

12th February 1942

THE

# LEGISLATIVE ASSEMBLY DEBATES

## Official Report

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Volume I, 1942

*(11th February to 10th March, 1942)*

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## FIFTEENTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1942



NEW DELHI. PRINTED BY THE MANAGER  
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# CORRIGENDA

In the Legislative Assembly Debates, Budget Session, 1942,—

- (1) Volume I, No. 1, dated the 11th February, 1942, page 31, line 20, *for* "Muslims" *read* "Muslim";
- (2) Volume I, No. 15, dated the 5th March, 1942, page 708, line 20 from the bottom, *for* "Suppression" *read* "Supersession";
- (3) Volume II, No. 5, dated the 17th March, 1942,—
  - (i) page 1207, line 4, *delete* the full stop *after* the word "statement"; and
  - (ii) page 1265, lines 5 and 22, *for* "The Honourable Sir Homi Modi" *read* "The Honourable Sir Homi Mody";
- (4) Volume II, No. 7, dated the 19th March, 1942, page 1357, line 15 from the bottom, *for* "The Economist news" *read* "The Economist news-";
- (5) Volume II, No. 8, dated the 20th March, 1942, page 1422, line 13 from the bottom, *delete* the second "that" at the end of the line;

- (6) Volume II, No. 9, dated the 23rd March, 1942,—
  - (i) page 1429, line 1, *insert* the word "is" *after* the word "blood"; and
  - (ii) page 1457, line 8 from the bottom, *read* "are" *for* the word "they";
- (7) Volume II, No. 11, dated the 25th March, 1942, page 1539, line 18 from the bottom, *for* the word "who" *read* "why";
- (8) Volume II, No. 13, dated the 1st April, 1942, page 1651, line 21, *for* the word "attacks" *read* "attack";
- (9) Volume II, No. 14, dated the 2nd April, 1942,—
  - (i) page 1688, line 17, *for* "It is given to C class" *read* "I said that A and B class";
  - (ii) page 1693, line 22, *for* "Syed Murtuza Sahib Bahadur" *read* "Maulvi Syed Murtuza Sahib Bahadur"; and
  - (iii) page 1729, line 19 and page 1730, line 9 *for* "Diwan Bahadur Sir A. Ramaswami Mudaliar" *read* "The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar".

# LEGISLATIVE ASSEMBLY.

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## *President:*

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

## *Deputy President:*

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

## *Panel of Chairmen:*

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## *Assistants of the Secretary:*

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Khan Bahadur S. G. HASNAIN.

## *Marshal:*

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

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SYED GHULAM BHIK NAIRANG, M.L.A.

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

Sir ABDUL HALIM GHUZNAVI M.L.A.

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

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# LEGISLATIVE ASSEMBLY

*Thursday, 12th February, 1942.*

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

## MEMBER SWORN:

Mr. Hugh Gabriel Stokes, M.L.A. (Bombay: European).

## STARRED QUESTIONS AND ANSWERS.

### (a) Q<sup>U</sup>AL ANSWERS.

#### PROTECTION OF THE INDIAN MUSEUM, CALCUTTA AGAINST AIR RAIDS.

**13. \*Sir Abdul Halim Ghuznavi:** (a) Will the Honourable Member in charge of the Department of Education, Health and Lands, please state the steps which have been taken for the protection of the Indian Museum premises against aerial attacks? Is it a fact that the Trustees of the Indian Museum have been impressing upon the Government of India the necessity for providing special safeguards for the Indian Museum which is a store-house of highly inflammable collections, and possesses a priceless Library?

(b) Are Government aware that reports regarding the decision of the Government of India in connection with Air Raid Precautions at the Indian Museum were published in the Calcutta newspapers in June last and that, in spite of the repeated representations by the Trustees of the Indian Museum, no action has yet been taken? Are Government aware of the gravity of the situation, and will the Honourable Member be pleased to state what action they propose to take in the matter and when?

(c) Is it a fact that the Trustees of the Indian Museum have been pressing since 1926 the necessity of erecting a fire-proof spirit building for the storage of the highly combustible collections of natural history specimens preserved in spirit?

(d) Is it also a fact that the scheme was sanctioned as early as 1928 but the erection of the building has been postponed from year to year by Government for various reasons?

(e) Is it proposed to take up this work in the near future in view of the gravity of the situation?

**The Honourable Mr. N. B. Sarker:** (a) and (b). All practicable steps for protecting the building and such of the contents as cannot be removed are being taken and the structural alterations necessary will shortly be completed. The measures taken include protection against blast and incendiary bombs and the provision of fire-fighting appliances. There has

been considerable correspondence with the Trustees but no Press Statement has been authorised by the Government of India.

(c) and (d). Yes.

(e) It is not proposed to construct a fire-proof building near the Museum but to remove the inflammable natural history collections to another place: the type specimens have already been removed from Calcutta.

**Dr. Sir Ziauddin Ahmad:** Are the Government contemplating the removal of the valuable articles in the museum to some other place?

