purpose for which required.
	Rs.	
1. Nawanagar . . .	25,00,000	To enable the State to carry out certain essential works begun by His Highness the late Jam Sahib.
2. Tripura . . .	9,00,000	To enable the State to meet financial difficulties due to the economic depression.
3. Alwar . . .	25,00,000	To prevent a break-down in the administration.
4. Dhrangadhra . . .	45,00,000	To enable the State to pay its debt to Bhavnagar State and to meet expenditure on the State Alkali works.
5. Valsad . . .	1,30,000	For administrative purposes.

Items 1 to 3 of this list have been approved by the Government of India ; items 4 and 5 are still under consideration.

Mr. S. G. Jog: May I know whether the Government of India as such have got any definite policy as regards the granting of loans to these various States? Have they got any definite set of rules and regulations which govern the grant of loans to the States?

The Honourable Sir George Schuster: Yes, Government have a very definite policy on the matter.

Mr. S. G. Jog: Does the matter ever come before the House or before the Standing Finance Committee before the loans are granted?

The Honourable Sir George Schuster: No. Under the present constitution, matters of that kind would not come before this House.

Mr. S. G. Jog: Am I to understand that these loans are given by the Government of India on their own responsibility?

The Honourable Sir George Schuster: The answer to that is obviously in the affirmative.

CONSTITUTION OF JAIL COMMITTEES IN THE CENTRALLY ADMINISTERED AREAS.

1389. ***Sirdar Harbans Singh Brar:** (a) Will Government be pleased to state if it is a fact that all the provincial Legislative Councils have got their own Jail Committees, whose members are *ex-officio* visitors of all the jails situated in their respective provinces?

(b) Is it a fact that the centrally administered areas have got no Legislative Councils and therefore no Jail Committees of legislators whose members may be *ex-officio* visitors of the jails situate in those areas?

(c) Are Government prepared to constitute a Jail Committee consisting of members elected by this House, who should be *ex-officio* visitors of the jails and the detention camps situate in the centrally administered areas? If not, why not?

The Honourable Sir Harry Haig: (a) As far as I am aware this is not the case.

(b) Yes.

(c) Government see no reason to take the action suggested.

Mr. Gaya Prasad Singh: Are there any non-official visitors to the Delhi Jail which is centrally administered?

The Honourable Sir Harry Haig: I should imagine there are, but I should require notice of that question.

REPAIRS TO THE HOUSES OF THE MEMBERS OF THE LEGISLATURE AND OTHER GOVERNMENT OFFICERS IN NEW DELHI.

1890. ***Dr. Ziauddin Ahmad:** Are Government aware that the New Delhi houses of the Members of the Legislature and other Government officers are not repaired in a manner to prevent the falling of lime from the ceiling? If they are not so repaired, what is the reason therefor?

The Honourable Sir Frank Noyce: Government are aware and regret that a certain amount of discomfort has been caused to the occupants of some Government quarters in New Delhi by the falling of particles of white-wash from ceilings. This trouble is mainly due to the roofs being saturated by exceptionally heavy rain during August, September and October last, and can be remedied only gradually as the roofs dry.

Dr. Ziauddin Ahmad: Is it not a fact that the rains have been practically uniform in the area all about Delhi and is it not a fact that there has been no such falling of lime from the ceilings of private houses in Delhi?

The Honourable Sir Frank Noyce: I have no information as regards the circumstances of private houses; possibly they are not whitewashed to the same extent as Government buildings.

Dr. Ziauddin Ahmad: Is lime falling from the roof of the house of the Honourable Member himself?

The Honourable Sir Frank Noyce: I understand that, although I myself have been fortunate in that respect, some of my Honourable colleagues have suffered from the falling of lime particles. I may also say that the Chief Engineer has also complained to his own Department in regard to the falling of particles of whitewash from his ceilings.

Mr. Gaya Prasad Singh: Is it a fact that these quarters are sometimes given to outsiders?

Mr. President (The Honourable Sir Shanmukham Chetty): That question does not arise.

PAYMENT OF LATE FEE CHARGES IN RESPECT OF WEATHER TELEGRAMS TO THE TELEGRAPHISTS.

1391. ***Pandit Satyendra Nath Sen:** (a) Will Government please state whether late fee charges in respect of weather telegrams are paid to the telegraphists after the amount is passed by the Meteorological Department, and whether the expenditure incurred on this account is borne by the latter Department?

(b) Are Government aware that in the New Delhi Central Telegraph Office these late fees were being paid to the staff without any reference to the Meteorological Department during the last summer months? How many other offices were following this procedure, and what was the approximate loss to the Telegraph Department from April to September, 1933, on this account, if any?

The Honourable Sir Frank Noyce: (a) Yes.

(b) Information is being obtained and will be laid on the table of the House in due course.

NON-OCCUPATION OF HIS QUARTERS BY THE OFFICER IN CHARGE, NEW DELHI CENTRAL TELEGRAPH OFFICE.

1392. ***Pandit Satyendra Nath Sen:** Is it a fact that since the last few months the Officer in charge, New Delhi Central Telegraph Office, is not living in the quarters provided for him within the office premises? If so, what arrangements have been made to call him to office or to get his instructions and orders in cases of urgency out of office hours?

The Honourable Sir Frank Noyce: The matter is under enquiry and a reply will be placed on the table in due course.

DELAY IN TRANSMISSION OF TELEGRAMS IN THE NEW DELHI TELEGRAPH OFFICE.

1393. ***Pandit Satyendra Nath Sen:** Is it a fact that in the New Delhi Telegraph Office telegrams suffered heavy delays in transmission during the last six or seven months? If so, why?

The Honourable Sir Frank Noyce: Information is being obtained and will be laid on the table of the House in due course.

PRESS TELEGRAMS ADDRESSED TO THE STATESMAN.

1394. ***Pandit Satyendra Nath Sen:** (a) Are Government aware that in the New Delhi Central Telegraph Office repetitions and corrections for Press telegrams addressed to the *Statesman* are asked from and supplied by other stations by service messages instead of Paid Service Advice as required by rules on the subject, and when the original telegrams delivered to the *Statesman* are found to be without mistakes, the cost of these services messages is not recovered from the *Statesman*?

(b) What was the approximate loss to the New Delhi Central Telegraph Office on this account for the last six months, if any?

(c) Do Government propose to take steps in order to bring about an improvement in the present state of things in the New Delhi Central Telegraph Office?

The Honourable Sir Frank Noyce: (a) and (b). Information is being obtained and will be laid on the table of the House in due course.

(c) The question of whether any action is called for will be considered on receipt of the required information.

RECRUITMENTS TO TRANSPORTATION GROUPS ON THE EAST INDIAN RAILWAY.

1395. ***Mr. S. G. Jog:** (a) Will Government be pleased to enquire and state whether it is a fact that all recruitments to Transportation Groups are made through Selection Board, *vide* Agent, East Indian Railway, Circular No. 548/A.E.-2460 of the 1st October, 1932? If so, when, where and for what recruitment did the Selection Board assemble, and who were its members?

(b) When, where and for what recruitment was the necessary advertisement published?

(c) Was any advertisement published in any of the issues of the Weekly Gazette of the East Indian Railway? If not, why not?

(d) Was any report on the working of the Selection Board ever published? If so, will Government place a copy of it on the table of this House or supply to me? If not, what are the reasons for its non-publication?

Mr. P. B. Rau: (a) Selection Boards are convened as often as necessary for purpose of initial recruitment. The rules provide that a Selection Board of not less than two officers will be appointed by the Head of the Division or Department.

(b) and (c). Government have no information.

(d) My Honourable friend seems to be under a misapprehension in assuming the existence of a permanent Selection Board. This is not the case; Selection Boards are appointed *ad hoc* and no reports on their working are prepared.

PENALTY FOR IRREGULAR USE OF PASSES ON THE EAST INDIAN RAILWAY.

1396. ***Mr. S. G. Jog:** (a) Will Government be pleased to state whether it is a fact that the penalty for irregular use of duty and privilege passes by an officer is only Rs. 5 (*vide* Agent, East Indian Railway, Circular No. 525/A.G.-47-11, dated the 12th January, 1931)? If so, are subordinates also similarly penalized when the nature of irregularity is one and the same? If not, why not?

(b) Is officers' responsibility greater or lesser than of a subordinate?

(c) Will Government lay a statement on the table showing the number of officers and subordinates, respectively, penalized for irregularities, together with the nature of irregularity in each case during the period 1st April, 1933 and 30th November, 1933?

Mr. P. R. Rau: (a) and (b). The penalty referred to by my Honourable friend is not, as he imagines, for irregular use of duty and privilege passes, but for the loss of a pass by an officer and is intended to cover the cost of notification of loss. Any irregular use will be visited with very severe penalties.

(c) The information is not readily available, and Government consider that its collection is not justified on account of the considerable amount of labour involved.

WELFARE SCHEME ON THE EAST INDIAN RAILWAY.

1397. ***Mr. S. G. Jog:** Will Government be pleased to state whether it is a fact that a Welfare Scheme is operating on the East Indian Railway by means of committees posted in areas in each division for the benefit of subordinate staff? If so: (a) how many sittings had each Area Committee of Moradabad Division during the period 1st April, 1933 to 30th November, 1933; (b) what were the subjects discussed at each meeting; and (c) will a copy of the proceedings of each meeting of each Area Welfare Committee either be laid on the table of this House or be supplied to me?

Mr. P. R. Rau: The answer to the first part is in the affirmative. As regards the second part, I am making enquiries from the East Indian Railway and shall lay a reply on the table in due course.

REVERSION OF CANDIDATES WHO PASSED THROUGH THE RAILWAY SCHOOL OF TRANSPORTATION, CHANDAUSI.

1398. ***Mr. S. G. Jog:** (a) Under what circumstances were the candidates who were selected by the Selection Board, *vide* Divisional Superintendent, Moradabad, No. 12/119/27-F., dated the 19th February, 1931, reading:

"Probationers Course at Chandausi School.

You have passed the Selection Board on 30th January 1931, but are not qualified in Telegraphy from 16 to 18 words per minute. You will be sent for the next probationer's

course at Chandausi which is expected to be in June, 1931. In the meantime you should continue your studies in Telegraphy so that your speed must be from 16 to 18 words per minute and please advise me when you are well up in Telegraphy.

(Sd.) S. N. MISRA,
for Divisional Superintendent."

and who subsequently passed through the Chandausi School, reverted to Relieving Cabin Signaller's Cadre, *vide* Divisional Superintendent, Moradabad, No. E. T.-1/33-E. T.-9/B. M., dated the 23rd September, 1933?

(b) Is the Cabin Signaller's Cadre included for normal channel of promotion to Transportation (Traffic) group as prescribed in the rules for recruitment and training of subordinate staff (copy of which is in the Library of this House)?

Mr. P. R. Rau: With your permission, Sir, I propose to reply to questions Nos. 1398 and 1399 together.

Government have no information and do not feel that their intervention is called for in matters of this sort which are within the competence of the Agent, East Indian Railway, to decide. They have however sent copies of these questions to the Agent, East Indian Railway, for such action as he may feel necessary to take.

DECLARATION OF PROBATIONERS WHO PASSED IN ALL SUBJECTS FROM THE RAILWAY SCHOOL OF TRANSPORTATION, CHANDAUSI, AS UNSUITABLE FOR ASSISTANT STATION MASTERSHIP:

†1399. ***Mr. S. G. Jog:** (a) Is it a fact that the probationers, who passed in all the subjects from the Transportation School, Chandausi, *vide* Divisional Superintendent, East Indian Railway, Moradabad, letter No. E. T.-1-82/Pro. C. H., dated the 10th May, 1933, addressed to the Station Masters, Bareilly, Kakori, Alamnagar, Sandila, Doiwala, Nagina, Bundki and Gajroula and reading:

"Probationer——, the bearer hereof, who has passed in all the subjects from the Transportation School, Chandausi, has been directed to report himself to you for practical training in train passing telegraphy and coaching duties. Please report his arrival and give him a week's practical training at yours. Station Master, Bundki, will give him only one day's training in Isolation system of working. Station Masters, Kakori and Alamnagar, will put him under training in Lock and Block system for one week each.

"When sending on to the next station each station master should send a report to this office on the progress made and certify that the probationer understands the system of working at each station.

"After he has received training at all the stations the Station Master, Bareilly, will send him to the movement Transportation Inspector, Bareilly who will list him and certify as to whether he is fit to take up independent charge as Assistant Station Master.

(Sd.) G. PANDE,
for Divisional Superintendent."

were subsequently declared by the Superintendent, Transportation School, Chandausi, as unsuitable for Assistant Station Mastership, *vide* endorsement reading:—

"Superintendent Chandausi says that he does not suit for Assistant Station Master.

(Sd.) J. R. YOUNG.—22-8-33.

Superintendent Staff Duties."?

If so, under what circumstances?

(b) What were the reports made by the station masters and movement transportation Inspector as required in the said letter on each probationer's work?

(c) Under what circumstances was each probationer again sent to the Superintendent, Chandausi?

(d) What are the rules for probationers' confirmation when selected by a Selection Board and passed through the Transportation School and practical training?

(e) What marks in each subject were obtained by each probationer?

RAILWAY ACCIDENTS DURING THE ADH KUMBH MELA AT HARDWAR.

1400. ***Mr. S. G. Jog:** (a) Is it a fact that averted collisions occurred on the 15th, 19th and 25th April, 1933, during the working of Adh Kumbh Mela at Hardwar? If so, was any report made in accordance with the Accident Manual?

(b) When was an inquiry held on each accident and what were the reports and findings?

(c) Who were the members of each inquiry committee?

(d) Were the working rules of the Adh-kumbh Mela, Hardwar Station, unworkable? If not, what were the circumstances under which three accidents occurred consecutively?

(e) Where were the Mela Officer and Supervisor at the time of each accident?

Mr. P. B. Rau: I am obtaining from the Agent, East Indian Railway, certain information necessary for answering this question and shall lay a reply on the table in due course.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I lay on the table the information promised in reply to starred question No. 674 asked by Mr. Bhuput Sing on the 6th September, 1933.

EMPLOYMENT OF INDIANS IN THE OFFICE OF THE HIGH COMMISSIONER FOR INDIA.

*674. (a) There are no returns available showing the number of Indians who are unemployed in London and other places in the United Kingdom and it is therefore regretted that the information asked for cannot be furnished. The probable number, excluding lascar seamen, is however understood to be very small.

(b) and (c). The total number of officers and subordinate staff employed in the High Commissioner's office prior to the last retrenchment was 649 of whom 73 were Indians. Of these 73 Indians nine were retrenched—all of whom were on temporary tenure—and two resigned their places not being filled.

(d) and (e). No. The question of the Indianization of the High Commissioner's staff was fully discussed in the Council of State on the 8th September, 1925, on a Resolution moved by the Hon'ble Mr. (now Sir) Phiroze C. Sethna. The reasons then given why it was both impracticable and expensive to employ an entirely Indian staff continue to operate. It may however be observed that the principle embodied in the Resolution adopted on that occasion has been consistently followed by successive High Commissioners in staffing their office.

(f) Presumably the Honourable Member refers to the technical staff of the High Commissioner's Store Department. It is understood that the High Commissioner is, at all times, on the look-out for Indians possessing the necessary technical and other qualifications required for appointments on his staff of the nature referred to, and has appointed thereto Indians from time to time, but the staff of this particular branch of his establishment has recently been severely retrenched and vacancies are likely to be few for some time to come. It may be added that in present circumstances as no security of tenure exists in the High Commissioner's Store Department, men with good technical qualifications are somewhat chary of accepting such service.

(g) Certain officers' posts are filled by deputation of officers from India, and others by promotion. Special or technical posts are usually advertised both in the general and technical press. It has not hitherto been found necessary to advertise vacancies in the minor clerical grades, the great majority of which have of late years been filled by the appointment of Indians.

(h) The present system has been found by experience to work satisfactorily and it is not proposed to make any change for the time being.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in the reply to starred questions Nos. 1090 and 1091 asked by Mr. Lalchand Navalrai on the 21st November, 1933.

CONTRIBUTORY PROVIDENT FUND IN CURRENCY OFFICES.

*1090. (a) Yes.

(b) No.

(c) The staff were not prepared to accept the scheme unless its terms were made more liberal. It was therefore not introduced.

(d) The question has been under consideration for a long time, but cannot be reopened till the present financial stringency is over.

(e) The answer to the first part of this question is in the affirmative. As regards the second part, Government regret they see no justification for making the scheme more liberal. In fact if the staff in question accepted the scheme now, Government would find it extremely difficult to introduce it in present financial conditions.

CONTRIBUTORY PROVIDENT FUND IN CURRENCY OFFICES.

*1091. (a) No.

(b) The answer to the first part of the question is in the negative. As regards the second part, there is no obligation on the part of Government to obtain the approval of the staff concerned before revising their rates of pay.

(c) The general policy of Government is to consult Service Associations only on matters on which they consider such consultation to be necessary or desirable. The scheme proposed cannot be given effect to as it has already been dropped on account of financial stringency.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 141 asked by Mr. Bhuput Sing on the 29th August, 1933; and
 - (ii) the information promised in reply to part (b) of starred question No. 652 asked by Mr. S. C. Mitra on the 5th September, 1933.
-

HOUSE RENT CHARGED FROM THE MINISTERIAL STAFF OF THE CIVIL DEPARTMENTS.

*141. Certain new rules regarding house-rent allowances under the Simla Allowances Code were promulgated in 1924 and Government servants governed by the old rules were given an option to elect the new rules. Those who have elected the new rules are required to occupy Government quarters allotted to them and they pay no rent. If no such quarters are available, they draw the new rates of house-rent allowance, which are higher than the old rates, subject to the production of a certificate that the allowance received does not exceed the rent actually paid. Those who did not elect the new rules continue to be governed by the old rules, under which they draw a house-rent allowance at the old rate and are at liberty not to occupy Government quarters offered to them but are required to pay the full assessed rent of such quarters in case they occupy them. When the allowance is greater than the assessed rent, the balance of the allowance is paid to the Government servant concerned, and in the converse case the balance of the rent is recovered from him. In a few cases the rent charged exceeds 10 per cent. of the monthly emoluments of a Government servant but under Fundamental Rules 45A IV (c) (ii) and 45B IV (c) (ii) Government is not precluded from recovering the full assessed rent even if it exceeds 10 per cent. of the monthly emoluments of a Government servant in cases where such Government servant is in receipt of a compensatory allowance granted on account of dearness of living. Government do not propose to take the action suggested by the Honourable Member as it was open to those who are now under the old rules to elect the new rules in 1924.

RECRUITMENT OF MINISTERIAL STAFF OF THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

*652. (b) There has been only one case in the Government of India Secretariat and its Attached Offices, the circumstances of which were quite exceptional. The transfer of this technical recruit to the ordinary clerical staff was necessitated by reasons of economy in pursuance of the general retrenchment campaign.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

- (i) the information promised in reply to unstarred question No. 121 asked by Rao Bahadur B. L. Patil on the 18th September, 1933, and
- (ii) the information promised in reply to a supplementary question to starred question No. 1028 asked by Mr. Muhammad Anwar-ul-Azim on the 20th September, 1933.

BONUS PAID TO POLICY-HOLDERS BY POSTAL INSURANCE.