**The Honourable Mr. N. B. Sarker:** They have already been removed.

**Dr. Sir Ziauddin Ahmad:** The Aligarh University offered to store for them during the war period any article which they would care to send.

#### PRICE CONTROL OF WHEAT.

**14. \*Sardar Sant Singh:** (a) Will the Honourable the Commerce Member please state whether the price of wheat has been controlled? If so, what is the rate at which it is controlled at Lyallpur? Is this rate maximum or minimum? If maximum, do Government intend to fix any minimum rate as well?

(b) Has this control been limited to the duration of the War? Will the Honourable Member be pleased to make a general statement of the Government of India's policy regarding the control of wheat prices for the benefit of the agriculturists as well as traders?

(c) Is the Honourable Member prepared to assure the country that the purchasing power of wheat will be maintained in terms of other commodities, such as, textiles, etc., which the producers of wheat consume?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes, the rate at Hapur and Lyallpur has been fixed at Rs. 4/6/- per maund. The rate is the maximum rate. The answer to the last part of the question is in the negative.

(b) The control has been imposed under the Defence of India Rules and will be maintained as long as circumstances demand it. The policy of the Government of India in regard to price control is to regulate the prices of articles brought under control in the interests of all concerned.

(c) All relevant considerations are carefully considered before the maximum prices are fixed for any article.

**Dr. Sir Ziauddin Ahmad:** May I ask whether these prices are only for wholesale?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** These are the prices at the wholesale markets at Hapur and Lyallpur. The secondary wholesale markets and the retail markets will have their prices in accordance with these prices.

**Dr. Sir Ziauddin Ahmad:** May I know whether any steps have been taken by the Provincial Governments and particularly the province of Delhi to control the retail prices, because I understand that the retail prices are about 75 per cent. higher than the wholesale prices.



**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I believe, Sir, the Dehi province publishes the retail prices in the newspapers from time to time and to the best of my information the Chief Commissioner controls the retail prices.

**Dr. Sir Ziauddin Ahmad:** Has he got any machinery to see that the prices which he fixes for retail sale are observed by the shop keepers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I should imagine so.

**Mr. Lalchand Navalrai:** May I know whether instructions have been given to the Provincial Governments to fix the prices of these commodities?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Those are the general instructions and I personally conveyed to them my wish in the matter when I met the representatives last week.

**Mr. Lalchand Navalrai:** May I know if the fixation of these prices is left to the Provincial Governments or they are going to be controlled by the Centre?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The fixation of the retail prices is left to the Provincial Governments but with reference to wheat we have appointed a Wheat Commissioner who is now engaged in the task of seeing whether the prices fixed by the Provincial Governments are in accordance with the wholesale prices fixed by the Government of India.

**Mr. Lalchand Navalrai:** Do the Provincial Governments give information to the Central Government about the prices that they fix?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** They have been requested to do so and some of them have given information.

**Sardar Sant Singh:** With reference to the reply to part (c) of the question, may I know whether the proportion of the price of wheat fixed is the same as the prices of other commodities such as textiles, etc., which are consumed by the agriculturists?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It is a very difficult question to answer. In some cases the prices fixed for wheat are very much higher than the prices for other commodities. In other cases, the question of the fixation of prices is under consideration, particularly with reference to manufactured articles. As my Honourable friend knows, with reference to textiles, the question of the standard cloth or utility cloth produced at reasonable prices, much below prevailing prices, is under consideration.

**Mr. Umar Ali Shah:** I want to know what price control means and in the second place . . . . .

**Mr. President (The Honourable Sir Abdur Rahim):** Is the Honourable Member in his place?

(The Honourable Member went back to his usual seat).

**The Honourable Member can now repeat his question.**

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**Mr. Umar Aly Shah:** I want to know what price control means. Then there are many taxes which the merchants have to bear. That is a very important aspect to be considered. I require an answer for these two points.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Price control takes into consideration the maximum price beyond which commodities cannot be sold under certain circumstances. Whenever the maximum price is fixed, the authority fixing the price takes all the circumstances into consideration. The question of any tax to be paid by the wholesale merchant or the retail merchant is one of the factors that will be taken into consideration in fixing the maximum price.

**Dr. Sir Ziauddin Ahmad:** Will the Honourable Member draw the attention of the Provincial Governments to the fact that many merchants evade price control by mixing inferior quality of grain with the wheat?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** My Honourable friend has a question later, addressed to my Honourable colleague, about the adulteration of foodstuffs.

#### STABILISATION OF *Desi* COTTON AND OILSEEDS PRICES.

**15. \*Sardar Sant Singh:** Will the Honourable the Commerce Member please state whether the attention of Government has been drawn to the deterioration in prices of *desi* cotton and oilseeds in India? If so, what steps do Government propose to take to stabilise the prices of these commodities for the benefit of the producers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The Government of India are constantly watching the movement of prices in cotton and oilseeds. In the case of short staple cotton the Honourable Member would have noticed the Cotton Fund Ordinance that has been issued constituting a fund for financing in co-operation with the Governments of the Provinces and States concerned, of measures designed to assist the cultivator to change over from short staple cotton to other more useful crops, whether cottons of longer staple or entirely different crops, preferably food grains.

As for oilseeds, I would draw the attention of the Honourable Member to the Government of India's Resolution No. 86-C.W. (3)/41, dated the 6th September, 1941, announcing the measures that have been taken to relieve the groundnut situation in India.

**Sardar Sant Singh:** May I know if any step has been taken to raise the price of oilseeds like *thoria* and *sarsun*?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am afraid I am not in a position to answer the question. I do not know what those oilseeds are.

**Sardar Sant Singh:** *Sarsun* and *thoria* are well known products from Lyallpur.

**The Honourable Diwan Bahadur Sir A Ramaswami Mudaliar:** The Government of India's attention has not yet been drawn to the question of the prices of these oilseeds. They will look into it.

#### SIKH EMPLOYEES IN THE SURVEY OF INDIA DEPARTMENT.

**16. \*Sardar Sant Singh:** Will the Honourable Member for Education, Health and Lands, be pleased to lay on the table a statement showing the following information:

- (a) the number of employees in the Survey of India Department, both officer class and subordinate class;
- (b) the number of Sikhs in those classes of service in that Department;
- (c) the posts reserved for various communities in the last recruitment; and
- (d) how Government propose to make up the deficiency of Sikh employees in the cadre of the Survey of India?

**The Honourable Mr. N. R. Sarker:** (a), (b), (c) and (d). A statement giving the information asked for is laid on the table of the House.

*Statement regarding the number of officers and subordinates in the Survey of India on 1st January, 1942, the number of Sikhs in each class, and the posts reserved for various communities in the last recruitment.*

(a), (b) and (c).

Name of Service.	Total number of employees.	Total number of Sikhs.	Posts reserved for various communities in the last recruitment.
<i>Survey of India.</i>			
Classes I and II	107	3	The posts in the class I. Service are filled by transfer from the Army and by promotion from Class II. In the last recruitment to the Class II Service 2 posts as required by the roster were reserved for Muslims and 1 for Anglo-Indians or Domiciled Europeans.
General Central Service. Classes I and II.	12	Nil.	These are isolated technical posts for which special qualifications are required.
Upper Subordinate Service	77	5	As required by the roster 2 posts out of 4 were reserved for Muslims.
Lower Subordinate Service	1,614	43	Recruitment to this service is direct: it is continuous, being made as and when necessary, and the orders regarding communal reservation are observed.

(d) In the rules governing recruitment to the services comprised in the Survey of India no proportion is laid down for Sikhs, as distinct from other non-Muslim minorities, and no question of making up a deficiency arises. In the Survey as a whole, Sikhs at present hold posts in excess of the number to which on a population basis the community could lay claim.

It is open to Sikh candidates to obtain unreserved vacancies by merit. As regards reserved vacancies, it is not the policy of the Government of India to distribute the reservation of 8½ per cent. for the minority communities other than Muslims in any fixed proportion, and when it is the turn of a candidate belonging to these communities the most meritorious candidate of these communities is taken. Government do not consider it necessary to devise any special steps for increasing the representation of Sikhs in the Survey of India.

#### APPLICABILITY OF THE ATLANTIC CHARTER TO INDIA.

17. **\*Mr. Lalchand Navalrai:** (a) Will the Honourable the Leader of the House be pleased to state if his attention has been drawn to the recent statement of the Right Honourable Mr. L. C. M. S. Amery, Secretary of State for India, to the effect that the principle with regard to India was in accord with the principles of the Atlantic Charter? If so, does the Atlantic Charter itself, in whole or in part, apply to India? If not, which principles applying to India are in accord with the Atlantic Charter?

(b) Will the principle of freedom, enunciated in the Atlantic Charter for other countries, hold good in the case of India?

(c) Have the Government of India asked the British Government to give Dominion Status to India at a fixed time after the War? If so, what time has been fixed upon?

(d) Has the expanded Council of the Government of India asked the British Government for any further advances in the constitution for India? If so, which, and what response have the British Government made?

**The Honourable Mr. M. S. Aney:** (a) I think the Honourable Member must be referring to the following statement by the Secretary of State:

"Government will not abate their efforts to promote that measure of agreement which is essential to the fulfilment of their pledges in India, pledges which, though given independently of the Atlantic Charter, are in complete accord with the general principle affirmed in that Declaration."

The Honourable Member may place his own interpretation upon this statement. The last part of this portion of his question does not arise.

(b) The Secretary of State has made it clear that His Majesty's Government's policy as to India's future "is in entire harmony" with the Atlantic Charter.

(c) and (d). I am unable to disclose the nature of any confidential correspondence between the Governor General in Council and the Secretary of State.