121. (a) The rates of bonus declared by Government during the last 12 years are as follows :

1922—1-1/5 per cent. per annum on the sum assured, in the case of Life Insurance and 4/5 per cent. per annum in the case of Endowment Assurances for each full year the respective policies were in force between the 1st April, 1917, and the 31st. March, 1922.

Interim bonus at 3/4th of the above rates in the case of Life Insurance and Endowment Assurance policies which became claims by death or survivance between the 1st April, 1922, and the 31st March, 1927.

1927—12 per cent. per month on the sum assured in the case of whole Life Assurances secured by premia payable throughout life or for a limited period, or for which no further premia are payable and .08 per cent. in the case of Endowment Assurances, for each full month during which the respective policies were in force between the 1st April, 1922, and 31st March, 1927.

Interim bonus at 3/4th of the above rates was allowed in the case of Life Insurance and Endowment Assurance policies which became claims by death or survivance between the 1st April, 1927 and the 31st March, 1932.

(b) The total amount of bonus paid is Rs. 34,66,218 since 1907-08, the first bonus year. Over and above this amount which was paid on death or survivance of policy-holders, an amount of Rs. 42,96,247 has been assigned to the existing policy holders as bonus payable with the sum assured.

An amount of Rs. 19,43,394 was set aside as reserve out of the surplus disclosed at the valuation as at the 31st March, 1927.

(c) Out of the reserve of Rs. 19,43,394 interim bonus at the rates stated in answer to part (a) in respect of the 1927 valuation has been paid in the case of policies which became claims by death or survivance between the period from 1st April 1927 to 31st March, 1932. The balance will be merged in the surplus ascertained at the valuation as at the 31st March, 1932, and a reserve will again be set aside for unfavourable contingencies and for maintenance of bonus at the rates already declared.

NON-APPOINTMENT OF MUSLIMS AS EXTRA-DEPARTMENTAL POSTMASTERS AT ALLAHABAD.

*1023. (a) Since June, 1932, five such appointments have been made.

(b) No. One appointment was that of a Muslim.

(c) No. Only two Muslims applied, one of these has been appointed and the name of the other has been entered on the waiting list.

Mr. G. R. J. Tottenham (Army Secretary): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 343 asked by Mr. B. R. Puri on the 1st September, 1933; and

(ii) the information promised in reply to 'short notice' question asked by Mr. Gaya Prasad Singh on the 18th September, 1933.

EXECUTIVE OFFICERS OF CANTONMENTS IN INDIA.

Statement giving the particulars of Civilian Executive Officers of Cantonments,

Cantonment.	Name of the Executive Officer.	Academic qualifications.	Experience of Cantonment work.	Pay and other allowances drawn.	Date since when working.
<i>Northern Command—</i> 1. Cherat	Mr. Khushdil Khan.	Matriculation	<i>Murree Cantt.</i> —2nd clerk from 1st November 1933; 3rd clerk from 1st December 1923 (post of 2nd clerk having been abolished); Sanitary Inspector 23rd April 1924; Cantonment Inspector from 1st April 1926. <i>Cherat Cantonment.</i> —Assistant Secretary from 1st September 1929 and Executive Officer from 1st March 1932.	Pay Rs. 200 p. m. Fixed T. A. Rs. 15 p. m.	1-3-32.
2. Risalpur	Mr. Sardar Ali Khan	Matriculation Standard.	<i>Risalpur.</i> —12 years' service as Cantonment Superintendent; promoted as Assistant Secretary on 6th July 1931 and appointed Civilian Executive Officer on 1st December 1932.	Rs. 250—10—300. T. A. Rs. 15 p. m.	6-7-31.
3. Murree Galis	Mr. Mohammed Subhan.	Upto Matriculation Standard.	<i>Murree Cantonment.</i> —2nd clerk from 10th August 1917 to 6th July 1920; Head clerk from 7th July 1920 to 21st January 1923. <i>Attock.</i> —Head Clerk from 22nd January 1923 to 20th July 1924. <i>Murree Galis.</i> —2nd clerk from 21st July 1924 to 31st March 1926; head-clerk from 1st April 1926 to 10th February 1930; Civilian Executive Officer from 11th February 1930.	Rs. 310. Fixed T. A. Rs. 75 p. m.	11-2-30.

4. Bannu . . .	Mr. Abdul Ghani . . .	F.Sc. Standard (Punjab University); Sanitary Inspector's Course (Punjab Government).	Seventeen years . . .	Rs. 200 plus Rs. 25 fixed T. A. and free quarters.	18-8-32.
5. D. I. Khan . . .	Mr. Goutam Deva . . .	Graduate (Punjab University).	About six years . . .	Rs. 300 plus Rs. 60 fixed T. A.	1-2-30.
6. Abbottabad . . .	Mr. Taj Mohd. Nasar . . .	Upto Senior Cambridge Examination.	<i>Rawalpindi</i> .—Non-official member for 4 years. <i>Jullundur</i> .—Attached for training in 1928. <i>Abbottabad</i> .—Appointed Assistant Secretary on 1st May 1928, and Civilian Executive Officer on 2nd October 1929.	Rs. 425 plus Rs. 50 fixed T. A.	2-10-29.
7. Mardan . . .	Mr. Anant Ram . . .	Matriculate; completed 1st year of F. A. (Punjab University).	<i>Mardan</i> .—Head-clerk from 11th December 1930 to 30th April 1928; Assistant Secretary from 1st May 1928 to 29th February 1932, and Civilian Executive Officer from 1st March 1932.	Rs. 180 plus conveyance allowance of Rs. 15.	1-3-32.
8. Campbellpore . . .	Mr. Khan Mohd. Eshai . . .	<i>Nul</i> .	<i>Rawalpindi</i> .—Attached for training for six months. <i>Campbellpore</i> .—Civilian Executive Officer from 1st February 1930.	Rs. 250 plus conveyance allowance of Rs. 15.	1-2-30.
9. Jhelum . . .	Mr. Shahbaz Khan . . .	M. A. (Punjab University).	<i>Rawalpindi</i> .—Attached for training for about one year. <i>Jhelum</i> .—5 years and 4 months service as Assistant Secretary and Civilian Executive Officer.	Rs. 400 plus conveyance allowance of Rs. 60.	1-5-28.
10. Murree Hills . . .	Capt. H. R. Wise . . .	Educated and passed through "Rose Hill" Public School in England.	Seven and a half years . . .	Rs. 500 plus conveyance allowance of Rs. 50.	15-4-26.

Cantonment.	Name of the Executive Officer.	Academic qualifications.	Experience of Cantonment work.	Pay and other allowances drawn.	Date since when working.
<i>Northern Command—</i> contd.					
11. Amritsar .	Mr. M. M. Shourie .	B. A. Hons. (Punjab University).	Received training at Lahore. Appointed Assistant Secretary on 1st April 1929 and Civilian Executive Officer on 1st March 1932.	Rs. 200 <i>plus</i> conveyance allowance of Rs. 15.	1-3-32.
12. Kasauli .	Mr. B. P. Bhatnagar	Upto Matriculation Standard.	Joined as Cantonment Head clerk, Sitapur in March 1924. Also worked as Assistant Secretary there for sometime. Continued there till appointed Executive Officer, Nowgong, on 9th May 1929. Remained at Nowgong till the end of 1932; appointed Executive Officer, Kasauli Cantonment on 2nd February 1933.	Rs. 250 <i>plus</i> conveyance allowance of Rs. 30.	2-2-33. (Kasauli).
13. Dharamnala .	Mr. Bachittar Singh	Matriculation	Head clerk from 1st April 1901 to 30th September 1928; Assistant Secretary from 1st October 1928 to 30th September 1930. Executive Officer from 1st October 1930.	Rs. 140 .	1-10-30.
14. Jutogh .	Rai Sahib Thakur Manas Ram.	Non-Matric	Head-clerk from 24th June 1907 to 14th November 1929. Superintendent from 16th November 1929 to 30th September 1930. Executive Officer from 1st October 1930.	Rs. 140—150. Rs. 30 Horse allowance.	1-10-30
15. Subathu .	Mr. W. B. Carr .	European High School and passed Imperial Secretariat Service Examination in 1922.	14 years' service as Cantonment Superintendent, Assistant Secretary and Executive Officer.	Rs. 130 <i>plus</i> Conveyance allowance of Rs. 30.	1-10-30.

16. Bakloh	Honorary Captain Rannu Thapa.	No university standard. Educated at Regimental School prior to 1886.	About 12 years' service as Extra Cantonment Magistrate at Meerut and Peshawar, and 7½ years at Bakloh as Executive Officer.	Rs. 150.	28-1-26.
17. Degbhai	Bakshi Pralad Singh	Graduate (Punjab University).	Received training at Rawalpindi. Appointed Assistant Secretary on 1st July 1929 and Executive Officer, on 1st October 1930.	Rs. 250 <i>plus</i> conveyance allowance of Rs. 22-8-0.	1-10-30.
18. Dalhousie	Mr. Nand Lal Bery.	Received education of higher standard by private tuition. <i>Western Command.</i>	For about 20 years as Head clerk Superintendent, etc.	Rs. 150 <i>plus</i> conveyance allowance of Rs. 15.	6-7-32.
There is no Civilian Executive Officer in any cantonment in this Command.					
<i>Eastern Command.</i>					
19. Almora	Rai Bahadur Pt. Kesri Das Joshi.	Passed Entrance Class of the Punjab University.	<i>Agra—Cantonment.</i> Superintendent 1910. <i>Almora—Cantonment.</i> Superintendent from 1911 to 10th February 1930. Assistant Secretary from 11th February 1930 to 31st March 1932. Executive Officer from 1st April 1932.	Rs. 200 p. m.	1-4-32.
20. Benares	Pt. Manohar Lall	Passed Entrance Examination of Allahabad University.	<i>Bareilly—</i> Head-clerk from 13th April 1918 to 21st December 1929. <i>Shahjahanpur—</i> Assistant Secretary from 22nd December 1929 to 6th February 1931. Assistant Secretary, Chakrata, from 5th April 1928 to 31st May 1931.	Pay Rs. 250 Conveyance allowance Rs. 30 p. m.	7-2-31.
21. Chakrata	Subedar Meela Ram Sondhi.	Matriculation Examination. Higher Standard Examination in English (Military).	Assistant Secretary. Multitra from 2nd June 1928 to 29th June 1930, on which date he resigned his appointment.	Pay Rs. 375 conveyance allowance Rs. 50 for a car or Rs. 30 for a horse.	1-6-31.
22. Delhi	Jemadar Attar Singh	Ntl. Passed Higher Standard English Examination in the Army in 1922.		Pay Rs. 300 conveyance allowance Rs. 75 p. m.	9-7-31.

Cantonment.	Name of the Executive Officer.	Academic qualifications.	Experience of Cantonment work.	Pay and other allowances drawn.	Date since when working.
23. Muttra	Rai Sahib H. D. Ghosh.	Entrance Examination of the Calcutta University.	<i>Eastern Command</i> —contd. Retired Superintendent of Army Department, Lands and Cantonments Section. Assistant Secretary, Nainital, from 1st November 1928 to 31st March 1929.	Pay Rs. 300 p. m.	14-11-31.
24. Nainital	Rai Sahib Rasalder Lakhmi Chand Datt	Entrance Examination. Higher Standard English Examination (Military).		Pay Rs. 200 House allowance Rs. 25.	1-4-29.
25. Nowgong	Dafedar Fazalddad Khan.	Anglo Vernacular Middle Examination.	Assistant Secretary, Nainital, from 1st July 1928 to 31st October 1928, on which date he resigned his appointment.	Pay Rs. 250 Conveyance allowance Rs. 30.	26-1-33.
26. Shahjahanpur	Mr. M. A. Ahad	Nil.	Clerk, Bareilly Cantonment Office from 14th March 1905 to 31st August 1907. Head-clerk, Shahjahanpur Cantonment from 1st September 1907 to 31st March 1909. Head-clerk and Superintendent, Shahjahanpur from 1st April 1909 to 31st March 1916. Cantonment Superintendent, Shahjahanpur from 1st April 1916 to 6th February 1927. Assistant Secretary, Shahjahanpur from 7th February 1927 to 17th June 1929. Officiating Civilian Executive Officer, Jhanai from 18th June 1929 to 21st October 1929.	Pay Rs. 200 p. m. plus personal pay of Rs. 100 p. m. Conveyance allowance Rs. 30 p. m.	24-12-31.

27. Shillong	Pt. Mahesh Prasad Tewari.	Matriculation Examination, Allahabad University.	Assistant Secretary, Shahjahanpur, from 22nd October 1929 to 21st December 1929. Executive Officer, Benares Cantonment, from 22nd December 1929 to 12th December 1930. Asstt. Secretary, Shahjahanpur Cantonment, from 13th December 1930 to 23rd December 1931. Worked as Executive Officer, Muttra, Ferozabad and Indore City Municipalities for 10 years previous to his appointment as Executive Officer, Shillong Cantonment. Undergone training in Revenue Survey and Land Settlement work.	Pay Rs. 250 p. m.	11-8-31.
28. Sitapur	Mr. Mohd. Zaman Khan.	B.A., LL.B., Punjab University.	Officiating Executive Officer, Jhansi Cantonment from 8th July 1931 to 18th October 1931.	Pay Rs. 200, Conveyance Allowance Rs. 25 p. m.	20-11-31.
29. Jhansi	Mr. Mohd. Abdulla Khan.	Matriculation Examination.	Assistant Secretary, Cherat Cantonment for about 5 months. Received training for 8 months at Sialkot. Officiated as Executive Officer, Jhansi, from 21st May 1932 to 19th October 1932.	Pay Rs. 250, conveyance allowance Rs. 100 p. m.	20-6-33.
30. Aurangabad	Capt. H. C. Levitt	English Architect and chartered Surveyor. I. A. R. O. Captain (Engineer). Has English Public School education.	Member of Cantonment Board, Deolali, for about 5 years. Worked under Military Estates Officer since July 1925. <i>Southern Command.</i>	Pay Rs. 400, conveyance allowance Rs. 60 p. m. Allowance for being Consulting Engineer and Electric Inspector Rs. 45 p. m.	8-10-31.

Cantonment.	Name of the Executive Officer.	Academic qualifications.	Experience of Cantonment work.	Pay and other allowances drawn.	Date since when working.
31. St. Thomas Mount	Mr. A. H. Olley	Educated at Charter-house School, London. Holds a 1st class Army School Certificate of Education.	<i>Southern Command—contd.</i> Member Cantonment, Board, Bellary. Assistant Secretary, Cantonment Board, Bellary, since 1929.	Pay Rs. 350, conveyance allowance Rs. 50 p. m.	15-7-30.
32. Saugor	Mr. Sardari Lal Uberoi.	Graduate, Allahabad University.	Head-clerk, Cantonment Office, Ambala, for about 8 years.	Pay Rs. 250 p.m., conveyance allowance Rs. 40.	1-7-33.
33. Kamptee	Mr. C. D. Ralli	Matriculate, Punjab University. Senior Cambridge examination. Two years College.	9 months training in cantonment work under Capt. S. A. Bowden in Lahore Cantonment.	Pay Rs. 150, conveyance allowance Rs. 30 p. m.	15-6-33.
34. Deolali	Mr. Nur Khan	Upto Matriculation.	Served in Deolali Cantonment for a period of 18 years.	Pay Rs. 150, conveyance allowance Rs. 30.	25-2-33.
<i>Burma Independent District.</i>					
35. Rangoon and Mingaladon.	Capt. C. B. Hamilton, I.A.R.O.	High School, Higher Standard Urdu and Punjabi.	Meerut 1923-24. Sitapur 1925. Lucknow 1926. Rangoon since 7th March 1930.	Pay Rs. 350—25—600. Motor car allowance Rs. 100 p. m.	7-3-30.
36. Maymyo	2/Lt. D. P. F. Lutter, A.I.R.O.	B.A. Cambridge. Barrister at Law, Greys Inn, London.	Five months.	Pay Rs. 250, conveyance allowance Rs. 20 p. m.	5-6-33

FORCEFUL ACQUISITION OF A BUNGALOW BY MILITARY ESTATES OFFICER IN PESHAWAR.

From enquiries made from the local authorities, the Government of India are satisfied that the allegations made by Mrs. Tekoo Ram, in her telegram dated the 16th September, are not correct. The bungalow was urgently required for a public purpose, namely, the accommodation of a military officer, and was acquired under the Land Acquisition Act, 1894. An order for immediate possession was given by the Land Acquisition Officer. The facts are as follows:—

Mr. Hari Chand Mehra was absent from the court when the award of the Land Acquisition Collector was announced on the 6th September, although he was aware of the date and knew that he should be present to hear the award. His brother Lala Guranditta Mall was, however, present. On the day fixed for taking possession of the bungalow, namely, the 13th September, the Land Acquisition Collector accompanied by the Military Estates Officer and the Station Staff Officer, Peshawar, visited the bungalow and found it locked up and Mr. Mehra's servants living in the compound. The servants were ordered out of the compound by the Land Acquisition Collector. One of them was offensive to the Land Acquisition Collector and was warned that obstruction on his part would invite his prosecution. This servant was asked to get into touch with the owner and ask him to make arrangements to remove the furniture, and another 48 hours were allowed for vacating the bungalow. No mention was made of the existence of Mr. Mehra's mother. It was later reported that the lady had been paying visits to the bungalow and it was arranged that she should be allowed to do so without any interference and she visited the bungalow at her will and pleasure without any sort of incident whatsoever. The bungalow was again visited by the Land Acquisition Collector accompanied by another magistrate on the 15th September. They were met in the compound by a deputation who asked to be given another day for the vacation of the bungalow; the request was granted. As the money awarded as compensation for the bungalow had already been paid to the owner by the Land Acquisition Collector it was considered desirable to safeguard the property and, with the concurrence of the Land Acquisition Collector, a guard was accordingly placed on it. This action was considered all the more necessary because of the efforts made by Mr. Mehra's servants to remove trees, plants, etc., from the compound for which compensation had been awarded and paid by Government and also because the M. E. S. chowkidar who had been posted on the bungalow after action had been initiated to take possession of it, had been turned out of the compound by a servant of Mr. Mehra. On the 16th September, when the bungalow was again visited by the Land Acquisition Collector it was found that no action whatever had been taken by the owner to vacate it. At the request of the Military Estates Officer, Peshawar, acting on instructions received from the Inspecting Officer, Military Lands and Cantonments, Northern Command, the Land Acquisition Collector allowed a further 48 hours for the vacation of the bungalow. The 24th October was eventually fixed to enforce possession of the bungalow and the locks were forced and entry made into the bungalow on that date. Mr. Mehra then arrived and pleaded for a few more days to clear the furniture; this request also was allowed by the magistrate. The guard had already been removed to give Mr. Mehra every opportunity of vacating the bungalow which was left in the charge of the civil authorities. Mr. Mehra then proceeded to remove from the bungalow fittings that had already been paid for and further to delay matters. A further notice was then served on him that possession would be enforced on the 10th November. On that date the Land Acquisition Collector and a magistrate brought a lorry and coolies and prepared to remove the furniture and clear the bungalow, when Mr. Mehra appeared and after much delay cleared the bungalow and vacated the premises. Possession of the bungalow was finally obtained for Government on the 10th November.