**Mr. Lalchand Navalrai:** How is that in harmony with what the Secretary of State has said?

**The Honourable Mr. M. S. Aney:** I have no doubt that if my Honourable friend will read once more the Atlantic Charter and compare it with the terms in which pledges to India were given he will find that the pledge is in harmony with the Atlantic Charter.

**Mr. Lalchand Navalrai:** According to the Atlantic Charter freedom is being given to various countries. Is freedom being given to India also?

**The Honourable Mr. M. S. Aney:** Under what conditions freedom is being given to those countries?

**Mr. Lalchand Navalrai:** I would like to know from the Honourable Member whether the Charter is now in force?

**The Honourable Mr. M. S. Aney:** I will again ask the Honourable Member to read the Charter very carefully so that he may find when the freedom can be had.

**Mr. Lalchand Navalrai:** I have read it and I want its interpretation from the Honourable the Leader of the House.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable the Leader of the House has given his interpretation.

**Mr. Lalchand Navalrai:** May I ask if the interpretation is that the Charter and the statements of the Secretary of State or the Premier are not in harmony inasmuch as India is not being given her freedom or a better constitution?

**The Honourable Mr. M. S. Aney:** I do not understand what the Honourable Member is driving at. My reply was that the pledges are based on the same principles which are enunciated in the Atlantic Charter.

**Sardar Sant Singh:** May I know from the Honourable the Leader of the House what the Government means by 'the same pledges'? In the case of the Atlantic Charter the freedom is to be given after the countries mentioned therein have been made free from the German yoke or after the German occupation of those countries is over?

**The Honourable Mr. M. S. Aney:** When will it be over?

**Sardar Sant Singh:** That I do not know; it lies in the hands of the Fate. The question is that India has not been overrun by German invaders and therefore the same principle can hardly apply to her.

**Mr. President** (The Honourable Sir Abdur Rahim): It is a matter for debate.

**Sardar Sant Singh:** What is the meaning of the same principle?

**The Honourable Mr. M. S. Aney:** I am unable to explain the Plain meaning of the simple expression used there. It is rather difficult for me to make it more clear. I can only repeat that the Honourable Members ought to be satisfied with the clear enunciation of the position made by the Secretary of State when he responsibly states that the principle of the pledges is in entire accord with the Atlantic Charter. The House ought to be satisfied with this position.

**Mr. N. M. Joshi:** If there is no disharmony between the terms of the Atlantic Charter and the terms of the statement of His Majesty's Government, why not pacify the Indian people by making the Atlantic Charter applicable to India as well?

**The Honourable Mr. M. S. Aney:** I think the Honourable Member is aware that India is a signatory to the declaration in which the Atlantic Charter is also reiterated.

**Maulana Zafar Ali Khan:** Will the Honourable Member inform me whether it is likely that the Atlantic Charter also went down to the bottom of the sea with the ship on which it was signed?

**The Honourable Mr. M. S. Aney:** Not the Charter, I am sure.

#### DELIBERATIONS OF THE CONSULTATIVE COMMITTEE OF ECONOMICS

**18. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please lay on the table a copy of the deliberations of the Consultative Committee of Economics held in January 1942?

(b) What is the opinion of the Consultative Committee about the absorption of War Technicians in the post-war economic problem of India?

(c) What advice has the Consultative Committee given about the stability of the Indian industries established during the war?

(d) What will be the financial resources for the future reconstruction of India?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) I am afraid I cannot accede to the request made by the Honourable Member, as the deliberations of the Consultative Committee of Economists are confidential, at this stage.

(b) and (c). It follows from my reply to paragraph (a) of the question, that I am not in a position to disclose the information desired by the Honourable Member.

(d) I think it is premature to estimate the financial resources required for the future reconstruction of India.

**Sardar Sant Singh:** May I know if after some time the result of the deliberations will be made known to this House?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Certainly, Sir.

**Dr. Sir Ziauddin Ahmad:** With reference to part (b) of the question, I would like to know what would be the future of these war technicians after the war is over? Is the Government in a position to say something about it?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Not at the present time but that very question is under consideration both by the Government and the Consultative Committee.

**Dr. Sir Ziauddin Ahmad:** Which is this Consultative Committee?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It is the Consultative Committee of Economists and other Consultative Committees which will shortly be meeting.

**Dr. Sir Ziauddin Ahmad:** Is the Honourable Member also taking the Labour Department into his confidence because that Department is also considering a similar scheme?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The Labour Department is represented on that particular Reconstruction Committee which will be shortly meeting.

**Mr. N. M. Joshi:** May I ask whether the Indian labour is adequately represented on the Consultative Economic Committee?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** No, Sir. The Indian labour will be adequately represented on the Reconstruction Committee which will deal with labour and demobilization problems.

**Mr. N. M. Joshi:** But why not on this Consultative Committee of economic matters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** For the simple reason that I have yet to learn that labour is good at evolving economic principles or adapting the economic principles to actual conditions.