2. The foregoing facts show that no action was taken by the military authorities to take possession of the bungalow but that the action was taken by the Land Acquisition Officer, that Mr. Mehra's mother was not turned out of the bungalow, that repeated extensions of time were allowed him to vacate and that the guard was posted merely for the protection of the property and, incidentally, also afforded protection to Mr. Mehra's property in the bungalow. Mr. Mehra had other houses in Peshawar to which he could easily have removed his furniture without undue hardship. Every opportunity was given him to make other arrangements and every consideration shown him by all concerned.

Mr. P. E. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 572 asked by Mr. Muhammad Azhar Ali on the 4th September, 1933;

- (ii) the information promised in reply to starred question No. 741 asked by the late Mr. B. N. Misra on the 7th September, 1933;
- (iii) the information promised in reply to unstarred question No. 72 asked by Mr. S. G. Jog on the 13th September, 1933; and
- (iv) the information promised in reply to starred question No. 1017 asked by Mr. E. H. M. Bower on the 18th September, 1933.

EDUCATIONAL GRANTS GIVEN BY THE ROHILKUND AND KUMAON RAILWAY.

*572. The Agent, Rohilkund and Kumaon Railway, reports as follows :

"The expenditure figures for educational grant on the Rohilkund and Kumaon Railway for 1932-33 are as follows:—

	Rs.
European and Anglo-Indian	6,208
Indian	2,430

There are approximately 5,000 Indian employees of all descriptions and not 20,000 as stated.

It is totally untrue that only Members of the Educational Committee can get grants.

The children of Indian staff drawing Rs. 50 per month or less but excluding station staff who obtain free quarters, are eligible for "Aid" grants for attendance at recognised schools (excluding primary) and ranging from 50 per cent. to 80 per cent. of the school fees.

The children of all Indian staff without any restriction are eligible for "Scholarship" grants varying from 62½ per cent. to 80 per cent. of the tuition fees subject to their obtaining from 50 per cent. to 60 per cent. of marks in the examinations as certified by the School Authorities."

INEQUALITY IN THE DISTRIBUTION OF HIGHER POSTS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

*741. (a) and (b). The large number of upper grade posts held by the staff transferred from the North Western Railway is partly due to the fact that at the outset when the office was on an experimental footing, the staff was largely recruited from the North Western Railway Audit Office and consisted of picked men and partly due to the fact that the staff taken over from other railways was on comparatively low rates of pay and some of the railways did not also send their full quota of senior men. With a view, however, to remove certain anomalies, referred to in the question, the committee referred to by the Honourable Member recommended special consideration to be given—within limits—to the non-North Western Railway men.

(c) and (e). Government have accepted the recommendation mentioned above and subject to the efficiency of the men concerned effect is being given to the same. Seven men belonging to railways other than the North Western Railway are at present under trial as officiating sub-heads and two as clerks class I.

(d) The figures of permanent sub-heads and clerks class I as on 1st April 1929 and 1st April, 1933 are given below :

	North Western	East Indian.	Eastern Bengal.	Great Indian Penin- sula.	Bombay, Baroda and Central India.	Staff newly recruited or from other offices.	Total.
<i>Sub-heads.</i>							
On 1st April, 1929 .	31	13	1	11	6	4	66
On 1st April, 1933 .	36	9	1	9	4	7	66
<i>Clerks, Class I.</i>							
On 1st April, 1929 .	65	16	30	27	7	20	165
On 1st April, 1933 .	74	10	15	27	6	30	162

UNIFORMS SUPPLIED TO TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

72. The Agent East Indian Railway reports as follows :

(a) The Travelling Ticket Examiners under the Watch and Ward Department have as a measure of economy and also on account of the temporary nature of their appointments been supplied with white drill uniforms, the cost of which is about 50 per cent. less than the grey summer cloth used for the Travelling Ticket Examiners uniforms. The surplus of 8,000 yards of grey gaberdine was used up during 1932 for the manufacture of garments for permanent Travelling Ticket Examiners.

(b) A further quantity of grey gaberdine was purchased in November, 1932, to meet requirements during 1933 and was issued to Contractors for the making up of uniforms.

SENIORITY LIST MAINTAINED ON THE EAST INDIAN RAILWAY.

*1017. (a) to (c). The Agent, East Indian Railway reports that in the case of Senior Subordinates, promotions in different Departments are generally made from amongst the staff of the Department concerned on the entire railway. In the case of Engineering Department, inspecting staff however, separate seniority lists are maintained for the old Oudh and Rohilkhand and old East Indian Railway men and the vacancies caused by normal wastage of the former are filled by the promotion of Oudh and Rohilkhand Railway men except in the lowest grades which are normally filled by direct recruitment.

In the Mechanical Department and in the case of Senior Subordinates appointed in the Headquarters office of the Commercial Department promotions are made locally and are confined to the staff of the Workshop Division, District or the office in which the vacancy occurs. This also applies to staff of other Departments other than Senior Subordinates attached to divisions.

THE INDIAN TARIFF (SECOND AMENDMENT) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, as reported by the Select Committee, be taken into consideration."

[Sir George Schuster.]

Sir, as the House is aware, this is a somewhat complicated technical measure and I think we have all derived great advantage from its discussion in the Select Committee, and further we have gained advantage in seeing from the amendments that have been tabled, the sort of points which are exercising the minds of Honourable Members. There are certain main points which I think to some extent have been worrying Honourable Members who, generally speaking, I think, I may say, are anxious to support us in closing up the very serious gap in our Customs tariff. The points which are worrying them are these, and I hope I shall state them fairly and correctly. In the first place, they desire to be satisfied that the test to be applied will not be such as to bring under the burden of the higher duty oils which as illuminants are substantially inferior to Burma red kerosene. We in the Select Committee have made it clear that we are trying to devise a test which will meet this point, that is to say, we are trying to devise a test which will not have the effect of subjecting to the higher duty oil which, for purposes of burning in lamps, is substantially inferior to Burma red kerosene.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): The Honourable Member said substantially inferior. What is the test of substantiality?

The Honourable Sir George Schuster: I must leave my Honourable friend to judge about that. I will put it in another way, that we wish our test to correspond approximately to the test of Burma red kerosene. I have to use the word approximately, because, I have to guard myself. We cannot be exact in these matters and I do not wish to suggest to the House that we want to bind ourselves to apply exactly the same test. The test may fall slightly below the test for Burma red kerosene, but what we are aiming at is to provide a test which is approximately equivalent to the test result which will be given by the Burma red kerosene. That is our position. We have devised a certain height of flame in this test lamp, but we recognise that this is a matter which must be carefully watched and we must make our rules as guided by our experience. But, on that point, I think our object is substantially the same as the object of Honourable Members who examined this Bill.

Then, the second point is that Honourable Members desire to be satisfied that, in case of any real hardship and any really prejudicial result to those who use oil in engines, we will take measures to redress it. There, again, I gave assurances on behalf of Government in the Select Committee and I would remind Honourable Members of a certain passage in the Select Committee's report which runs as follows:

"We have been further assured that Government will carefully watch the situation with the object of checking whether developments are such as to indicate that genuine users of diesel oil for power purposes are being placed at an appreciable disadvantage by the operation of the Bill, and that if it were established that any substantial prejudice results to those requiring diesel oil for industrial or agricultural purposes, Government will consider it obligatory upon them to take steps to redress this result."

That, again, is our position on that point. We will watch the position and we hope, in fact we feel confident, that prejudicial results will not be felt and that we shall not be forced to the expedient of granting refunds of duty in respect of oil of this particular nature which is actually used in engines. In any case,—and this is the point that I want to make,—in

any case, no legislation is necessary in order to cover this idea of giving refunds, because we already have power, under section 23 of the Sea Customs Act, to give refunds if refunds are necessary.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur cum Orissa : Muhammadan): What about the consumers? How will they get refunds?

The Honourable Sir George Schuster: If my Honourable friend reaches the stage of moving his amendments, I shall have to point out that there will be difficulty in working the machinery which I think my Honourable friend has in mind. I want to make our position clear on this point. It will not be possible to devise machinery for granting refunds except in consultation and agreement with Provincial Governments and we have not yet been able to undertake any such consultation, because we feel that, until this measure is in operation, we shall not know what really is required. Moreover, until we knew whether the House was going to pass this measure, we could not really approach the Provincial Governments and get down to discussing things in practical detail at all.

Then, I think, the third point is,—and that is a point which is embodied in my Honourable friend, Mr. Lalchand Navalrai's amendment,—that admitting that this gas oil which is now being imported and used as an illuminant ought to be taxed as an illuminant it will be a very inferior illuminant, very inferior to the superior grade of white kerosene which now pays a duty of three annas and nine pies a gallon. My Honourable friend, I think, has in mind that as most of the inferior kerosene which is now used in India is actually produced in India and, therefore, only pays an excise duty, this imported gas oil which corresponds to inferior kerosene will be very heavily penalised; and he, therefore, argues that there should be a lower rate of import duty for this gas oil. As to that I should like to say before the discussion goes any further that that raises points which we do not feel can be dealt with in connection with the present measure. Even if there were anything in the idea that we ought now to make a distinction in our duties between high grade kerosene and inferior kerosene, we are not ready to make that distinction now. It would require several weeks of very careful work in order to devise a test or in order to be sure at what point the line can, for practical purposes, be drawn by the Customs authorities; and we do not think that this is a point which ought to be taken up in connection with the present measure.

The fourth point which is raised in the amendments is that there ought to be some refunds for importers in respect of oil imported after the passage of this measure, if it is imported under contracts entered into before the measure. There, again, I should like to make our position clear at this stage. We do not feel that we could agree to that. In all cases of increases of Customs duties, it is possible that importers, who have entered into contracts before the increase is made, may be prejudiced; but we cannot take account of that and it would be creating a very undesirable precedent if, in this particular case, we were to do so. Our view is that this is only an increase in an existing duty, that those who imported this oil must have been fully aware of the fact that, owing to its qualities as an illuminant, they were,—though they may not have desired to do so,—they were in practice getting into a position of taking advantage of a gap in the Customs tariff. They must have been fully conscious of the risk that this gap might be at any time filled up; and from all the evidence which has come before us in the shape of protests and representations of the interests of these oil companies, I think it is fair to conclude that they have had a pretty good

[Sir George Schuster.]

idea of the probability of Government introducing a measure of this kind for a considerable period of time. Accordingly, we do not feel that any substantial injustice would be done by refusing to allow special refunds after the passing of the present measure.

Sir, these seem to me to be the main points and the points which I think are of the most material importance are the first two which I mentioned namely, the desire to be satisfied that the test will be fairly applied and will not bring in a class of oil which is very inferior and really substantially unsuitable for use as an illuminant; and the desire to be satisfied that Government will watch the situation and take measures to redress any serious damage which might be done to agricultural and industrial users of this kind of oil. On both these points, Sir, I have already said that we must be guided by experience and, if it would create confidence in the minds of Honourable Members and possibly do something to hasten the attaining of agreement on this subject, I have a suggestion to make. My suggestion is that this House might appoint a small Committee to examine the working of this measure. We on our part would be prepared to put every information which comes into our hands before that Committee. We would be very pleased to let them examine for themselves the working of the test which we propose and they, on their side, of course, will be able through that means to represent to us any complaints which may come to them from persons who feel that they have been prejudicially affected by this measure. It is perhaps rather a novel proposal to suggest that there should be a Committee of this kind; but we have a certain precedent for it in the Salt Committee which was set up in this Assembly. What I feel is that if we could get this measure passed now, then we shall have several weeks before the House assembles again and, certainly, in the course of the next Session, we ought to be able to see pretty clearly how this measure is working. Therefore, there would be, if this Committee is set up, ample opportunity for Honourable Members who are interested in the matter to see how the thing is going and to make representations to Government if they think that it is not working properly. I think that perhaps in view of the fact that we have got to proceed rather by trial and error in this matter, the procedure which I propose might help Honourable Members opposite.

That, I think, is all I have to say at the present stage. I would only like, before I sit down, to express to the House our own regret that it should have been necessary to interrupt other business in order to take up this measure, and to repeat what I said, when I first introduced it, that we should not have thought of coming before this House in this special Session with a measure of this kind if there had not been a very serious and practical danger of a substantial loss of revenue which had to be dealt with quickly. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, as reported by the Select Committee, be taken into consideration."

Mr. Lalchand Navarai (Sind: Non-Muhammadan Rural): Sir, in connection with this legislation, at the time when this Bill was going to the Select Committee, I presented certain facts to the House. Since then I had the honour to be on the Select Committee and I must acknowledge that this question was thoroughly considered in all its bearing with

all the difficulties and all the improvements that it required being before them. As has been said today by the Honourable the Finance Member, there are certain points which require experience to find out whether those difficulties are really substantial and what remedies they should receive. At present, even at the risk of repeating some of the facts that I stated the other day, but without taking up much of the time of the House, I will put a few facts at first to show what is actually required and what is being promised, and what my amendment requires.

To begin with, I must bring to the notice of the House that there are several kinds of kerosene in existence in India. One I will call pure kerosene—white kerosene—as we all know and it is not necessary to exhibit it in the House. It is superior oil on which the Government levy an import duty of 3s. 9p. per gallon. Then there is another kind of oil which is called red kerosene. This red kerosene is a product from Burma and, on that ground, it is being charged an excise duty: the excise duty that is being charged on this Burma oil or red kerosene is 2s. 9½p.—less than the real or white kerosene. Then, there is the third kind of oil which can be sub-divided into two categories: one is called diesel oil, and the other is called light diesel oil. There is no question with regard to the diesel oil itself, because that diesel oil is being charged now at 7½ pies per gallon though it was formerly charged at 4 pies. That duty has been raised and that was the subject of an appeal to the Central Board, and they have given their decision that it should be charged now, not on the cost price, but on the selling price. That does not concern us at present as it is a matter of an executive nature which would be decided between the importers and the Central Board. The main question to be considered by the House now is with regard to the light diesel oil or what I may henceforth call gas oil. The question that arose was whether that gas oil has got the power of illuminance, whether it could burn in the lamps and whether, therefore, it should not be charged as much duty as white or red kerosene, since it is one of the species of kerosene. On that ground, the Bill was introduced into this House to consider whether this gas oil is being extensively used for burning purposes, and since it is being used also for machinery, whether the consumer will be affected thereby if the assessment is increased. These were the questions that were considered in the Select Committee; and before I go on to say how far the Government want to go and how far they are willing to yield, I would like to show the House samples of the various kinds of oil. Many might have seen the red kerosene from Burma, but I will show the samples in the House. This (showing a sample) is the red kerosene which is charged excise duty

The Honourable Sir George Schuster: My Honourable friend says, that is charged excise duty, but inferior kerosene is also imported into India and then it pays the full import duty.

Mr. Lalchand Navai: I do understand that that is so: I raised the question in the Select Committee with regard to Burma red oil and the representative of the Burma oil was actually examined: I am showing that and I will then show the equity in charging other kinds of oil with the same rate of duty as this. Now, as to the gas oil, I admit, it has got some illuminant power—I do not deny that: but, the question is, how much power or capacity of burning it has got? It is stated that there is a lamp test, to which I will refer later: but at present I will show

[Mr. Lalchand Navalrai.]

two gas oil samples. Here is the gas oil (shows sample) and its colour will show clearly that it is blacker than the red oil exhibited and this is being imported by Messrs Mill Stores and Company. Then here is another gas oil (shows sample) and Members will see that it is distinct being darker still. It is the commodity supplied by the National Petrol Company. The first question that arises with regard to this is this: if any duty is increased on these two kinds of gas oils, is it likely or not that the poor consumer who is not able to purchase this one (shows red kerosene), but is able to purchase these (gas oils) will be affected? I will tell you what is the price of these various kinds and you will then be able to see how the poor man will be harmed. This (the red kerosene) sells at ten annas per gallon, while these two (gas oils) sell at about eight annas per gallon. The poor man does not look so much to the quality or efficacy of the oil. He will manage even if there is smoke in it, he will manage even if the flame diminishes, and he will manage with this simply because of its low price, and, therefore, he purchases it. Now, Sir, the position that arises is this. If the duty is increased in the manner proposed, the price of this gas oil will perforce be increased. The duty proposed is Rs. 0-3-9 per gallon—what will be the condition of the poor man? The price will be raised by at least Rs. 0-2-0. and then the price will be Rs. 0-10-0. and no poor man will purchase that dear oil. No one will go in for it on account of its black colour also. Therefore, this increase will mean the annihilation of the gas oil trade imported by Indian Companies. Sir, it must be remembered that the Indian Companies who have started this line of business are still in their infancy, and, if the proposed duty is imposed, I am afraid they will be ruined very soon

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Do you admit that the darkish colour oil is used in lamps? /

Mr. Lalchand Navalrai: Certainly; I shall make the position more clear to the Honourable Member. I do say, there is no justice in putting such a high duty as Rs. 0-3-9 on a commodity inferior as this, and, as I say, there are two kinds of oil in competition in the market, and the poor people use the cheaper kind of the gas oil. Certainly, you are not going to take away the custom of those importers who generally import cheaper varieties of oil to meet the needs of the poor people

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhammadan): Do I understand the Honourable Member to say that the darkish colour oil is very extensively used by the poor people?

Mr. Lalchand Navalrai: I will explain that too. We had examined witnesses on this question, and Government could not say how much of lighter diesel oil, *viz.*, gas oil, and how much of thicker diesel oil was being sold. The difficulty is this. I go to the bazar and purchase some oil telling the seller that I require it for my engine, but when I come home, I change my mind and I use it for burning my lamp. How can the importer tell that he has sold so much of the lighter variety of diesel oil and so much of the thicker diesel oil? It is very difficult for him to say

that. Therefore, it has not been possible even for the Government to get correct figures about this.

Now, let us consider how this question can be solved. It is, of course, a difficult matter, as has been put by the Finance Member. Government can certainly help us in three matters. Justice requires that just treatment should be given to those who will be most affected by this assessment of the additional duty. The first question is with regard to the help to the customer, and with regard to that what we have said in the Select Committee report is this:

"It was suggested that the imposition of the high rate of duty on this light diesel oil, because of its capacity for use as an illuminant, might operate to raise the price to the consumer of oil genuinely intended and solely used for fuel purposes. Oil is used to a considerable extent in small engines employed in connection with agricultural operations, and we would deprecate anything having the effect of enhancing the cost of fuel oil to people using it for industrial or agricultural purposes."

The Finance Member has raised certain difficulties and has said that he wants to gain experience or rather the Department wants to gain some experience on the point involved. With regard to this, I must give him credit for showing fairness not only in the Select Committee but even in this House today for considering this question in an equitable manner. He suggests that a Committee of this House should be appointed to go into this question or to watch the position in the same way as the Salt Committee does for salt. Personally I think such a Committee will be very useful, and I am in cordial agreement with that proposal.

There is another point, Sir. It is admitted that it will certainly not be fair that the same rate of duty should be charged for both the superior and inferior qualities of oil. Government recognise that, but the point is how will you be able to find out the difference in the qualities of the oil. Now, the oils that are imported are put to a test in the Custom Houses where it is discovered which is superior and which is inferior oil, but there has recently been some discrepancy in the tests held in these oils. I have, however, two cases in my hand, and one of them relates to a test conducted by the Bombay Custom House, and it says for how many hours this gas oil will burn and what will be its capacity. After the Select Committee met, certain other tests were made by the Calcutta Custom House or by some laboratory in Calcutta, and I have got those papers also with me,—but I don't think I need place all those papers before the House,—and these tests show that these gas oils are inferior to the red kerosene. So far the test made by the importers is there, and I shall be happy to send on the reports of these tests to the Central Board. There, again, they have some difficulty. They said that those tests were made by merely putting some oil in small lamps, that such tests were not satisfactory, and only scientific tests should be made. What did they do? They sent for a small lamp, with some sort of scientific apparatus attached to it. This lamp was brought before the Select Committee, but no demonstration was given. It was stated that no demonstration could be given unless the test was made in a laboratory, but there arose that difficulty and it has remained till now, and it is this. There is no confidence yet in the minds of the importers that this test is the better test or that this test will be impartial. Then the question is, how to make a proper test. I must say that this test is not a new test, I mean the scientific test which has been proposed to us, because we are told by Government that this is a test made in England and is in use in

[Mr. Lalchand Navalrai.]

England. Therefore, we have to take it that that test is a good test. But the point is that the confidence of the importers must be secured. I do not know who were present at the time the basic test was made. The point is that if this basic test is not done at once and a minimum is laid down, then this gas oil will have to pay more duty as soon as this Bill is passed, and the importers will suffer a great deal. The only other course is that the test should be made either in the presence of some of the representatives of the importers or the members of the Committee which is being proposed to be formed.

I come now to the question which is covered by my amendment. I have now given the history before the House and I must complete it by giving my views on that amendment, so that, when it is separately moved, I will not take much time, but will only place the amendment before the House. On that amendment, I am very, very strong, and I feel that justice must be done to these importers. At present, pure kerosene is being charged at 3s. 9p. per gallon, and, according to the present Bill, you will find clause 2, 40B deals with oil which is not pure kerosene oil. The clause says:

"Mineral oil, not included in Item No. 40 or Item No. 40A, which is suitable for use as an illuminant in wick lamps."

The fourth column says: "Two annas and three pies". You get this two annas and three pies as the ordinary duty. Clause 3 raises another duty, a surcharge duty, of nine pies per imperial gallon. This makes three annas, but there is still a second surcharge duty on it which is nine pies, and that brings it to three annas and nine pies. In the first place, I would ask the Finance Member, when no difference in duty is going to be made between pure kerosene and this kind of oil, why are you going to pass this Bill? Item 40 also charges three annas and nine pies, and this also will be charged three annas and nine pies. Then, where is the necessity of putting in 40B? I want the House to consider whether it is just and equitable that these two kinds of oil should be charged the same duty. I have shown you the colour of the oil. Again, tests have been made at the Customs Houses in Karachi and Calcutta which show that when you burn this red kerosene and also the gas oil, in the case of gas oil it is more smoky. You will also see that the flame is not steady.

The Honourable Sir George Schuster: My Honourable friend has referred several times to these tests. I do not know what tests he has in mind, but I must inform the House that no scientific tests had been made and the scientific test will only be made with this lamp. If my Honourable friend is correct and if that very nasty looking brown oil which he held up to us is substantially inferior to the yellow oil or red oil which he also held up, then the brown oil will not be subject to this duty.

Mr. Lalchand Navalrai: What will be the duty then?

The Honourable Sir George Schuster: It will come in under one of the other clauses.

Mr. Lalchand Navalrai: The only clauses that we have in the Tariff Act and this Bill are 40, and 40B. The others are not burning oils. That is the difficulty.

An Honourable Member: It will come under 75.

Mr. Lalchand Navalrai: It may not. I will withdraw my amendment if a promise is given that the oil

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair thinks the Honourable Member will do well to take up this point when his amendment is reached, and then attention will be more concentrated on that.

Mr. Lalchand Navalrai: In that case, I have put my points before the House, and I ask this House to be just and equitable. With these words, I close my speech.

Mr. R. S. Sarma (Nominated Non-Official): Mr. President, I think there will be general agreement with the apprehensions brought to our notice by Mr. Lalchand Navalrai. I think, after the most reasonable and conciliatory manner in which the Finance Member tried to meet the exigencies of the situation from the point of view of the Government and the difficulties of the importer in this matter, this House should accept this Bill in the manner it was sought to be modified, with the assurances given on the floor of the House and also in the Select Committee. There are three parties affected by this Bill. First is the Government who, by this lacuna in the Tariff Act, lost considerable revenue according to their view, secondly, the Burma Shell people who were under a disadvantage in their trade by an unfair competition according to their view; and, thirdly, the importers and the consumers who are likely to be penalised in the use of diesel oil by this oil coming under this Act. The Select Committee went into this matter and I think that there was general agreement that the Bill should be passed with the assurances that were given.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): No, no. There was no agreement like that.

Mr. R. S. Sarma: I understood that the assurances given by the Finance Member in the Select Committee were found to be satisfactory not only by the members of the Select Committee, but also by the trading interests, e.g., the National Import Company people who were also examined and had expressed consent.

Mr. K. P. Thampan: No; they did not.

Mr. R. S. Sarma: Nobody wants that this oil should be imported into this country free of duty by backdoor, and, at the same time, there is a fear that the diesel oil which is used by *bond fide* people for the purpose of burning should not come under this, and that the test should be fair. On these two matters, the Finance Member has assured this House that the members of the Select Committee or any other Committee who have been able to go into this matter will be allowed an opportunity to examine in the beginning stages of the operation of this Act, and if any abuses are brought to his notice he would be the first man to rectify them. I think that is a fair assurance, and I think my Honourable friends, Mr. S. C. Mitra and Dr. Ziauddin Ahmad, than whom there cannot be better

[Mr. R. S. Sarma.]

advocates of the consumers or even of this trade,—I think they are also in agreement with me on this matter. I submit that the assurances of the Finance Member should be taken and this Bill passed.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): After the very exhaustive speech of my friend, Mr.

12 Noon. Lalchand Navalrai, it is still necessary to clear up the issues to a certain extent. It is a fact that in India kerosene is taxed at a higher level of duty than machine oil. There is some import of oils from other countries imported by Indians. Now, the Government's case is that those imported oils come under the head "kerosene" and so are subject to a higher scale of duty, while the importers' case is that this is really machine oil which should be subjected to a lower rate of duty and that they bring it for use in the machines and they sell it for that purpose, though they admit that ten per cent of this oil may be used for illuminating purposes. Neither it is a fact, as my friend, Mr. Lalchand Navalrai, puts it, that they never agreed that a large quantity is used for illuminating purposes.

Mr. Lalchand Navalrai: I never said "very large".

Mr. S. C. Mitra: According to Government's case they are not pressing before this House for a new taxation. What they want is that there has been a lacuna in the Act itself by which a large quantity of this oil, which is really used as kerosene, should not evade the duty. These are the issues on which there is no difference of opinion amongst the Members of this House. We have put our apprehensions very clearly before the Honourable the Finance Member and I am very glad that he has explained our case very fairly. We received several letters about the test that will be employed and whether any differentiation will be made, and I should like to read a letter from somebody in Burma, where the suspicion has been very clearly expressed. I shall read the letter. It is from Mr V. N. Gore, B.A., B.E., 505, Prome Road, Kamayut, Rangoon. He writes:

"I do not want to reiterate the arguments which are already public. I think however that it will probably surprise many to know that the standard lamp so much talked of is not a creation of Government. It was evolved at Rangoon by the British oil interests in Burma. The idea was to lay down a test which will bring light diesel oil under the category of kerosene. The proposed illumination test does not bear any resemblance to the standard methods of burning the oil as an illuminant. It is surprising that Government required the initiative of the representatives of the British interests in Burma. These had been posted at Simla or Delhi for months past for trying to achieve what they failed to get in 1923."

There are similar allegations though nothing is proved. There was suspicion that the test may not be fair, and the Honourable the Finance Member very fairly agreed that there should be a Committee of this House who should also see to this. In the Select Committee also a standard lamp was brought in, but there was no chance to test it by actually burning the oil. So, I think, if this position is now accepted by the House that as regards the test there should be further examination and that no foul play would be done, then, on principle, there cannot be any objection. It was all agreed that kerosene should have a higher scale of taxation. As regards the other point that has been raised by my

friend, Mr. Navalrai, whether an inferior kind of kerosene should be taxed at a lower rate, I agree with him that this is a very sound proposition, but we certainly cannot raise that point here on this issue. We have also, in our dissentient note, put that case, but I think we cannot raise that question in this connection. Under such circumstances, I support the motion for taking this Bill into consideration.

Mr. B. V. Jadhav: Sir, I support the motion moved by the Honourable the Finance Member and I think very few will oppose the proposition that imported diesel oil which is used for illuminating purposes should be taxed as other oil produced in India which is paying an excise duty. Light diesel oil has been already imported in India as an oil for running oil engines, but, if it is capable of giving illumination and of being used in lamps for that purpose, then there is no reason why it should not be taxed as an illuminant oil. But, up to this time, Burma has been enjoying almost a monopoly of supplying kerosene oil and petrol and other oils to India. Lately the prices of all commodities have fallen; but, strange to say, the prices of oil have not fallen. They are maintained at the old level and that shows what a huge profit the Burma combine must have been making. In order to break this monopoly, certain Indian companies have been importing oil from Roumania and from other oil producing countries. They have been importing oil as petroleum and that petroleum is taxed by Government. They have been also importing oil, diesel oil or light diesel for the purpose of being used in engines and Government have been taking the import duty on that as on ordinary diesel oil. Now, the question is, whether the light diesel oil that is being imported is giving such light as the red petroleum which is imported by the Burma Oil Company. If it is, of course there can be no objection for the Government levying the full duty. If it is not giving that degree of illumination or if it is very inferior in quality, there is no reason why Government should levy a high import duty on it, according to the rates for illuminating oil. The Honourable the Finance Member has given an assurance that if there is a substantial difference in the illuminating power, then this light diesel oil will not be taxed as petroleum. I accept that assurance. But I am sorry to say that the expression "substantial" is rather vague and very difficult to work. I shall ask the Honourable the Finance Member, first of all, to determine the illuminating power of the red Burma oil. That must first be fixed, so that it will be the standard, and if the illuminating power of the light diesel oil falls by about, say, ten per cent. or five per cent. or any stated proportion, then that has to be exempt from the higher duty. May I ask the Honourable the Finance Member whether the illuminating power of the standard oil which he showed us the other day has been determined. I would like to have a reply to that question. May I ask the Finance Member whether the illuminating power of the red Burma oil has been determined by Government?

Sardar Sant Singh (West Punjab: Sikh): Here is the reply which I received from the Government:

"The tests which our chemists carried out for the purpose of this Bill were devoted to ascertaining a flame-height limit above which reasonable service in a hurricane lantern could be secured, and the illuminating capacity of indigenous oils was not then in issue. . . . In consequence very few of the large range of samples actually tested were samples of inferior indigenous kerosene. We have thus not carried out any

[Sardar Sant Singh.]

special tests of these oils, but such samples as were tested showed flame-heights only slightly above the 10 mm. limit which we propose to fix. It is, of course, always open to us to alter the limit if we find that it penalises genuine fuel oils not capable of reasonable use as illuminants."

The Honourable Sir George Schuster: Perhaps I might tell my Honourable friend all I can about the position. I made it quite clear when speaking that we have not yet worked out what we would regard as the final test. We have worked out the test on which we would start, but we cannot say that we have worked out the test for all qualities of Burma red oil. That has not been completed yet. My Honourable friend asked whether I could give any definition of "substantial variation". What I might say to him now—and I may be able to make it much more precise in the future, and that is why I suggested the idea of a Committee—what we have now in mind is that in any case it should not be more than 15 per cent. variation,—the difference, that is to say, between the typical Burma red kerosene and anything which could be brought in under this provision should not be more than fifteen per cent.

Mr. B. V. Jadhav: Fifteen per cent. of what?

The Honourable Sir George Schuster: Fifteen per cent. of the illuminating capacity as tested.

Mr. B. V. Jadhav: So, if the illuminating capacity of the red Burma oil is to be taken as 100, then it should not go above 85?

The Honourable Sir George Schuster: That is the margin of variation which I should like to preserve, but I am deliberately keeping it large, because I do not want to commit Government any further at the present stage. But the position is, as I have stated, that what we are really intending to do is to create a test which will bring in oils of approximately the same illuminating capacity as the Burma red kerosene.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair is bound to observe that it is a great pity that all these technical points were not made clear in the Select Committee. The Chair finds that Honourable Members of the Select Committee are themselves raising such points on the floor of the House.

Mr. B. V. Jadhav: We are very sorry, but we were rather hurried up. The order of the House was to return the report within a week. The Bill was referred to Select Committee on Friday and on Saturday we met and the next meeting we had was within four or five days to sign the report. There was no time allowed. The standard lamp was brought there before us. It was simply shown to us, but we were not allowed to see how it worked and whether there was any test at all. We thought Government had made all these tests in their laboratories and would give us the results, but even now they are not in a position to give us the results. So Government have brought in this Bill without making proper inquiries. Government themselves do not know what is the illuminating power of the red Burma oil, nor do they know what is the illuminating power of the light diesel oil that is sought to be taxed now. I think, in this case, the Bill ought to be kept over until Government are in a position to satisfy the

House that the operation of this Bill will be equitable and just. They are not in a position to place before us any facts. They do not tell us what the illuminating power of the red Burma oil is. They are not in a position to say what the power of a particular sample of light diesel oil is, and, in such circumstances, they are simply hurrying this House to pass a legislation which may be worked according to the sweet will of Government and which may kill this foreign competition which is threatening the Burma Oil Company. Sir, I have to urge before you that, in the absence of competition, this Burma Oil Company is simply profiteering and looting the country. We know that the price of petrol per gallon is much higher here in India than in England or other countries. In India they are charging a very excessive price for petrol although Burma is next door to us and the carriage from Burma of petrol is not as costly as the carriage of Burma petrol to England. They, being in the position of monopolists, are charging us very heavy prices. One Company in Bombay, which lately imported petrol from Russia, opened stores and shops at certain places and, wherever these shops have been established, the price of petrol has been substantially reduced. But as soon as the stocks are over or are not available, the very day the original price is reverted to

The Honourable Sir George Schuster: May I remind my Honourable friend that this Bill is not a measure for the protection of the Burma Oil Company, but for the protection of the Government of India's revenues.

Mr. B. V. Jadhav: What I mean to say is that its operation is likely to secure a position for the Burma Oil Company as monopolists and, therefore, this House and Government ought to be very careful as to what their action may result in. We have been suffering from this monopolist business in the case of oil, petrol, and diesel oil also. As long as there was no competition from the foreign diesel oils, so long the Burma oil combine have been charging very heavy prices and profiteering. Now, there is competition—not a very serious one though—and, therefore, they have to lower down their prices by which the poor agriculturists and the other small manufacturers have been benefited to a certain extent. Now, if this light diesel oil began to be taxed according to the petroleum scale, then the National Company and other Companies cannot be in a position to carry on this competition and, therefore, the Burma Oil Company will have perhaps the field clear for them for raising the price of even the diesel oil which is usable as an illuminant and is used in engines. Therefore, we have to be very careful when we allow Government to tax this oil. So what I claim is this, that there should be a proper test of the illuminating power of the red Burma oil, and then the same test should be applied to the light diesel oil which is being imported and which it is said is used for illuminating purposes. If it comes very near to that illuminating point, then, of course we have no objection that it should be taxed; but if it does not, then it should not be taxed. For that purpose as a sop to us the Honourable the Finance Member has proposed to appoint a Committee. This is a very good way of lulling or rocking us to sleep. When a Committee is appointed, the members of the Committee are very jolly and they are the supporters of Government in every case and, therefore, this idea of appointing a Committee is flung in our face as a sort of inducement. Of course, in such a case as this, the Committee will be very useful no doubt and if the members of the Committee are allowed to scrutinise at close quarters how the Act is being worked in the Customs Houses at different ports, then there will be something and in that case they will see whether the

[Mr. B. V. Jadhav.]

tests are properly applied or not. But if the Committee is to meet once or twice a year in the cool climate of Simla or in Delhi during the season, there is no use of such a Committee.

Mr. Lalchand Navarai: Let them come to Karachi.

Mr. B. V. Jadhav: The question of salt duty is different. Salt is manufactured in many places and also imported from many places and, at the same time, we are also interested in the development of salt works at Khewara. Therefore, a Salt Committee sitting in Delhi or in Simla is of much use. But this Committee, if it meets only in Delhi or Simla, will not be of much use, because the Act will be in operation at the ports and the members of the Committee will not be in a position to see how the Act is being worked there. Therefore, it is quite necessary that the members of the Committee, either one or all, should be allowed to examine the working of the Act at the various ports where diesel oil in bulk is imported. Sir, I have placed before the House the difficulties I feel and I hope the House will give full consideration to them. After hearing from the Honourable the Finance Member that he is not in a position to say what the illuminating power of Burma oil and other oil is, what I feel is that the Bill has been rather prematurely brought forward.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I do not like to waste the time of the House and go into details, but I should like just to draw the attention of the House to one or two salient points. In the first place, I do not agree that this Bill is a measure by means of which the revenue of the Government would increase. On the other hand, I think the revenue would diminish. If you increase the duty from Rs. 0-0-9 immediately to Rs. 0-3-9, what would happen? Certainly that particular trade would stop and this type of diesel oil will not come at all. Therefore, whatever amount we are getting now from this particular item, we will not get in future. I have before me a telegram saying that this raising of the duty will result in the stoppage of imports, thereby inflicting innumerable loss to Government comparatively. The first point I wish to make out is that in this particular case by raising the duty from Rs. 0-0-9 to Rs. 0-3-9, the law of diminishing returns will apply and apply so heavily that the income will be reduced to zero. The second point I should like to make out is that we have got only one word "kerosene" for illuminating oils, and the test is whether it is suitable for use as an illuminant in wick lamps. There are degrees of illuminants, the question is not whether it can be used as illuminants, but the question is what are the illuminating capacities and this is the thing which we ought to consider. In this case, I find, as other Honourable Members have pointed out, that so far no action has been taken by Government in this matter, and probably this is the first time that they have now realised the importance of the thing, and I hope they will work out a scheme.

The Honourable Sir George Schuster: What does my Honourable friend mean when he says that no action has been taken by the Government in this matter?