**Mr. Muhammad Azhar Ali:** May I ask whether these war technicians will be in permanent Government service or they are holding temporary appointments?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The war technicians who are recruited by Government are in temporary service in the various ordnance factories where they are working. The question is how they will be absorbed and in what service they will be absorbed at the end of the war when they will be no longer required for the particular service which they are doing now. That question is under consideration by the Reconstruction Committee and the Government.

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

**Dr. Sir Ziauddin Ahmad:** May I ask supplementary questions? Is it not the case that the recruitment of the war technicians will be very much facilitated if the Government were to give them to understand now as to how they will be absorbed after the war?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That involves the solution in advance as to how they can be absorbed. I believe Press communiques have already issued to the effect that the question of readjusting them to normal civil labour conditions is under the close examination of the Government. It may involve a further period of training after the war is over of these very war technicians. That also, I believe, has been stated.

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

(Dr. Sir Ziauddin Ahmad wanted to ask more supplementary questions which the Honourable the President did not allow.)

**Dr. Sir Ziauddin Ahmad:** I do not propose to ask the other questions standing in my name.

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#### APPLICABILITY OF THE ATLANTIC CHARTER TO INDIA.

**22. \*Mr. Govind V. Deshmukh:** Will the Honourable the Leader of the House please state:

- (a) if the proceedings of the debates on the resolutions about the Atlantic Charter in both the Houses were forwarded to His Majesty's Government; if so, with what result;
- (b) if his attention has been drawn to the interview of Sir R. K. Shanmukham Chetty with President Roosevelt of the United States of America published on the first page of the *Nagpur Times* of the 6th January, 1942, under the caption "Atlantic Charter applies to India?" "Chetti's interview with Roosevelt"; and
- (c) if he is now in a position to state that the Atlantic Charter is applicable to India?

**The Honourable Mr. M. S. Aney:** (a) Yes, Sir: no reply has yet been received.

(b) I have seen the newspaper report referred to.

(c) I would remind the Honourable Member that the Secretary of State has repeatedly made it clear that His Majesty's Government's policy towards India is in entire harmony with the Atlantic Charter, and that their pledges in India, though given independently of the Atlantic Charter, are in complete accord with its general principle.

**Mr. Govind V. Deshmukh:** May I ask whether these proceedings were forwarded with any recommendations or remarks?

**The Honourable Mr. M. S. Aney:** The whole debate was forwarded in accordance with the promise that was given to this House.

**Mr. Govind V. Deshmukh:** Was it forwarded with any remarks or recommendations?

**The Honourable Mr. M. S. Aney:** I am unable to disclose anything further.

**Mr. Govind V. Deshmukh:** I do not want to know the nature of the remarks. All I want to know is whether any remarks or recommendations were made on those proceedings?

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†These questions were not put by the questioner.



**The Honourable Mr. M. S. Aney:** Whatever pertains to be the proceedings of the Executive Council will always remain secret. Whether a thing was done or not is also a part of the proceedings which must remain confidential.

**Mr. Govind V. Deshmukh:** In view of the fact that no answer was received, did the Government of India send any reminder?

**The Honourable Mr. M. S. Aney:** Not yet. In these times replies take a long time.

**Mr. Lalchand Navalrai:** May I know if the Government of India have intimated to the British Government or to the Secretary of State that this Atlantic Charter is in harmony with what the Secretary of State has said?

**The Honourable Mr. M. S. Aney:** I have already answered that question.

**Mr. Lalchand Navalrai:** What I am asking is whether the Government of India have expressed their opinion to the British Government?

**The Honourable Mr. M. S. Aney:** They have not yet felt the necessity of it.

**Lient.-Colonel Sir Henry Gidney:** Will the Honourable Member, in order to pacify those who are inquiring, advise the British Government to change the name from the "Atlantic Charter" to the "Pacific Charter"?

(No answer.)

#### AIR RAID CASUALTIES AMONGST INDIANS IN RANGOON, MOULMEIN AND TAVOY.

**23. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable Member for Indians Overseas be pleased to state the number of Indians who had been killed, wounded and hurt, respectively, by air raids on different dates on which Japanese raids over Rangoon, Moulmein and Tavoy took place?

(b) Will the Honourable Member be pleased to state the number of such wounded and hurt Indians who have been brought back to India? How many of these men were Bengalis and people of other Provinces of India, respectively? Were there several ladies amongst the Indians brought from Burma as wounded and hurt? If so, what was their number?

(c) Will the Honourable Member be pleased to state the number of children and minor young persons who were fatally wounded, wounded and hurt and how many such children and minor young persons have been brought back to India?

(d) Will the Honourable Member be pleased to state the number of Indians who have been repatriated with their families to their respective Provinces in India?

(e) How many Indian families have been totally ruined by air raids in Burma?

**The Honourable Mr. M. S. Aney:** (a) to (e). Efforts are being made to collect such information as may be available and Government will lay a statement on the table of the House when it has been collected.

**Pandit Lakshmi Kanta Maitra:** Is it under contemplation to give some compensation to people who are rendered homeless by means of air raid for want of adequate protection by the Government of Burma?