Dr. Ziauddin Ahmad: I will just explain and, I am sure, that the Government will appreciate it. Taking the case of kerosene, unfortunately there is only one English word "kerosene" for all varieties of oils that are

used for burning purposes under that head. There is the superior quality of oil which can be used in very good lamps, there is the inferior kind of kerosene used in village lamps and all of them are called kerosene oil and the same duty is imposed upon them. It is unfair that kerosene oils, which have been divided into different grades, should all have been subject to the same duty instead of varying rates of duties. The important question that we ought to consider now and in the future is not whether these diesel oils can burn, but we should find out what is the burning capacity of these oils. We ought to consider this in this particular case. As regards diesel oil, I have got a certified copy of the letter sent by Mr. Reilly of the Chief Import Preventive Service and also by Mr. Subramaniam, Assistant Chemical Examiner, Karachi Customs House. They say that the burning power of this thing would be about 60 per cent. that of the inferior kerosene, and further on, it says that the oil is not kerosene of even an inferior kind of variety, but that it has distinct possibilities of being used as cheap illuminant. If we raise the duty from Rs. 0-0-9 to Rs. 0-3-9, is it not fair that we should investigate whether the burning capacity of the diesel oil, on which we paid nine pies, is the same as the burning capacity of kerosene which pays a duty of Rs. 0-3-9? The other point which is not very clear is what percentage of the diesel oil imported into this country is used for illuminating purposes? We were told that 90 per cent. was used for burning purposes, while some others said 10 per cent. There is no data for us to find out what percentage of diesel oil is really used for illuminating purposes. If the figure of ten per cent. is correct, by charging a higher duty on 10 per cent. we are definitely harming the 90 per cent. diesel oil which is used for machines and, in that case, the cost of fuel for running the machines will be increased by levying this special duty on it. It is not within the province of this particular Bill, but I take this opportunity to draw the attention of the Honourable the Finance Member—I will discuss it in detail during the Budget discussion—to the differentiation between the excise duty and the import duty. This differentiation might be justified when a particular trade is in its infancy, but it is not correct when it is a profiteering concern and we ought now to put everything on the same level. But this cannot be considered now.

The other point which we have not sufficiently considered is the condition of the poor people. We, in this House, hardly realise the poverty of the villagers in India. Go to any village and you will find the whole village is in darkness having no lamp, simply because the villagers cannot afford to pay the price of kerosene. They burn one wick just for a few minutes in order to have their meals and soon after they let it go and save a little oil. The condition of the poor is so wretched that even the raising of the duty by one pie will seriously affect them and these poor people will have to forgo the light even at the time of their meals. This is a very important consideration which we should not overlook. I saw a test lamp though not burning and I had seen similar lamps in use and I can easily understand that we can test with that lamp two things easily. We can test the height of the wick and we can also test how long it can burn, that is the burning capacity in terms of time. If the Finance Department would initiate to carry on certain experiments, I am sure, it would be possible to divide these illuminants into different grades and then charge different duties according to the illuminating capacity and not treat them alike. We should not treat all illuminants alike:

"Takke ser bhaji, Takke ser khaya."

Mr. F. E. James (Madras: European): Sir, I only want to say one or two words with reference to the Select Committee. Of course I feel that, as a member of the Select Committee, we should defend ourselves against some of the charges which were levelled against us by my Honourable friend, Mr. Jadhav.

Dr. Ziauddin Ahmad: Are you a shareholder of the Burma Oil Company yourself?

Mr. F. E. James: No, I am not, and I am glad to say that I hold no shares whatever in any oil company at all. I look entirely at this matter from the point of view which was stressed from the beginning to the end in the Select Committee. The issue in the Bill is a very simple one. It appeared that there has been a lacuna in the defence of the Government of India against the import in certain categories of certain classes of oils, and the sole duty of the Committee was to go into this matter to see whether the suggestion of Government would actually effect what they wanted to effect without injuring unduly either the consumer or those interests, whether of importers or indigenous producers, which might be affected.

The Honourable the Finance Member made two very important statements. I consider, both of which should facilitate the passing of this measure. In the first place, he gave a very clear assurance in regard to the genuine users of diesel oil for purposes of power. I noted that assurance most carefully, because it is the kind of assurance that some of us have been endeavouring to obtain from the Finance Department of the Government of India in other connections where articles which are imported for agricultural purposes come under rather heavy duties and we want exemptions from duty for genuine users of those articles for agricultural purposes. I was delighted, not simply on the ground of this Bill that we had this assurance, but also on wider grounds, and I shall return to my attack upon the Finance Department with renewed vigour for similar assurances in other connections, in connection with articles which are used for agricultural purposes and which are subjected to heavy duties. The second important announcement that the Finance Member made was in regard to the appointment of a Committee whose terms of reference he did not precisely define, but which, I gather, is to watch the actual effect of this Bill when it is brought into operation. I gather that is really the point. I gather that this Committee will see whether any injustice is actually being done to a class of trader, it will watch the Bill from the point of view of the consumer and also it will, if it is prepared to meet in a Chamber where the temperature varies only between 80 degrees and 85 degrees Fahrenheit, actually watch the testing of certain classes of oil by this particular lamp.

Now, Sir, I would call the attention of the House to the report of the Select Committee which I think is a very reasonable report, although I was one of the members of it. In the first place, I would make it clear that the Committee, generally speaking, laid it down that:

"It is equitable that the oil which the Bill aims at making chargeable with import duty as illuminant oil should pay that duty if it is capable of use and is being extensively and increasingly used for purposes previously served by the inferior brands of 'kerosene' which are already subject to excise duty."

We examined various gentlemen who came before us, and we ascertained two rather important facts. One was that it was never the intention of

the importers themselves,—and we have admitted that in the Select Committee's report,—to bring in this oil for any other purpose than for use in engines. That was the first admission. The second admission was that, as a matter of fact, some of this oil is being used for illuminant purposes; and the third fact that we elicited from our examination of these gentlemen was that it is perfectly possible to import diesel oil which will not in fact have any illuminant capacity or certainly will not have the amount of illuminant capacity which would bring it under the test which is proposed by the Bill. Therefore, those of us who were particularly anxious to watch the traders' position came to the conclusion, and I think it is an absolutely justified conclusion, that there need be no hardship whatsoever on the part of the consumers of diesel oil if they intend to import it for use in engines alone and are not allowed to bring it in under a lower rate of duty in order to use it and to circulate it as an illuminant.

Then, Sir, another point we were particularly anxious about, and that was the nature and adequacy and impartiality of the test. I am quite sure that the Honourable the Finance Member can answer one or two of the technical points which have been raised this morning. I believe I am not mistaken when I say that we were assured in the Select Committee that this particular test was a test that has been discovered as a result of many experiments and is now recognised by the Imperial Institute of Technologists or some Institute of that kind,—a purely scientific body which has no connection whatever with any particular firm; and that as this test has been recognised by this Imperial Institute of Petroleum Technologists,—I think that is the correct title,—Government were quite justified in assuming that this was a test based on something which was entirely scientific. The adequacy of the test may be judged if the Honourable Members will bear with me while I read out from information which was supplied to us at the Select Committee in regard to the test,—two sentences under the interpretation of results. Most of this is of course of a very highly technical nature and I will not trouble the House with it. All I am trying to show is that the test certainly is adequate and I think we may say it will be impartial. First of all it says that:

"At least three determinations shall be made by use of three different pieces of wick to obtain three consecutive readings the extremes of which shall differ from each other by not more than one millimeter and the results reported shall be the mean of these three consecutive readings. . . . An oil shall be classified as an illuminant oil if the flame height so obtained is over ten millimeters."

One of the interesting things that we learnt in the Select Committee was that even in the same class of oil, various samples can have different illuminating capacities and, therefore, it is quite impossible to take a particular sample of oil like Burma red oil and say that we will test this and then say that anything below that should be subject to the lower rate of duty; because, different samples, even of the same class of oil, may have a different illuminating capacity. Therefore, you must have a fairly wide margin for variations of the same class of oil. I have no other particular point to make, because the speeches on this stage of the Bill have, I think, been very reasonable: they have certainly given expression to the fears which were present in the minds of members of the Select Committee. I think that most of those fears have been met in a very large degree by the Honourable the Finance Member in his speech today and in the proposals in the Bill. There have been a number of points mentioned some of which have been made by my friend, Mr. Jadhav, which really do not touch the Bill at all. The question of petrol prices has nothing to do with

[Mr. F. E. James.]

this: the possibility or the advisability of equalising the excise duty and the customs duty is not a matter for discussion at this stage. But there is only one matter that I should like to refer to, and that is the point of view that has been expressed by my Honourable friend, Dr. Ziauddin Ahmad, in regard to the consumer. I do not think any one of us on the Select Committee would have put our signatures to the report if we had honestly felt that the result of this Bill would mean any real increase in the price of kerosene to the consumer; and personally I am convinced that is not the case. My Honourable friend, Mr. Lalchand Navalrai, made one very damaging admission in his speech. He said that the price of the indigenous product was ten annas a gallon, whereas the price of the imported product was eight annas a gallon—a difference of two annas. Where has the extra anna gone to, because the imported article is getting in at three annas less than the kerosene customs duty? Even with regard to the indigenous product, it is getting a benefit of a little more than two annas. But these points are not very material to the main issue under consideration. I am convinced in my own mind that the consumer will not lose by this Bill, because, for one thing if this Bill is passed today, the importation of this kind of oil under a category to which it really does not belong has not assumed such large proportions as to make any essential difference to the consumer throughout the country. I say quite frankly that if I had been convinced that the consumer would have suffered, I might have not signed the report with the assurance with which I ultimately did sign. Therefore, I hope that the House, in consideration of the extremely conciliatory speech of the Honourable the Finance Member, and also in consideration of the fact that it is getting an opportunity to watch in consultation with the Finance Member the effect of this Bill from all points of view, I trust that the House will unanimously proceed to the next stage.

Mr. President (The Honourable Sir Shanmukham Chetty): Sir George Schuster

(Sardar Sant Singh rose to speak.)

Mr. President (The Honourable Sir Shanmukham Chetty): All these issues are definitely raised in various amendments; and the Honourable Member will certainly get a chance at the next stage.

Sardar Sant Singh: But so far Members of the Select Committee only have spoken

The Honourable Sir George Schuster: Sir, I feel sure that my Honourable friend will have every opportunity of letting the House hear what he has got to say on this matter. In replying to the debate, I have only one point with which I wish to deal. I want to clear up the position as regards the experiments which we have made in order to provide a test for these illuminating oils. Our chemists in the Customs Department, a considerable time ago, were instructed to experiment with a view to finding out a limit above which there was a reasonable illuminating effect and below which there would not be. They experimented on a very large range of samples, and they found that a 10 millimetre flame in this test lamp corresponded with surprising consistency with a four hours' reasonable illuminating performance in a hurricane lamp; and, it was on that ground,

that we came to decide on this 10 millimetre flame as our first start off for this test. I am told that the various oils imported by the National Petroleum Company, which can be more accurately described as gas oils and not as light diesel oils, were tested a number of times and showed results of 12½ to 13 millimetres. That is the position at present. Now, our chemists were not instructed in making these tests to pay particular attention to the burning capacity of the Burma red kerosene. They are now getting on to that, but it was only in the Select Committee discussions that that assurance about working out something which corresponded to Burma red kerosene was given; but I think the essential point for the House to realise is that the 10 millimetre test corresponds, we are satisfied, to a four-hour reasonable burning performance in an ordinary hurricane lamp, and that seemed to us to be a very good basis on which to start. That is the position, and my Honourable friend, Mr. Jadhav, I think, is entirely incorrect in saying that we have not experimented in this matter sufficiently far to justify us in making a start. I should like also to say that my Honourable friend, when he complains of lack of time in the Select Committee for discussing this matter, has only himself to blame. We had two meetings, one a very long meeting, and, if any Honourable Member of that Committee had wanted more time, he had only got to ask for it. It was not we who closed the discussions or exhibited any unwillingness to have further meetings. I must admit that the Committee was meeting under considerable difficulty, because the time was limited and the House was sitting on other business all the time, but, if any member of the Committee had wished for further meetings, we on the Government side would somehow or other have found time to come. I am glad that most of the Honourable Members who have spoken have supported this motion which is now before the House, and I trust that we shall be able to dispose of the amendments quickly and pass this measure in the course of the day.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 2 stand part of the Bill."

There are two amendments, Nos. 1 and 2, in the name of Dr. Ziauddin Ahmad and Mr. K. P. Thampan which are very much alike.

Dr. Ziauddin Ahmad: I do not like to move mine, as I have already spoken once. Mr. Thampan may be allowed to move his.

Mr. K. P. Thampan: Sir, I beg to move:

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'which is suitable for use as an illuminant in wick lamps', occurring in the second column, the words 'which has the same illuminating capacity as the lowest grade kerosene oil and is suitable for use as an illuminant in wick lamps' be substituted."

[Mr. K. P. Thampan.]

Sir, it is suggested that the diesel oil is replacing kerosene oil and, therefore, the revenue of the Government has decreased. Unless the diesel oil has the same capacity as the lowest grade kerosene oil, there is no meaning in taxing it with a higher duty. The clause, as it stands, only says: "which is suitable for use as an illuminant in wick lamps". Even the lowest grade diesel oil that is used as fuel for oil engines has got a certain percentage of illuminating capacity. All combustible things produce light when they burn. What I say is that, unless the test satisfies that it is equal to the lowest grade kerosene oil on which is imposed either an excise duty or a customs duty at the rate of Rs. 0-8-9, this oil should not be placed in the same category and taxed at that rate. That is really the point I want to make, otherwise it is subject to abuse by the Customs Department and bound to create trouble. Sir, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'which is suitable for use as an illuminant in wick lamps', occurring in the second column, the words 'which has the same illuminating capacity as the lowest grade kerosene oil and is suitable for use as an illuminant in wick lamps' be substituted."

Sardar Sant Singh: Sir, I am glad I have been given an opportunity to speak on this amendment, I had not the honour to serve on this Select Committee. Right from the Honourable Sir George Schuster who is piloting this Bill down to every one on this side of the House appears to be under the influence of a lamp. This lamp obviously possesses charms attributed to the traditional Alladin's Lamp

Dr. Ziauddin Ahmad: At least I am not.

Sardar Sant Singh: This Bill came into existence because of the lamp that was invented and the credit for whose invention is being claimed in various quarters. A gentleman living in Rangoon claims this credit at one end of India. I say it from my personal knowledge that a gentleman in Rawalpindi, at the other end of India, told me that he was the inventor of the lamp. So there appears to be different claimants for the invention of this lamp which has given birth to this Bill. This is really the Alladin's Lamp. We are told that even the members of the Select Committee did not see the lamp working. But as was very rightly asked by you, Sir, from Mr. Jadhav,—why did they not examine the point in order to find out the illuminating capacity of the red kerosene oil from Burma? Probably, if they had seen the lamp actually burning, they would have been under its baneful influence still more. Even under a lesser influence, the attitude of the gentlemen has undergone a wonderful change. Those, who had entered the House to oppose the Bill, find themselves supporting the Honourable the Finance Member. So the influence of this wonderful lamp is still there.

Now, Sir, the position is this. After studying both the Majority and Minority Reports, I find that the signatories to these reports are conscious of the fact that if the high rate of duty is levied on this inferior class of oil which has some illuminating capacity, as it is clear from the evidence

of so many gentlemen, you would drive this oil out of the Indian market altogether. In the Majority Report it is stated :

"We have been unable to reach any certain conclusion as regards the possible effect on prices of diesel oil generally of subjecting to the higher duty the particular grades of oil that are now in question. The representatives of Government assure us that they do not anticipate any increase on the ground that other diesel oils which are as suitable for oil in diesel engines as the oil affected by this measure and which are available in the Indian market, will serve to satisfy the local demand, and that the present imports of oils affected by this measure are insufficient to exercise an appreciable effect on market prices."

This means that by imposing a higher rate of duty on this oil which is claimed to possess the same grade of illuminating capacity as the lowest grade of kerosene oil, the light diesel oil or gas oil will be driven out of the market. This fact is further made clear by a representation that has been received from several oil companies such as the British Burmah Petroleum Company, the Burma Oil Company of India, the Indo-Burma Petroleum Company, the Rangoon Oil Company, all of whom do desire that this oil should be driven out of the Indian market. In their representation they say: "the complete withdrawal of this light diesel oil will not affect the consumer's interest". Therefore, before I support the higher duty, I will have to look into the question whether the combine of these Companies are not working in their own interests to injure the consumer's interests. My friend, Mr. James, just told us that he would not have signed this Report if he were convinced that the actual duty which was being levied on this oil would injure the interests of the consumer, and that he had satisfied himself on that ground. At the same time, he said, in the course of his speech, that the question of petrol was not pertinent to the discussion on the present Bill. It is subject to a higher duty than kerosene oil, and so, you cannot have a complaint on that score. The position is this. Petrol comes in as a relevant factor, because we have personal experience of the prices of petrol that are ranging in the market . . .

The Honourable Sir Brojendra Mitter (Law Member): The Honourable Member is speaking on some other amendment, and not on Mr. Thampan's amendment.

Sardar Sant Singh: Sir, the question of petrol is relevant in this way. I am supporting the amendment of Mr. Thampan that it should not be subject to any duty if it is below the lowest grade of kerosene oil. What I say is that this Bill has been brought about to stop the import or to completely wipe it out of the Indian market, and it can only be saved if this amendment is accepted. We have seen that the prices of petrol vary very considerably as soon as the Russian petrol comes into the Indian market. Even the other day, I put a question and I have been putting it for the last three years, whether the Government knew that there was a combine of oil distributors in India which controlled prices of petrol, and I was always answered that there was no such combine. but today, on receipt of this representation from all these companies, it is clear that petrol is under a combine. Similarly, I am afraid that this diesel oil would also be practically under a combine

Mr. F. E. James: I think if you will allow me, Sir, I should like to interrupt my Honourable friend just to point out that we discovered on the Select Committee a thing that was news to me, that actually in regard

[Mr. F. E. James.]

to diesel oil used for engines there is the keenest competition, that there is no monopoly at all, and that a number of Indian companies are importing diesel oil which is not suitable as illuminants. I mention that, because my friend is not probably aware of that.

Sardar Sant Singh: I am thankful to my friend for the information he has given me. All the Companies that were dealing in diesel oil are British Companies, namely, the Burma Oil Company, and the Attock Oil Company and the remaining are small Companies, namely, the British Burma Oil Company, the Asphalt Development Syndicate, the Rangoon Oil Company. They are not doing any very large business, and so I shall not touch them. I know from the figures that have been supplied to me that these Companies are not very large

Mr. E. S. Millar (Burma: European): Sir, coming as I do from Burma, I should like to correct my Honourable friend. Probably he does not know that the Companies which he describes as small Companies are really very large Companies. It may be of interest to him to know the amount of labour that is employed in Burma by these indigenous oil producing Companies is round about 26,000 men, of which two-thirds are Indians and one-third Burmans. The Honourable Member cannot, therefore, say that the Companies to which he refers as small Companies are really small; they are very large Companies.

Sardar Sant Singh: May I know which Company the Honourable Member refers to?

Mr. E. S. Millar: The British Burmah Petroleum Company, the Rangoon Oil Company, and the other Companies which he mentioned.

Sardar Sant Singh: This is not very material to my argument. These Companies had been selling diesel oil at Rs. 120 per ton before
 1 P.M. the new Indian importers came into the field. Since these importers came into the field two years ago we find that the prices have come down from Rs. 120 per ton to Rs. 80 per ton, and that they are now selling at Rs. 60 per ton. In this representation it is stated that the Standard Oil Company was importing diesel oil in India and was selling it. Let me give you their own words. It is paragraph 13 of the Notes on the Circular Letter addressed to Members on the 5th December, 1933, by the National Petroleum Company:

"It is true that in recent years small importations of light diesel oil were made by the Standard Oil Company. But on realising that the oil was finding its way into the kerosene market, the importations were immediately stopped."