**The Honourable Mr. M. S. Aney:** The suggestion will be considered

**Lieut.-Col. Sir Henry Gidney:** Will the Honourable Member inform this House whether or not adequate medical arrangements have been made for attendance on those who have been wounded or who have been sent to country from Burma?

**The Honourable Mr. M. S. Aney:** Arrangements have been made and to the best of the knowledge of the Government, they are adequate.

**Pandit Lakshmi Kanta Maitra:** Are steps that are being taken to evacuate Indian families from Burma still in progress?

**The Honourable Mr. M. S. Aney:** They are being taken.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member whether there is any objection in giving out the information that the Honourable Member has got up to now instead of waiting for complete information being obtained?

**The Honourable Mr. M. S. Aney:** The detailed information which my Honourable friend, Mr. Amarendra Nath Chattopadhyaya, asks for will require sometime for its collection. Other information will be duly given to the Honourable Member when his question will be put on the 17th instant, as I promised yesterday.

#### RUMOURED QUISLING GOVERNMENT IN MALAYA AND CONDITION OF INDIANS IN THE FAR EASTERN WAR ZONE.

**24. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Honourable Member for Indians Overseas aware of any rumour of the temporary establishment of a quisling Government in Malaya called "Free Malaya" by Japan and that a Bengali has been made a Governor there? If so, will he please make a statement on the matter on the floor of the House?

(b) Is the Honourable Member aware of any rumour afloat in India that the Indian Army had turned against the British in Malaya battles, on account of want of proper protection against the air force of Japan? If so, will he make a statement regarding the matter?

(c) Will the Honourable Member be pleased to state the present condition of Indians in Thailand, Singapore, Malaya, Sumatra, Java and Borneo?

**The Honourable Mr. M. S. Aney:** (a) Government have seen references in the press, presumably based on Japanese broadcasts, to one Mr. Saravanamuthu styled Japanese High Commissioner for Penang, but are not in a position either to confirm or deny the report. The individual, however, does not appear to be an Indian.

(b) Government are not aware of any rumour to the effect that the Indian Army had turned against the British in Malaya on account of lack of proper air support, but as lies of this nature may be broadcast by the enemy, I am authorised to state that in the Far East no less than in other theatres of war, Indian troops have lived up to the best traditions of the Indian Army and that any allegations of desertions by them, whether in Hong Kong or in Malaya, are absolutely baseless and should be dismissed as false calumnies on our gallant men.

(c) Government are making every effort to get information.

#### PROCEDURE FOR CIRCULATION OF BILLS FOR ELICITING OPINION THEREON.

**25. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable the Leader of the House please state the method adopted in circulating Bills for eliciting opinion thereon?

(b) Are the Bills sent to any specified class of persons affected by the Bills, or is the matter left to the discretion of the Provincial Governments who in turn leave the discretion to District Magistrates?

(c) Are Bills sent to the various Bar Associations in India or not?

(d) If the answer to part (c) be in the negative, have Government considered the advisability of issuing instructions to send them to various Bar Associations in view of their representative capacity in respect of legislation?

(e) What procedure is to be adopted by the persons—to whom copies of the Bills are not sent and who want to express their opinion—for communicating their views to the Legislative Assembly?

**The Honourable Mr. M. S. Aney:** (a), (b) and (c). When Bills are circulated by the direction of the Legislative Assembly, the Government of India do not obtain opinions on them direct but through the agency of the Provincial Governments and Administrations who are given full discretion to consult such officers and other persons as they think fit. The Provincial Governments and Administrations are, however, enjoined that the persons and bodies consulted by them should be selected with care so that the body of opinions received may be compact, representative and helpful.

(d) No such instructions are called for as the Government of India have no doubt that the Provincial Governments and Administrations already bear in mind the desirability of consulting the various Bar Associations on Bills in which they are interested.

**Pandit Lakshmi Kanta Maitra:** Is it the position of the Government of India that they have compiled an exhaustive list of organisations to which Bills are to be sent for eliciting public opinion?

**The Honourable Mr. M. S. Aney:** If the Honourable Member had listened to the reply I gave, he would have seen that the Government of India do not do anything direct. They ask the Provincial Governments to do this. The Provincial Governments may or may not maintain such a list.

**Pandit Lakshmi Kanta Maitra:** If new names are to be added to the list for consultation, then are the Provincial Governments concerned to be approached and not the Government of India direct who are responsible for eliciting public opinion?

**The Honourable Mr. M. S. Aney:** That is so.

**Pandit Lakshmi Kanta Maitra:** Do I take it that when the Government of India want to elicit public opinion on a particular Bill, they have no initiative in the matter except forwarding it to Provincial Governments?

**The Honourable Mr. M. S. Aney:** The fact that they forward the Bill to the Provincial Governments is a matter of initiative, I believe.