Very good of them to have cared for the revenues of India. But the fact remains that, in addition to the reasons which led them to stop the importation of the oil, the greatest reason was that the Indian Company had come into existence and were competing with them in the field. Therefore, what I want to make out for the purposes of this amendment is this. I do not want, as the Finance Member does not want, that there should be any effect upon the competitive prices of this oil. If the competition is not to be stopped, it is necessary that some standard should be fixed by which it should be judged that a particular

kind of oil falls within the definition of kerosene oil or within the terms which bring it under the clause of higher duty. I submit, that some standard should be fixed, and I propose that standard to be red kerosene oil produced in Burma. That was the reason which led me to write to the Department to find out what was the burning capacity of red kerosene oil of Burma, and the reply that I got I have read out to the House, and it is to the effect that no experiments have been made with the red kerosene oil of Burma. If we fix that as the standard, and with a variation of 15 per cent to the burning capacity, as stated by the Finance Member, there will be some check upon arbitrary classification of this oil as something different from what it is. In conclusion, I would say that if the capacity of the light diesel oil is below the burning capacity of the red kerosene oil, this light diesel oil should be charged at the same rate at which diesel oil is being charged under Item 41 of the Import Tariff. For these reasons, I support the amendment.

Mr. Muhammad Anwar-ul-Asim (Chittagong Division: Muhammadan Rural): As one of the signatories to the report of the Select Committee, I should like to say a few words on the merits of this amendment. I think my Honourable friends who were on that Committee will remember that at the instance of some Honourable Members certain gentlemen were examined. One gentleman, who belonged to the Indian Petroleum Company, was asked certain question by Mr. Mitra and Dr. Ziauddin Ahmad, and the Manager, who appeared on behalf of the Indian Petroleum Company, was positive that their oil would not burn more than one hour. The inevitable conclusion to which the Committee had to come was that the oil which he was managing was certainly not liable to come under this new scheme of taxation. I do not know whether my Honourable friends are espousing the cause of only one concern. I am told that there are a number of diesel oil companies carrying on the trade, and this Bill will hit them all equally.

Mr. K. P. Thampan: I may say for the information of my Honourable friend that I have got letters of complaint from as many as four merchants.

Mr. Muhammad Anwar-ul-Asim: Besides, should we not give credit to the machinery of the Government of India when they say that they will give the fullest opportunity to these people to show that they should escape this tax? They will have a test. Certain points have also been made by some friends who seem to be very solicitous with regard to the interests of the consumers. I know that when duties are changed from one rate to another with regard to salt, how far that goes to benefit the consumer I should like to know. I know from my own personal experience that not only the poorest man does not benefit, but it only benefits the middle classes and the speculators who run the show. So, if anybody is over-solicitous to these consumers, my answer to them would be, they should be first strong about their facts, and, so far as the area from which I come is concerned, I can assure you, Mr. President, that in our part we never use this diesel oil for the purpose of lighting. And my experience of Upper India and the Punjab is, not to speak of the luxury of a lamp, these poor villagers take shelter in their humble abodes before the sun is down. In the absence of a very strong data that these diesel oils which are being imported by these new Indian concerns are very

[Mr. Muhammad Anwar-ul-Azim.]

largely used by the rural population, I do not see any reason why we should not support our recommendations.

The Honourable Sir George Schuster: I hope that my Honourable friend will not press this amendment. The difficulty about it is that we have in fact no definition of kerosene on which to base a standard of comparison. If by kerosene my friend means kerosene as used in the Import Tariff, then we have the difficulty that it is not defined and it is just because it is not defined that we have had to introduce this Bill. If, on the other hand, he means kerosene as defined in the excise law, which I presume he mainly has in mind, because he is thinking in terms of Burma red kerosene, then his object is achieved in the present Bill, because the effect of the present Bill, as I explained to the House when I first introduced it, is really to apply the same sort of definition of kerosene for the purpose of the Import Tariff as is applied to it for the purpose of excise. I would remind the House that, for purposes of excise, kerosene is defined as meaning "any inflammable hydro-carbon which is made from petroleum, etc. (I need not complete that) and which (b) is intended to be or is ordinarily used in liquid form for purposes of illumination". That, Sir, is what would be the effect of my Honourable friend's amendment if it is intended to bring in the word kerosene from the excise explanation and that, I suppose, is the result which it really would produce. That being so, there is really no purpose in my Honourable friend's amendment from a technical point of view, and I suppose that the real purpose which lies behind it is the desire to be assured that we shall not by means of this test subject to this higher duty oil which is substantially inferior to Burma red kerosene. Sir, I have already explained to the House what our position in that matter is, that we propose to start off with a test by this lamp which we have found to be equivalent to giving four hours adequate burning in an ordinary hurricane lamp and I submit that, if an oil is capable of that, then it is suitably taxed as an illuminant. I am very glad that my Honourable friend, Mr. Anwar-ul-Azim, reminded the House and his fellow members on the Committee of a statement which was made to us by the representatives of the National Petroleum Company in the Select Committee. They told us that their oil would not burn for more than one hour in an ordinary hurricane lamp. If that is the position, then they need have no objection of any kind to this Bill, for our test will catch no oil which is not capable of burning for four hours. Sir, on the technical ground that I have explained, I would suggest to my Honourable friend that he might withdraw his amendment, because, in fact it would not achieve the object which he has in view.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B. for the words 'which is suitable for use as an illuminant in wick lamps', occurring in the second column, the words 'which has the same illuminating capacity as the lowest grade kerosene oil and is suitable for use as an illuminant in wick lamps' be substituted."

The motion was negatived.

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. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. President (The Honourable Sir Shanmukham Chetty): There are a series of amendments—Nos. 3 to 7—which seek to reduce the duty. The Chair would allow a comprehensive discussion on the first amendment that stands in the name of Sardar Sant Singh, and, afterwards, if the other amendments are moved, the question will be put and no further discussion will be allowed. Sardar Sant Singh.

Sardar Sant Singh: Sir, with your permission, I should like to move amendment No. 4 and give up No. 3. Sir, I move:

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'Two annas and three pies', occurring in the fourth column, the words 'Twelve pies' be substituted."

In support of my amendment, I only want to make a few points and they are these. According to Schedule II of the Import Tariff, diesel oil is charged duty under serial No. 38 (c), Item No. 41, that is 12½ per cent. *ad valorem*. But this particular oil which is imported here was charged at a double rate, that is 25 per cent. *ad valorem* under Item No. 75. This was done according to the decision given by the Board of Revenue in this case when the matter was referred to them. According to this 25 per cent., the duty came up to something like 7½ pies per gallon. It has been admitted on all sides that the quality of the light diesel oil is inferior and is only used as an illuminant by a very poor class of people for which the percentage of consumption as an illuminant is not very large. Though it is claimed by the combine of the European firms that this oil is being used as an illuminant to the extent of 90 per cent, while ten per cent is only used as fuel oil, yet no evidence of facts and figures to substantiate their claim has been quoted. The Honourable the Finance Member too, in his speech, did not accept this figure, and it is not accepted by the members who signed the Majority Report. Therefore, it cannot be assumed that the oil is being used as an illuminant to such a great extent. It is also clear that the duty might affect the import to a great extent and thus cause some hardship to the industry which uses this oil as fuel. Therefore, I propose that, for the time being, while this is in an experimental stage and it remains to be seen how the present Bill will affect the import of this oil, 12 pies should be considered sufficient for revenue purposes. Meanwhile, the Committee, about which a suggestion has been made by the Honourable the Finance Member, will watch the effect of this duty, and if they are of opinion that revenue is affected to a great extent and this oil is being used more as an illuminant and is displacing the red kerosene oil, then, in that case, the duty may be enhanced during the Budget Session of the Assembly. I have not proposed amendment No. 3 for the simple reason that it may be considered too low a duty. I have put this amendment before the House as a compromise between the two interests and, at the same time, we may guard against this fear that the move is directed towards stopping completely the import of this oil. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved: |

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'Two annas and three pies', occurring in the fourth column, the words 'Twelve pies' be substituted."

Mr. Lalchand Navadrai: Sir, as a member of the Select Committee, I owe it to the House to explain at least why it was that we made haste in sending this Bill to the Assembly. An expression has come from the Honourable the President also and, therefore, I feel it still more my duty to explain. Sir, it is known to the House, when this Bill was referred to a Select Committee, there was anxiety on the part of the Government that we should not be given more than seven days for consideration in Select Committee, and then we met the very next day—it was not that we wanted time—and then again we met after two or three days. In the meantime, certain information had to be given to us. On the last day that information was given, but no test was made. They said when we asked for it, that the very next day the Bill had to be sent to the Assembly. The second thing they said was that there was no laboratory in Delhi where this test could be made. We were told that we would have to go either to Lahore or somewhere else, and there was no time. Therefore, we said: "Let it go to the House with certain notes of dissent being put on the Bill." Sir, my own note of dissent on all the points is before this House. Then, with regard to the incidence of the duty, I must say that it should be recognised that this oil, I mean the coarse oil, is inferior to the kerosene oil, and, on that point, it is not only the question of the test that should be considered in fixing the assessment, it is not only that phase that has to be considered, but there are other factors to be counted. Even if it comes after the test to the very level up to which this red kerosene goes up, yet there are other circumstances to be considered which I have mentioned in my note of dissent. I have said:—

"In view of the fact that diesel of the Indian Companies, Messrs. The Mills Store and National Petroleum, in comparison with red kerosene oil, even if illuminant by test, is inferior in the sense of being coarser in colour, giving unsteady light, having a diminishing flame and being more smoky, the incidence of import duty on it should be lesser than the excise duty levied on red kerosene."

Sir, besides this, I have also given the information that this oil is being sold at eight annas, whereas the other red oil is being sold at ten annas. These are the circumstances on which a difference should be made. The point of justice lies in this that the red kerosene is being charged (though that is an excise duty) only at two annas and ten pies. Now where is the justification that this gas-oil should be charged at more than that? The idea is only to bring them down on the same level as the red kerosene. Now, it is said: "Well, that is an excise duty; the other is an import duty." We do not want an excise duty to be placed on this, but when we are actually framing new provisions of law, why should we not consider this point and give this the same standard? Now, Sir, if we look at the Tariff Act, we find that Item 40 comprises the pure kerosene oil. Then, under Item 75, they have provided for any mineral oil that does not come under Item 40 and, therefore, is charged a different percentage which comes to 7½ pies. Why should Government ask us to have the same duty or the same incidence as that of pure kerosene unless they are satisfied that it has equal illuminating power? Sir, the injustice of this action of Government can be seen very easily. That being the position, this amendment is put in to equalise the duty with red kerosene. Virtually we are making a clause which is very much similar to Item 40. Item 40 relates to pure

kerosene and what we say by this amendment is, why any lesser kerosene should pay the same duty. Therefore, I submit that the justice of this amendment is so very vivid and so very glaring that no arguments are needed. The Government should do two things. Until they are satisfied and the so-called scientific test is made, they should, in fairness, charge the duty on gas oil as they have been charging so far, namely, under Item 75, which is 7½ pies. And they may change if the test proves otherwise. Sir, a Committee is being appointed, and I am in full agreement with that move and I hope the motion will be made for that Committee. But, before that Committee meets, injustice is being done to the Indian Companies. They are being asked to pay more than what they should pay. We do not know how long the Committee will take to come to their conclusion, but what I do submit is that, in the meantime, no harm should be done to any Company. With these words, I support the amendment. |

Dr. Ziauddin Ahmad: Sir, I subscribe to every word that has just been spoken in favour of this amendment. But my difficulty is of a technical nature. I maintain that this is not proper time to move an amendment of this kind. The proper time to move a motion of this kind will be the Budget time when we discuss the Finance Bill. Not only this point, but there are other relevant matters which ought to be seriously studied from now till March next, and then we should come forward with some kind of a definite scheme. I quite agree that great injustice is being done by treating alike the various kinds of oils under the same category of kerosene. The burning capacity of different types of kerosene oil is different and the duty should be assessed in a different manner. We were given to understand that the Finance Member has already put somebody on special duty to inquire into this matter. I believe some chemists have already been employed to investigate the whole matter and the Committee of this House will also watch the situation. So, when the whole scheme has been worked out and some definite conclusions have been arrived at, then the time will come to make definite motions. While, therefore, sympathising with my Honourable friend and also agreeing with him entirely in what he has said, I am afraid this is not the proper time to discuss this motion. The proper time to consider this matter will be when we discuss the Finance Bill next March.

The Honourable Sir George Schuster: Sir, I understood my Honourable friend to move the motion to substitute the words "Twelve pies". I was not quite clear, because he spoke about No. 4, and No. 4, on my list, is "Eighteen pies".

Sardar Sant Singh: I have referred to the printed list.

The Honourable Sir George Schuster: Then, I will take it to be "Twelve pies". I find it somewhat difficult to understand what my Honourable friend is after. If the duty is reduced to "Twelve pies", then the Honourable Member has another amendment down which would have the effect of cancelling the first surcharge. So, if the basic duty is 12 pies, then, with the addition of the second surcharge, the excise duty will become 15 pies as compared with the present excise duty of two annas and 9½ pies and the present import duty of three annas and nine pies. It seems to me that my Honourable friend's proposal is a sort

[Sir George Schuster.]

of half-way house which makes the worst of both worlds. If the oil is really required as a fuel oil, then his duty is too high. If, on the other hand, it is used as an illuminant, then a duty of one anna and three pies as compared with the excise duty of two annas and 9½ pies and the import duty of three annas and nine pies is, if I may say so, ridiculously low. My Honourable friend has made very much of this argument that the oil which is to be imported is inferior to red kerosene. I have already on several occasions pointed out that we are proposing to start with a test which will only subject oil to this higher duty which is capable of burning for four hours in an ordinary lamp. I submit that oil that can burn like that is a reasonably good illuminant. It may not be as good as first class white kerosene and there would be more to be said for the proposal put forward by my Honourable friend, Dr. Ziauddin Ahmad, to try and devise some sort of differentiation between qualities of kerosene. But this proposal is an unscientific proposal. If differentiation is required, this duty is far too low and it would have a very serious effect on our revenue, because, presumably, this lower duty would also apply to the other kinds of inferior kerosene—I call it inferior “kerosene”—which may be imported. I would like to point out to my Honourable friend that, under these proposals, we shall have two classes of oil paying the kerosene duty and it will in practice be very difficult to draw the line between what falls in one class or the other. If the duty on the two classes is the same, the difficulty will be of no practical significance. But if there is a very substantial difference between the two duties, then the administrative difficulties put upon the Customs authority in drawing the line will be very great. I would like to point out to my Honourable friend, who seems to think that there is now this one class of clearly distinguishable gas oil which would come under his provision, that there would be a number of other classes of oil which are now treated as kerosene which would have to be treated on a par with this. My Honourable friend’s amendment would upset and undermine the whole position. On grounds of principle or technical grounds, as he himself has called them, I entirely endorse what has been said by my Honourable friend, Dr. Ziauddin Ahmad. He says that I have given some sort of assurance. I do not wish to be misunderstood on this matter. I have not given any assurance that we will consider in the Finance Bill a differentiation between the classes of kerosene. I have never gone as far as that, but what I have done is to say to Honourable Members, who have raised this point, that, if they want it raised, then the occasion of the Finance Bill is the time to raise it, and not now. I have also said that, on grounds of principle, I think it is a reasonable proposal and that there is a good deal to be said for it. Whether we can do it or not depends on whether we can find an easily worked dividing line between the different classes of illuminating oil, that is the first thing. The second thing is, whether our revenue position will permit of a distinction of this kind being made for the reduction of the duty on the lower classes. Sir, I think I need say no more and I must oppose my Honourable friend’s amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words ‘Two annas and three pies’, occurring in the fourth column, the words ‘Twelve pies’ be substituted.”

The motion was negatived.

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

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'Two annas and three pies', occurring in the fourth column, the words 'One anna and four pies' be substituted."

I have only to draw a distinction in the incidence of duty as compared to the red kerosene oil. The red kerosene oil is now being assessed at Rs. 0-2-9½, whereas my amendment requires 16 pies to be charged on gas oil *plus* six pies surcharge *plus* a second surcharge which will bring it to Rs. 0-2-6. In consideration of the inferiority that I have pointed out to the House in the quality of the gas oil, my amendment should be accepted.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in sub-clause (1) of clause 2 of the Bill, in the proposed Item No. 40B, for the words 'Two annas and three pies', occurring in the fourth column, the words 'One anna and four pies' be substituted."

The motion was negatived.

Dr. Ziauddin Ahmad: I want to move my amendment No. 8.

Mr. President (The Honourable Sir Shanmukham Chetty): It cannot be moved because it is barred by a decision taken by the House on amendment No. 2.

Sardar Sant Singh: Sir, I beg to move:

"That after sub-clause (2) of clause 2 of the Bill, the following new sub-clause be inserted:

'(3) After sub-item (2) of Item No. 41 of the Second Schedule to the Indian Tariff Act, 1894, the following sub-item shall be inserted, namely:

'(3) Oil ordinarily used for machinery not falling within Item 40B *Ad valorem 12½ per cent.*'"

Sir, my object in moving this amendment is very simple. I want to guard against the mistake that occurred recently when the import duty was charged on the diesel oil. The object of the Bill will be fulfilled when the higher duty is charged if, after a certain test, the oil is found to be of a certain standard for illuminating purposes. If it is below that standard, there should be no occasion for charging the duty under Item 75 as it was actually charged by the order of the Revenue Board. It should be chargeable under Item 41. Therefore, I want that a new sub-clause, under Item 41, should be added, whereby it should be made clear that, if the quality is below the standard which is found after the test is applied, then the duty should be 12½ per cent. and not 25 per cent. as it was charged. Therefore, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That after sub-clause (2) of clause 2 of the Bill, the following new sub-clause be inserted:

'(3) After sub-item (2) of Item No. 41 of the Second Schedule to the Indian Tariff Act, 1894, the following sub-item shall be inserted, namely:

'(3) Oil ordinarily used for machinery not falling within Item 40B *Ad valorem 12½ per cent.*'"

The Honourable Sir George Schuster: Sir, I think my Honourable friend's amendment is moved under a certain misconception. As it stands, I am afraid I must regard it as extremely objectionable. I would object to it in the first place as being out of order, because it would affect items of the tariff not mentioned in the Bill. It would, for example, affect the specific duties levied at present on hatching oil and lubricating oil. Apart from that, on its merits it would have a very different effect to what my Honourable friend has in mind. It would, in fact, mean that any importer of oil, even if it was oil that could be used as an illuminant if he could establish that a sufficient quantity of that oil was used for machinery, would be able to claim to have that oil taxed on this lower scale. That is what I am advised by my Customs Officials and, therefore, the Standard Oil Company, for example, might arrange to sell a sufficient quantity of their standard kerosene oil as fuel oil and then come along and claim to have it assessed under the 12½ per cent. duty on the ground that they had established that it was oil ordinarily used for machinery. I am not suggesting that it would be easy for the Standard Oil Company to sell a sufficient quantity of oil for that purpose, but I suggest that there is a loop-hole in the amendment of my Honourable friend.

Sardar Sant Singh: The position is this. I exclude all items not falling within 40; if it is used for illuminating purposes, it will fall under Item 40-B. There is a qualification attached to it.

The Honourable Sir George Schuster: If that is so, I must say that my Honourable friend attempted to attain his object in the wrong way, because he has used words here which make the basis for the selection of this oil the method of use of the oil and not the quality of the oil. The practical use is to be the test and not its quality. In any case, I think my Honourable friend's amendment is unnecessary, because I imagine that, what he has in mind, the sort of oil which he has in mind, would fall under Item No. 41, which is oil not ordinarily used except as fuel or for some sanitary or hygienic purposes. Therefore, my Honourable friend would get what he wants without his amendment.

Mr. President (The Honourable Sir Shanmukham Chetty). Does the Honourable Member take the point of order that the amendment is out of order?

The Honourable Sir George Schuster: I stand on the merits.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after sub-clause (2) of clause 2 of the Bill, the following new sub-clause be inserted:

'(3) After sub-item (2) of Item No. 41 of the Second Schedule to the Indian Tariff Act, 1894, the following sub-item shall be inserted, namely:

'(3) Oil ordinarily used for machinery not falling within Item 40B *Ad valorem 12½ per cent.*'"

The motion was negatived.

Mr. K. P. Thampan: Sir, I beg to move:

"That to clause 2 of the Bill, the following proviso be added :

'Provided that oils used for fuel in engines shall only be subject to the duty leviable under Item No. 75 of the Indian Tariff Act and the Governor General in Council may frame rules for the refund of the excess duty if levied'."

Sir, at the very outset I must confess that I do not feel very happy over the wording of this amendment. If the House accepts the principle involved in the amendment, then the services of expert draftsmen may be requisitioned and a proper amendment can easily be drafted.

Now, this oil is primarily intended for use as fuel in oil engines. For that purpose it is distinctly superior to the ordinary oil sold in the market. At the first reading of the Bill, I said that my own experience was that the lighter diesel oil was distinctly superior to the other diesel oils that were sold in the market, the effect of which was that there was immediate formation of carbon in the cylinder and one was obliged to clean the engine oftener than one had to do with lighter oil. One of the reasons why I opposed the Bill was that I should not be a party to increase the cost of diesel oils in the market. The Honourable the Finance Member said, when he introduced the Bill and also subsequently in the Select Committee, that he stood committed to the principle of giving refunds to the genuine users of oil engines if Government were satisfied that they were forced to pay a higher price for the oils that they purchased. He also said that Government were prepared to watch the situation and see if the prices were actually put up by the competing companies. This morning he was good enough to announce that he would also appoint a Committee of this House as was done in regard to the salt duty and, if they were satisfied that this duty was affecting those interests then, effective steps could be taken to remedy it even without coming to the Legislature. Sir, personally I am not satisfied with that kind of pious wish for this reason that, by the time the effect of this higher duty is realised by that Committee, the merchants who are dealing in these things would wind up their business in that line, because by the imposition of a duty, that is equivalent to the duty on kerosene oil, the price will become prohibitive and nobody would purchase it. They were hitherto paying only Rs. 15 or so under Item 75 of the Customs Act while, hereafter, they will have to pay about Rs. 60, with the result that the price of the oil will be on a level with that of kerosene oil.

Let me now invite the attention of the House to section 28 of the Sea Customs Act, which the Honourable the Finance Member said was sufficient for the purpose of giving refunds. That section says:

"The Governor General in Council may, from time to time, by notification in the Gazette of India, exempt any goods imported into, or exported from, British India, or into or from any specified Port therein, from the whole or any part of the Customs duties leviable on such goods."

This in effect means that this section will be used or brought into operation only if and when Government are satisfied that the price of oil has substantially increased as a result of this measure. What I want is that there should be a Statutory provision in the Act itself to the effect that, by virtue of that section, genuine users of oil engines are excluded from the operation of this Act. That is why some of us on this side of the House are anxious to introduce this provision.

[Mr. K. P. Thampan.]

Now, Sir, with regard to the quantity or the proportion of the oil that is used for illuminant purposes, the position is very doubtful. Certain people say, particularly those people who are interested in putting up this duty, that 90 per cent. of this imported oil is used for illuminating purposes, while on the other hand, people who deal in the oil say that it is only ten per cent. that is used as such Government themselves have no data to proceed upon. We have no kind of information, but I will, with your permission, read a paragraph of a letter that I received from the Northern India Oil Company who are importers of petroleum products which, I think, is a fairly correct estimate. They say in the course of the letter:

"The fear of the Government that diesel oil is replacing kerosene oil for lighting purposes is absolutely unfounded. Diesel oil is exclusively used for fuel purposes in the factories. From Karachi to Peshawar and Delhi to Lahore this newly imported diesel oil has only been used for the purposes of fuel in running machineries and not for any other purpose. This fact can be fully corroborated from the certificates of diesel oil obtained by us from the consumers and supplied to the Karachi Customs in respect of a recent consignment of diesel oil imported by us at Karachi. Diesel oil may have been used for lighting purposes in other parts of the country, e.g., Bengal and Madras, and that too by very poor people, because they find kerosene oil more expensive than diesel oil; and the quantity of diesel oil thus used by the poor classes is very insignificant."

That is only with reference to the Punjab. It is said that in Madras it might have been used by poor people. I have a letter with me from a Madras firm called "The Garland Petroleum Company". They say that their oil is not used for illuminating purposes and that it is solely used for engines. Therefore, my point is that apart from the propriety of imposing an additional burden on very poor people, without knowing what quantity of oil is used for lighting purposes, it is meaningless and hard to impose this duty on genuine users of oil on the ground that it is used for other purposes. The immediate effect of this legislation will be that the users of oil engines will be forced to pay higher prices for their oils. Sir, the effect of this Bill on the trade and the users of oil engines cannot be better put than what I propose to read now from a letter that I received from another company:

"About five or six years ago, Indians had no idea of entering the mineral oil trade except as agents, sub-agents and dealers for the few foreign mineral oil importing monopolists and indigenous producing companies. Some enterprising Indian firms studied the foreign producing and distributing market conditions. They found that there is scope for sound investment of capital in this business as suggested by the President of the Indian Tariff Board in his report on the then proposed grant of protection to the Indian oil industries. Thus four Indian firms laid their plans, and acquired land from Port Trusts at several Indian ports and put up bulk oil tank storage installations, and connecting them with pipe line to the oil piers at capital cost of several lakhs of rupees. These few Indian companies are named below:

1. The Western India Oil Distributing Co., Ltd., at Bombay.
2. The National Petroleum Co., at Bombay.
3. The Bombay Petroleum Co., Ltd., at Bombay.
4. The Mills Store Co., at Karachi."

To this list the Garland Petroleum Company at Madras must also be added, because, as a matter of fact, I know that they are dealing in this kind of oil:

"These companies found that the cost of high grade fuel oil imported from such distant places as Russia and Rumania (even though from the beginning assessed for Customs duty at 100 per cent. more than similar oil imported by the Standard Oil

Company of New York at the same time) could be sold to the consumer at prices equal to that at which the foreign importing and Indian producing companies were charging the Indian consumer for an inferior grade of oil."

Sir, the next paragraph is very important:

"Before the Indian oil importing companies came into the market, the Indian oil engine owner had not even the knowledge of the existence of superior fuel oil. They were thus led to accept whatever quality was offered at whatever price demanded by the monopolist companies, who obviously joined hands at maintaining a higher level of prices. Much of even this inferior fuel oil has always been used as an illuminant by the very poorer and backward peasants. The only difference that the entrance of Indian importing companies has really made is the reduction of the inordinately huge profits that these monopolists foreign companies have been used to from and have come to look upon as their legitimate due from the starving and naked millions of Indian peasants. These poor people have in the past paid as much as Rs. 120 per ton f. o. r. Karachi for the same quality of fuel oil which they are now getting at Rs. 55 to Rs. 60 per ton, or even less. . . The present rate of duty on fuel oil is Rs. 5-8-0 per ton; and although Government has charged on our fuel oils import duty at over Rs. 15 per ton, we have still continued to supply the higher quality of fuel oil at comparatively low prices, in the pursuance of our policy to educate the Indian oil engine owner to the real economy of using a better fuel oil. Not only will all the hard work done, the sacrifices made, and several lakhs of rupees of capital outlay which we have made to build up an absolutely legitimate trade will be lost; but the large body of small oil engine owners will again be left at the mercy of the foreign monopolists and be compelled to use low-grade fuel oil which speedily ruins engines by much larger carbon deposits increasing cost of maintenance and repairs.

The duty proposed to be levied by the Bill before the Select Committee, viz., Rs. 0-3-9 per gallon would amount to Rs. 56-4-0 per ton and this is the measure of advantage it proposes to give the foreign monopolists and Indian oil producing companies, neither of whom, according to the Finance Member, has made any representation of any grievance. In this connection, we may state that our present selling price is Rs. 75 per ton f. o. r. Karachi and if Rs. 56-4-0 is to be added this will make the selling price Rs. 116-4-0 per ton at Karachi. This price is too high and can never be paid by agriculturists and small industrial concerns."

Sir, that makes it clear that if the proposed duty is imposed, the price of fuel oil will be increased by more than 100 per cent.: that is a contingency which I, as an agriculturist and one interested in industries, cannot face. I must, therefore, move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That to clause 2 of the Bill, the following proviso be added:

'Provided that oils used for fuel in engines shall only be subject to the duty leviable under Item No. 75 of the Indian Tariff Act and the Governor General in Council may frame rules for the refund of the excess duty if levied.'

Mr. M. Maswood Ahmad: Sir, I want to know whether my amendment to clause 8 will be out of order after this.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair can only say that, when that amendment is reached.

Dr. Ziauddin Ahmad: Sir, there are only two points in this Bill. The first point is about the diesel oil being used as an illuminant; we agree with the Government and we agreed also in the Select Committee that any oil,—diesel oil or gas oil—if used as an illuminant and if it has the same illuminating capacity as kerosene oil, should be taxed equally. The only difference was this: that the Government said that, if it is used as an illuminant, that should be sufficient to charge the highest duty, and we, on this side of the House, laid stress on the point that a further condition should be imposed that it should not only be an illuminant, but that

[Dr. Ziauddin Ahmad.]

it should have the same illuminating capacity as kerosene before the same duty is levied. As far as we have legislated at present, the thing is not quite clear. But, on the assurance given that this thing will again be looked into and will be carefully examined by some Committee of experts, I think we may allow it to go through, and then see what the results would be. I never said in this House that the Honourable the Finance Member has promised anything or that he would lay this matter before us, in the Finance Bill. But what I said was that some experts would be investigating into the matter and the results of their investigations would be at our disposal and then we would have a chance to discuss the whole question on that particular occasion. That was all that I said. The other aspect is this: What would be the effect of raising the price of this oil in the running of machinery? We know that this oil is also used as fuel: we do not know what exactly the percentage is that is used as fuel oil, and we have a very strong apprehension on this side of the House that the price of fuel oil would be raised and that it may seriously affect the entire running power in the country, especially in the case of small machinery used for agricultural purposes. We know this thing, that this particular oil is a better fuel than other forms of diesel oils which deposit a large amount of carbon and thereby lower the life of the machine. This is a point on which though assurances were given by the Honourable the Finance Member that he would see his level best that the users of these machines do not suffer and that the agriculturists do not suffer, we have not visualised as to how this thing would be done; and this practical amendment is an attempt to give effect to the assurances already given on the floor of the House and in the Select Committee. What we all try to achieve is this, that though the oil which has the same illuminating capacity must be equally taxed this fact should not be used to put any kind of discount on the machines which use this gas oil for the purpose of fuel; and this is a point which must be carefully investigated; and if it is ever found that it is really affecting prejudicially the interests of the agriculturists and the interests of persons who are using this gas oil as fuel for running their machinery, then the mistake should be immediately corrected. I suppose the objects which we have in mind on this side of the House have already been accepted by the Government and the only question before us is how to give effect to the objects which we all have in view: and Mr. Thampan has suggested one particular form or method and, if the Honourable the Finance Member may suggest some other methods by which the same object can be achieved, then certainly the House will consider it; and if the scheme is better, then they would certainly prefer it to this particular scheme. But the Finance Member understands very well that we are very anxious that by this legislation the agriculturists who are using machines should not be allowed to suffer and the price of their fuel should not go up by the increase in the customs duty from nine pies to 3a. 9p. which is really a very big jump.

Mr. M. Maswood Ahmad: Sir, I agree with the object underlying this amendment, but I do not agree with the wording of it. There is no doubt that we are all unanimous on this side that oils used for engine purposes should be exempted from this duty; but, at the same time, the wording of the amendment is a bit defective, because, it says:

"Provided that oil used for fuel in engines shall only be subject to the duty leviable under Item No. 75."

After passing clause 2 and after having this proviso, it will be very difficult for the officers to decide whether they should take action under the proviso or under the clause; and, further, there is a provision in the proviso that the Governor General in Council may frame rules for the refund of the excess duty if levied. Nothing has been said that this refund will be made either to the Company or to the consumer who will use this oil for engine purposes. At this moment, I restrict myself to this, that I agree with the object, but I do not agree with the wording of this amendment.

Mr. R. S. Sarma: Mr. President, as a member of the Select Committee who was also responsible for getting an assurance of this character from the Government that the agriculturist shall not be penalized by the imposition of this tariff, I am entirely in accord with my friend, Mr. Thampan's amendment; but I think that the spirit of his amendment has got support very eloquently this morning from Mr. James himself on behalf of the European Group; and, in the course of his speech, this morning, the Finance Member himself has given an assurance that the spirit of this amendment will be observed. But the practical difficulty from his point of view was the machinery which will be able to find out how much of this was used as fuel oil and how much as an illuminant. On that, there is a good deal of difference of opinion, because, while one firm holds that 96 per cent. of this imported oil is used as illuminant, the National Petroleum Company holds that not more than 10 per cent. is used as illuminant, and it is also a matter in which the Provincial Governments have got to express their views after this Bill has been actually in operation. I understood the Honourable the Finance Member to say that the Committee, which he had in view, would also consider for the first few days how the Act is working and bring to his notice what best machinery could be evolved for the purpose of achieving this object; but I am at one with Mr. Thampan and Dr. Ziauddin and my friend, Mr. Maswood Ahmad, that the spirit of this amendment should be observed.

Mr. B. V. Jadhav: Sir, my friend, Mr. Sarma, has agreed that the spirit of this amendment should be observed and that the agriculturist who is using this diesel oil should not be penalised by payment of the duty also. The Finance Member has proposed that if the duty presses very heavily upon the agriculturist who is using it genuinely for diesel engine purposes, then he would arrange for a system of rebate. I must say, Sir, that this promise is not of much practical use. I know that it will be scrupulously carried out, but at the same time I have to point out that even this promise will not be of much use to the trade. According to him, the importer of light diesel oil will have to pay the import duty, then he will have to sell it at a rate minus the duty or minus the rebate for engine purposes, and then prove that the oil was really used for engine purposes. One has to bear in mind that first the duty will be collected at the importing ports and the diesel oil will be transported thousands of miles away into remote villages where it will be used for engines. So it will be very difficult for the original importer to realise in the shape of rebates what he has paid by way of import duty. At the same time, perhaps the certificates that will be issued to the consumer for consuming oil in his engine will be convertible into cash at some local Treasury and the consumer may take advantage of that. So, as a matter of fact, the importer who pays the duty in the first instance will not get any benefit of it. Suppose, for instance, the importer pays the import duty and then the oil passes to the consumer through various hands. Then, if the importer does not pay the import duty himself, he

[Mr. B. V. Jadhav.]

realises it by raising the price of the diesel oil, and then too it will be found that neither the middleman nor the ultimate consumer will purchase diesel oil at a price higher than the price for which he could get it in the market. Therefore, in this way the promise of a rebate is not of much practical value either to the importer or to the consumer. I, therefore, think, Sir, that this amendment ought to be supported for that reason. It cannot be left to the goodwill of the Government, because, with all their goodwill, actually the trade of importing this diesel oil will be killed by the imposition of this duty.

The Honourable Sir George Schuster: Sir, I must oppose this amendment. I have already, in my opening speech, given the general reasons on which I must oppose this and other similar amendments which are down later on the list. Before I touch upon that general ground, I want to say something about the actual form of this amendment.

I think it shows that Honourable Members, who have criticised this measure, have not quite appreciated that it may have certain advantages which they seem to have missed. My friend attempts to provide that oil used for fuel in engines shall only be subject to the duty leviable under Item No. 75, that is to 25 per cent. duty; but we, Sir, hope that, by applying this test, we shall catch all oil which is suitable for use as an illuminant, and that the oil which is not caught by that test will come in as ordinary fuel oil on a 12½ per cent. basis under Item No. 41. That will be the position, unless substantial quantities of the oil, which does not satisfy the illuminant test, still continue to be used as illuminants. Otherwise, if we catch all the oil which is suitable for use as illuminant and the oil which is not caught is only used for engines, my friend will get not only a reduction of 25 per cent. under Item No. 75, but a reduction of 12½ per cent. under Item No. 41. That, Sir, I think, is an important point.

On the general position, I have already explained, it is impossible for Government to commit themselves as regards any principle of refunds until we have consulted the Provincial Governments, and that general remark applies to the amendments down in the name of my friend, Mr. Maswood Ahmad. That is the first point I want to make. The second point I want to make is that legislation on this question of refunds is not necessary, because, as I have already pointed out, we have executive powers for giving refunds under section 23 of the Sea Customs Act. The third point which I have to make is that we hope that any form of refunds will be in fact unnecessary. The main ground on which we stand and have stood throughout these discussions is that there is plenty of good diesel engine oil available in the country from various sources in the world, and that, by cutting out one class of oil which is suitable for use in engines but which—unfortunately for those who want to use it in engines—is also suitable as an illuminant, by cutting out that one class, we shall not do anything to put up the price of ordinary diesel oil for those who want diesel oil for their engines. I would remind the House that there is actually another Indian Company,—so I am told,—the Western India Oil Company, which has developed an important trade in the import of genuine diesel oil which can never be caught under this measure. That shows that at any rate there is another competitor in the market, and we see no reason why there should not be many competitors. But we shall have to watch,—and that is the most important thing that we have got to do,—we shall have to watch the effect of this measure, if it is passed, on the price of genuine diesel engine oil, and I would take this opportunity of issuing a warning to those who represent the oil companies that if it is found that they take advantage of

the occasion of the passing of this Act to put up the price of diesel oil for use in engines, then they can expect no sympathy either from Government or from the House. (Applause.) That, Sir, is, as I say, the point that we shall have to watch, and it is one of the points on which we shall have to give information to the Committee, if a Committee, as I have proposed, is set up.

I entirely agree with what my friend, Mr. Jadhav, said that, if we had to deal with this problem by a system of refunds, that might not be very effective. There is going to be great difficulty about refunds, and, even if we agree to a system of refunds, if an ordinary consumer of oil wants to buy this class of oil which has already paid a very high duty, and to make it worth while he has got to go through the process of claiming a refund on that oil, I fully realise that it is not very likely that he will buy that oil and go through all the trouble of claiming a refund if there is an oil of comparable quality at a comparable price less refund, available in the market. I think we must be clear about it—that the effect of this measure will undoubtedly be to put a considerable break on the use of this particular kind of gas oil for use in engines. But we believe, as I have already said, that it will not appreciably hamper the man who wants to buy genuine diesel oil for his engine by putting up the price or by limiting the market in which he can supply himself with his needs. That is the point which, as I say, we shall have to watch. On those general grounds, I must oppose this amendment.