**Qazi Muhammad Ahmad Kazmi:** Is the Honourable Member aware that some of the Provincial Governments are not at all in the habit of consulting Bar Associations? For example, the United Provinces Government do not send the Bills to any Bar Association, even the Advocates Association of Allahabad High Court is never consulted on any of the Bills that are sent for circulation, while other Provincial Governments do. Will the Honourable Member consider the advisability of asking the opinion of the Provincial Governments on this matter and instructing them that eminent Associations of Advocates should be consulted in all matters of these Bills?

**The Honourable Mr. M. S. Aney:** The Government of India will communicate this expression of opinion here to Provincial Governments concerned so that they may take necessary steps not to repeat the mistake again, if there is any mistake at all.

**Qazi Muhammad Ahmad Kazmi:** Probably with approval.

**The Honourable Mr. M. S. Aney:** Yes, in matters in which they are interested.

**Pandit Lakshmi Kanta Maitra:** Will the Government of India issue similar instructions to Provincial Governments while they send Bills for eliciting public opinion that the Provincial Governments should consult as many organisations as possible in this matter? If a suggestion like that is conveyed to Provincial Governments concerned, then I think the purpose of having these Bills sent for eliciting public opinion may be better gained.

**The Honourable Mr. M. S. Aney:** My own experience is this. In the body of opinions which we generally receive, we find the opinions of Bar Associations are mentioned. Therefore, it is not as a general rule that Bar Associations are ignored. But if there is any such case, then it is a matter to which we can draw the attention of the Government concerned.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member if those persons who are not asked to give opinion can send that opinion to the Provincial Governments?

**The Honourable Mr. M. S. Aney:** Yes, certainly.

My attention is now drawn to the fact that I have not given reply to part (e) of the question. In order to obviate the necessity of some other questions being put, I shall read out the answer to part (e):

"(e) To enable persons who are not officially consulted but who wish to express their opinion on a Bill which has been circulated for opinion, the Provincial Governments are required to publish the Bill with the Statement of Objects and Reasons in their Official Gazettes in English and in such other languages as the Provincial Government may deem proper with a note that the Bill has been circulated for the purpose of eliciting opinion thereon and that any person or public body desiring to submit an opinion on the Bill should do so through the Provincial Government only. In the case of Administrations which have no Official Gazette of their own, they are required to issue a Press Note on the lines of the note indicated above."

#### NATIONAL SERVICE TECHNICAL PERSONNEL ORDINANCE 1940 AND DISCRIMINATION BETWEEN EMPLOYER AND EMPLOYEE.

**26. \*Mr. N. M. Joshi:** Will the Labour Secretary be pleased to state

- (a) whether it is a fact that according to section 13 of the Ordinance II of 1940 (National Service Technical Personnel Ordinance 1940) permission of the Tribunal is necessary to enable an employee to leave his employment, while the employer is required only to give fifteen days previous notice to the Tribunal;
- (b) why this discrimination is made between the employer and the employee;
- (c) whether cases have occurred in which employees have been discharged or dismissed by the employers and in which tribunals have pleaded inability to prevent wrongful discharge or dismissal;
- (d) whether the tribunal possesses power to prevent wrongful discharges or dismissals, and if so, under which section; and
- (e) whether Government propose to amend the Ordinance suitably to place the employer and the employee on equal terms?

**Mr. H. O. Prior:** (a) Yes, provided the employee is a person included in the definition of 'technical personnel' under the Ordinance.

(b) The object of the Ordinance is to control the employment and distribution of technical personnel so as to ensure that it is used to the best advantage of the war effort. If this object is to be attained, it is essential that technical personnel should not be able to give up their posts at will, but under a recent amendment to the Ordinance, when a Tribunal refuses permission to a person included in the definition of technical

personnel' to leave his employment, the Tribunal may lay down the terms of service on which the employer shall continue to retain the man in employment and after such an order has been passed the employer may not discharge or dismiss the man without the previous permission of the Tribunal. The position of the employer is different. Owing to increasing industrial activity and a growing shortage of technical personnel, the tendency of the employer is to hold such technical personnel as he has, but if for any reason he does wish to discharge a man the notice given to the Tribunal is likely to enable the Tribunal to find the man other employment.

(c) Government have no information on the point.

(d) Yes, but only to the limited extent indicated below:

(i) if a person included in the definition of 'technical personnel' is placed in employment in the national service by the Central Government or a Tribunal, the employer may not discharge or dismiss him without the permission of those authorities [*vide* sections 7(2) and 10(5)];

(ii) as indicated in the answer to (b) above.

(e) For the reasons I have already given, an amendment on the lines suggested is not considered necessary.

**Mr. N. M. Joshi:** May I ask whether on account of the amendment made in the Ordinance the employer and the employee have been put on exactly equal terms?

**Mr. H. C. Prior:** No, not exactly.

**Mr. N. M. Joshi:** Why should there be this discrimination about the obligation placed upon the employer and that upon the employee?