Mr. K. P. Thampan: In view of the speech of the Honourable Member, I beg leave of the House to withdraw my amendment.

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

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. M. Maswood Ahmad: Sir, I beg to move.

"That after clause 3 of the Bill, the following new clause be inserted:

'3A. (i) The District Magistrate, or in the case of a Presidency Town, the Presidency Magistrate or any other person authorized by him in this behalf may issue licences to those who use this oil for running engines.

(ii) On presentation of the licence and after giving a receipt on a prescribed form, the *bona fide* user shall get the mineral oil mentioned in Item No. 40B of the Second Schedule to the Indian Tariff Act, 1894, at a reduced rate and this reduction shall be equal to the difference between the amount of the old taxation and the new taxation imposed by this Act.

(iii) The firm which shall sell the mineral oil under the provisions of sub-section (ii) of section 3A at a reduced rate shall, on the presentation of the receipt obtained from the *bona fide* user, get the refund."

[Mr. M. Maswood Ahmad.]

In this connection I wish to say that this diesel oil is used in small engines which are used for agricultural and industrial purposes. At present there are four kinds of engines, the first kind being the petrol engines which are the simplest but too costly in running; the second kind of the engine is the kerosene oil engine which too is very costly in running; then comes the steam engine which is very cheap in running, but it cannot be used in villages, because it requires great supervision. Sir, then comes the diesel oil engines which are suitable for use in the villages. There cannot be two opinions that diesel oil is used in small engines and only these small engines are suitable for agricultural and small industrial purposes. This is what the Select Committee say:

"Oil is used to a considerable extent in small engines employed in connection with agricultural operations, and we would deprecate anything having the effect of enhancing the cost of fuel oil to people using it for industrial or agricultural purposes."

In principle, the Government have accepted that diesel oil, which will be used for fuel purposes, should be exempted, because I do not find any minute of dissent from the Members representing the Government in the Select Committee against that view. The report continues:

"We have been further assured that Government will carefully watch the situation with the object of checking whether developments are such as to indicate that genuine users of diesel oil for power purposes are being placed at an appreciable disadvantage by the operation of the Bill, and that if it were established that any substantial prejudice results to those requiring diesel oil for industrial or agricultural purposes, Government will consider it obligatory upon them to take steps to redress this result."

Government have also accepted that position just now and announced that a Committee would be formed which would watch the result. In this connection, I remember a verse in Urdu which is a very common one, and I want to remind the House and my Deputy Leader, Dr. Ziauddin Ahmad, as well, of it. The verse runs as follows:

*"Ham ne mana ke tagaful na karoge lekin
Khak ho jaenge ham tumko khabar hone tak."*

It means:

"It is true that you will not forget me; it is true that you will do something for me. But, by the time you will be aware of what is happening to me, I will be reduced to ashes."

By the time the Committee will watch and report to the Government, the agricultural interests will have been ruined in this country. In these days, when prices of everything have gone down, if the agriculturist has to get his diesel oil at a high price, it will not be possible for him to purchase the oil to run his engines, and to lift water from the well and irrigate the land. The same will happen to industries also. There is no other alternative, because the price of this diesel oil will go up—no doubt about that—and when the price of diesel oil will go up, the price of the heavy diesel oil will also go up. It is very natural that when the price of rice goes up, the price of wheat also goes up, because both the commodities are used.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): In order that my Honourable friend may get my support, will he give me figures to show that diesel oils are used for the production of wheat in this country?

Mr. M. Maswood Ahmad: Now-a-days diesel oil is very essential for the production of the agricultural commodities. I am very sorry that my Honourable friend does not know that these diesel oils are used in engines and that these engines are used for working the pumps which take water from the well, and that from that water the wheat areas are irrigated. My Honourable friend does not know even the A. B. C. of agriculture; he knows only how to go to the lobby with the Government. (Laughter.) It is said by Government that if the Bill will operate against the agriculturists, they will do something. What is my proposal? I propose that the District Magistrate will issue licences to those who have diesel oil engines. Men with such a licence will go to a shop and get the diesel oil at a cheaper rate. They will issue a certificate to the seller that they have purchased a certain quantity of diesel oil for the use of their engines. The seller will send the certificates to his firm and the firm will get a refund from the Government. I do not want that these refunds should be taken by the consumer himself, because it will be very difficult for poor consumers in the villages to go and get a refund on every occasion. Further, I do not want that the refund should remain in the pocket of the companies only; rather I want that it should go into the pockets of the poor consumers. If the cultivators and other consumers will not get these diesel oils at a cheaper rate, and only a refund is made to the companies, it will be of no use to the public. So I have provided how the refund will be paid. This amendment will come later. Sir, this is a most innocent amendment and I hope that my friend will accept this amendment. If they really and honestly want to help the agriculturist and do not intend to harass him, they have no alternative but to accept this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That after clause 3 of the Bill, the following new clause be inserted:

'3A. (i) The District Magistrate, or in the case of a Presidency Town, the Presidency Magistrate or any other person authorized by him in this behalf may issue licences to those who use this oil for running engines.

(ii) On presentation of the licence and after giving a receipt on a prescribed form, the *bona fide* user shall get the mineral oil mentioned in Item No. 40B of the Second Schedule to the Indian Tariff Act, 1894, at a reduced rate and this reduction shall be equal to the difference between the amount of the old taxation and the new taxation imposed by this Act.

(iii) The firm which shall sell the mineral oil under the provisions of sub-section (ii) of section 3A at a reduced rate shall, on the presentation of the receipt obtained from the *bona fide* user, get the refund."

Dr. Ziauddin Ahmad: This is the first motion in this Session moved by my friend, Mr. Maswood Ahmad.

Mr. M. Maswood Ahmad: I moved one about Karachi and Patna the other day.

Dr. Ziauddin Ahmad: That is only a bye amendment to another amendment. So we need not take note of it. This is the first substantial amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member must, therefore, support it?

Dr. Ziauddin Ahmad: I not only support, but I go further. I will remind the House of the story of a teacher to whom a parent handed over his son for instruction. After the instruction was given and the boy was taught the use of the sword, the boy took out the sword and tried to kill the teacher himself. The teacher was not killed. The parent was very angry and asked why the teacher did not allow himself to be killed, because it was the boy's first attempt

Mr. Muhammad Yamin Khan: What relation do you stand in in this story?

Dr. Ziauddin Ahmad: The story ends there. This is a very sensible motion of Mr. Maswood Ahmad and I tell you how sensible it is. The Honourable the Finance Member has repeatedly said that the Finance Department has got the inherent power to remit taxes and to give rebates, but that the machinery which they have provided for giving rebates is very weak, unintelligible, antiquated and out of date. Mr. Maswood Ahmad by this motion has provided a very good machinery for giving information to the Finance Member so that the rebate may be given very easily and readily and I think the Honourable the Finance Member ought to be very thankful to Mr. Maswood Ahmad for the suggestions he has made. It will relieve the burden of his Department as there will be attested copies to show that the oil was used definitely for the purpose for which it was intended and that there will be no *goltal* about it. I hope this side of the House will support the motion not only on the ground that this is Mr. Maswood Ahmad's first motion, but also on the ground that it is a reasonable and a good one.

The Honourable Sir George Schuster: I always like to follow my Honourable friend's advice and I can go half-way with him. I can, without any hesitation, thank the Honourable Member who has moved this amendment for not having made any previous motion this Session, but I am afraid I cannot follow the second part of the programme he set out. It is not a grateful task, of course, to have to reject a maiden effort of any kind, and, even though this motion is rather a questionable "maiden", I still regret having to oppose it. I need not give him in any detail the grounds for that opposition, because I have already made my position perfectly clear. We cannot, in fact, commit ourselves to machinery of this kind without going very carefully into the whole position and we hope and believe that machinery of this kind will be unnecessary.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after clause 3 of the Bill, the following new clause be inserted:

3A. (i) The District Magistrate, or in the case of a Presidency Town, the Presidency Magistrate or any other person authorized by him in this behalf may issue licences to those who use this oil for running engines.

(ii) On presentation of the licence and after giving a receipt on a prescribed form, the bona fide user shall get the mineral oil mentioned in Item No. 40B of the Second

Schedule to the Indian Tariff Act, 1894, at a reduced rate and this reduction shall be equal to the difference between the amount of the old taxation and the new taxation imposed by this Act.

(iii) The firm which shall sell the mineral oil under the provisions of sub-section (ii) of section 3A at a reduced rate shall, on the presentation of the receipt obtained from the *bona fide* user, get the refund."

The motion was negatived.

Sardar Sant Singh: Sir, I move:

"That after clause 3 of the Bill, the following new clause be inserted:

'3A. To section 20 of the Sea Customs Act, 1878, the following proviso shall be added, namely:

Provided that no such duty under this Act falling within Items Nos. 40B and 41 shall be levied on Mineral Oil imported under contracts entered into by Importers before 7th November, 1933.'"

Mr. President (The Honourable Sir Shanmukham Chetty): Will the Honourable gentleman tell the Chair how his amendment is in order, because his amendment seeks to alter certain provisions of the Sea Customs Act, 1878, which is not now before the House.

Sardar Sant Singh: I was going to request you to permit me to alter the wording, as it is defective. The first part of this need not come in at all, and, instead of beginning with the proviso, if you will permit me, I may use different language which I have put down on paper which is with me

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair regrets that without notice it cannot allow an amendment of that nature to be moved.

Sardar Sant Singh: Then I want to move the second item only—I will leave the draftsman to correct the language:

"That after clause 3 of the Bill, the following proviso be added:

'Provided that no such duty under this Act falling within Items Nos. 40B and 41 shall be levied on Mineral Oil imported under contracts entered into by Importers before . . . November, 1933.'"

The Honourable Sir George Schuster: I submit, Sir, that a proviso must attach to some clause. My Honourable friend's alteration of this amendment will leave the proviso completely unattached.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair cannot help the Honourable Member, Sardar Sant Singh, in this particular amendment.

The question is:

"That clause 4 stand part of the Bill."

Dr. Ziauddin.

Dr. Ziauddin Ahmad: Sir, I move:

"That in clause 4 of the Bill, after clause (b) of sub-section (2) of the proposed section 195A, the following be added:

'(c) Classify different kinds of mineral oils according to their illuminating capacity.'"

[Dr. Ziauddin Ahmad.]

Sir, sub-clause (2) of clause 4, provides (a) for the specification of the design, construction and materials of test lamps to be used for testing the burning properties of mineral oil in wick lamps and for the standardisation of such test lamps, and (b) provides for prescribing the manner in which and the persons by whom tests are to be carried out and the standards to be accepted for deciding whether any mineral oil is or is not suitable for use as an illuminant in wick lamps; and now I want to put in one more clause, just an enabling clause, for the classification of the different kinds of mineral oils according to their illuminating capacity:

“(c) Classify different kinds of mineral oils according to their illuminating capacity’.”

Sir, if the intention of the Government is to classify such oils at some future date and to have investigations about it, then this enabling clause will give them the power to classify them if they choose to do so. It is not a binding clause, but merely an enabling clause. So, I hope, Government will welcome this particular clause.

Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in clause 4 of the Bill, after clause (b) of sub-section (2) of the proposed section 195A, the following be added:

“(c) Classify different kinds of mineral oils according to their illuminating capacity’.”

The Honourable Sir George Schuster: Sir, I really am not quite clear what the purpose of this amendment is.

Mr. Gaya Prasad Singh: What is the illuminating capacity of this amendment? (Laughter.) That is exactly the point about which I have considerable doubt. My Honourable friend does not propose to remove the references to wick lamps in clause 4 (2) (a) and (b), and I submit that these two sub-clauses provide exactly what the new sub-clause will provide; and, on the ground that my Honourable friend's amendment is difficult to understand, and, so far as I have been able to understand it, unnecessary, I must oppose it.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That in clause 4 of the Bill, after clause (b) of sub-section (2) of the proposed section 195A, the following be added:

“(c) Classify different kinds of mineral oils according to their illuminating capacity’.”

The motion was negatived.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir George Schuster: Sir, I move:

“That the Bill, as reported by the Select Committee, be passed.”

I do not propose to make any speech on this occasion, because, I think, all that need be said on this measure has been said already, but there is one point to which I should like to refer and that is this. I gather from what has been said by Honourable Members, in the course of this debate, that my proposal for the appointment of a small Committee of the Legislature to help us in watching the effect of this measure is generally acceptable. That being so, I shall ask you to give me facilities to move a Resolution to that effect at the earliest possible opportunity.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, as reported by the Select Committee, be passed."

Mr. N. M. Joshi (Nominated Non-Official): Sir, I regret very much I cannot support this motion. I am very sorry I was not present in this House when the Bill was discussed on the motion for its being referred to a Select Committee. Not being also a member of the Select Committee to hear the debate and understand the spirit by which the members of the Select Committee were actuated in not opposing this measure, Sir, I have read the reports of the majority as well as of the minority, but I do not see much difference between the two. Both of them seem to accept the principle of the Bill.

Sir, I oppose this measure as being a taxation measure of a wrong principle. This is a measure which imposes taxation upon the poor people of this country, upon an article which is an absolute necessity of their daily life. I am rather opposed to the principle of kerosene itself being taxed, and, as this is a tax not on kerosene but on an oil which is used for illuminating purposes, I am opposed to this Bill.

Mr. President, I have heard certain statement made in this House in support of this measure. It has been said that, after all, when kerosene is taxed, the poor people will not get much benefit from leaving diesel oil, which is sometimes used by them, out of the scope of a taxation measure. It is true that, if kerosene is taxed, those people who deal in diesel oil will not get very much benefit; at the same time, nobody can deny that they will get some benefit; they are bound to get some benefit so long as there is competition. Now, we must remember that this oil trade all over the world, and not only in India, is tending to be monopolistic. If it had been a power in the hands of the Government, I would not have opposed a monopoly being formed. But, so long as the monopoly is in the hands of private capitalists, I think we must oppose it with all our might. If we can introduce some competition in this trade, it will certainly lead to the benefit of the consumers in this country. I am, therefore, opposed to the principle of this measure. It has also been said that concessions have been made by Government in the interests of the agriculturists whom my Honourable friend, Mr. James, represents. It may be true that there is a class of agriculturists whom Mr. James represents, but what is the number of those agriculturists in this country who are able to use oil engines for agricultural purposes. Their number can be counted by hundreds or thousands; they are not more than that. Certainly, their number is not large in any case. Therefore, when any concession is made

[Mr. N. M. Joshi.]

in favour of agriculturists, it really means a concession made in the interests of capitalists who deal in agriculture. I, therefore, think that we need not attach much importance to the concession made as regards the agriculturists.

Then, Sir, some Members made much of the concession that the Finance

Member has made by the appointment of a Committee. I do

4 P. M. not understand what this Committee will do. The Committee, after having accepted the principle, cannot help the consumers at all. I may be able to help a few people who purchase this oil by giving them some kind of concessions, but it cannot get rid of the taxation. Therefore, the appointment of the Committee is no real concession at all. I therefore, think that this measure should be for those people who care for the interests of the poor people in this country. Mr. President, I oppose this Bill.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. President, Mr. Joshi rose to oppose the passing of this Bill on the ground that the poor people are not helped by it. None of the Members who have spoken so far have shown in what way the masses or the real consumers will suffer by the passing of this Bill. If anybody will gain by the rejection of this Bill, it will be a few importers of the diesel oil and none else. Nobody has given figures as to the actual price that the consumer pays for this light diesel oil as compared to the red kerosene which he buys in the market. (Mr. Lalchand Navalrai: "I gave those figures.") The figures which Mr. Lalchand Navalrai quoted apparently referred to the wholesale prices for the light diesel oil and the red kerosene, and the difference between the two was two annas per gallon, which, considering the profits made by the wholesale dealers and the retail shopkeeper, will be reduced to one-hundredth or one-thousandth fraction of a pie when the peasant or the labourer in the field buys this light diesel oil in the village. So, it would not make the least difference, so far as the teeming millions are concerned, whose interests we are said to represent and we do represent. It is immaterial to us as to who imports this oil—whether it is an Indian Company or a European Company. So far as these people are concerned, whoever is resident in the country and whoever pays the tax, everybody has a right to deal in any trade or any profession. None of them will spare the poor agriculturist or the peasant when they sell their goods. They will try to make the most of it and exploit the interests of the masses for their own benefit. So, that being the case, I do not see why we should deprive the Government of such a large revenue by way of the imposition of this duty which is to be spent for the benefit of the masses and for the carrying on of the administration. I really was at a difficulty to begin with, because of the gentlemen on this side who were supporting the Bill, but, after considering the pros and cons and thinking that the ryot or the peasant or the masses do not in any way either benefit by the rejection of this Bill or suffer by the passing of it and by the passing of it the Exchequer gains such an enormous sum as 18 lakhs a year, I thought it best to support this Bill. Sir, it is our daily experience that the peasants always have to pay much higher prices than the urban people, because, due to their ignorance, the prices which they have to pay are almost in proportion to their ignorance. With these remarks, and considering that the interests of the masses are not in any way protected by the rejection of this Bill, I support it.

Mr. B. V. Jadhav: Sir, I rise to thank the Finance Member for the threat he has offered to the capitalist group that, in case they take advantage of the elimination of this light diesel oil and raise the price of the diesel oil, then Government will take very serious steps against them. This shows that the conscience of the Honourable Member is troubling him a little. He is convinced that the measure was in the interests ultimately of the Burma Oil Combine and that, as is their usual habit, they are sure to take advantage of the monopoly that they are likely to enjoy. I hope the threat will be taken to heart by the very people for whom it is intended and that Government will not have an opportunity of performing the other part of that threat if they like to take advantage of the elimination of the competition and raise their rates. Sir, we are beset by profiteers all round. The oil trade of Burma and Attock and Assam is in the hands of a combine who are bent upon getting as much profit as they can. On the other hand, there are other profiteers—the National Company—who are also profiteers in the same way and who want to have their hand in the pie. Therefore, they have started this importation of oil. I am no lover of them also, because they are equally profiteers. But, as is said, it is better to set a thief to catch a thief, so the competition between these two interests is to the ultimate profit of the poor ryots. If one agency is made powerless, then the other agency becomes more powerful and they will not fail to suck larger quantity of the ryot's blood. It is, therefore, necessary to preserve the other agency also; in order to keep the first profiteering agency in check. I appeal to the Honourable the Finance Member to preserve this even balance, because, in the case of these profiteers, it is much better to have the one working against the other, so that both will be kept in check and they will not suck as much blood as they would desire otherwise. Sir, I heartily support the third reading of the Bill.

Mr. President: (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill, as reported by the Select Committee, be passed."

The "Ayes" have it.

Mr. K. P. Thampan: The "Noes" have it.

Mr. President (The Honourable Sir Shanmukham Chetty): Those Honourable Members who are in favour of a division will please rise in their seats.

(A few Honourable Members stood in their seats.)

There is no general desire to have a division. The question is:

"That the Bill, as reported by the Select Committee, be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 18th December, 1933.