**Mr. H. C. Prior:** I have tried to explain that in my answer to the main question.

**Lieut.-Colonel Sir Henry Gidney:** Is it or is it not a fact that an amendment has recently been passed to the effect that, if an employee in any concern which comes within the purview of this Ordinance desires to leave his job he can do so provided he is entering into a similar military appointment if it be on either a higher or a lower rate of pay?

**Mr. H. C. Prior:** No, the amendment is not exactly to that effect.

**Lieut.-Colonel Sir Henry Gidney:** Is there any amendment almost similar to what I have just stated?

**Mr. H. C. Prior:** The amendment is that technical personnel who wish to enter into military employment can be permitted by their Tribunal to leave their employment.

**Mr. N. M. Joshi:** Will the Government of India make an inquiry to find out whether this inequality between the employer and the employee has caused hardship to the employee?

**Mr. H. C. Prior:** We do not think it has.

**Mr. N. M. Joshi:** Will they make an inquiry to find out the facts, instead of giving their own views? Or, are they afraid of finding out facts?

**Mr. H. O. Prior:** We are not afraid of finding out facts.

†27.\*

### DEATH OF SIR RAGHAVENDRA RAU.

**The Honourable Mr. M. S. Aney** (Leader of the House): Sir, before you take up other business I should like to have your permission to make a reference to the death of one of our colleagues which was, unfortunately, omitted yesterday through inadvertence. Our late colleague, Sir Raghavendra Rau, was a Member of this House for a number of years as an Official Member. Most of us here were familiar with him and those who knew him well know that in him we had an officer of great ability and tact. In his capacity as Financial Commissioner for Railways many Members had to come into close contact with him and we found what a sound knowledge and thorough grasp of railway finance problems he had. I have no doubt much of the present financial position of the railways is largely due to the great ability that he brought to bear upon the solution of the many intricate financial problems pertaining to the railways. In him the House has not only lost a very useful Member but I have no doubt the Government of India have lost a very able officer. He was a man not only of ability but of character and on that account he was greatly respected by all sections of this House. I am sure the House deeply mourns his loss and I request that you, Sir, will communicate the sympathies of this House to the members of his family.

**Mr. President** (The Honourable Sir Abdur Rahim): I associate myself with what has been stated by the Honourable the Leader of the House with reference to the loss sustained by the death of Sir Raghavendra Rau. I knew him and I saw his work in the Assembly for several years and I endorse what has been said as regards the grasp he showed of the finance of the railways during the time he was a Member of this House. I shall communicate the sentiments expressed to the members of the bereaved family.

**Mr. Jamnadas M. Mehta** (Bombay Central Division: Non-Muhamadan Rural): Sir, the House would like to join in this tribute and the sentiments expressed.

**Mr. President** (The Honourable Sir Abdur Rahim): It is not necessary under the convention. He was an official Member and the Leader of the House has expressed his grief.

**Mr. Jamnadas M. Mehta:** Why should an exception be made here? In all other references the House is allowed to join.

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†This question was not put by the questioner.

**Mr. President** (The Honourable Sir Abdur Rahim): The convention is that the Leader of the Party to which the Member belonged is to speak; and the Leader of the House. In this case the Leader of the House is also the Leader of the Party, viz., the Government, to which the Member belonged. That is the convention and the Chair has to carry it out.

**Mr. Jamnadas M. Mehta**: The Leaders of Parties would all like to join. This exception is most exceptional.

**Mr. President** (The Honourable Sir Abdur Rahim): That is the convention and the Honourable Member must respect it. The convention was arrived at in 1937.

## MOTIONS FOR ADJOURNMENT.

### ARREST AND DETENTION OF MR. SARAT CHANDRA BOSE.

**Mr. President** (The Honourable Sir Abdur Rahim): I have received notice of a motion of adjournment from Mr. A. C. Datta who wants to discuss an urgent and definite matter of public importance, namely, "the arrest and detention of Mr. Sarat Chandra Bose". I think Mr. Bose was arrested and is detained under the Defence of India Rules. Was it done under orders of the Government of India?

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): Yes, Sir.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, this was an order passed in the ordinary administration of the law and, therefore, I submit that it is covered by your previous rulings on the subject, which were reaffirmed on the 29th November, 1940.

**Mr. President** (The Honourable Sir Abdur Rahim): I do not think this is a case which can be said to be covered by the doctrine relating to ordinary administration of law. A question like this is analogous to cases which have been dealt with by this House on an adjournment motion relating to persons arrested under Regulation 8 of 1918. The phrase ordinary administration of law, I might explain to the House, refers to cases where a person is arrested or detained under an ordinary process of law, for instance, by a magistrate or any other similar authority. Here what is complained of is an act of the Government of India itself. No doubt the Government of India are acting under a certain law. All acts of the Government of India are under particular laws, for instance, the Act of 1935, from which they derive all their powers. But that is no answer to a motion like this. Is there any other objection to leave being granted, apart from that point of order?

**Mr. Akhil Chandra Datta**: Sir, I thank you for your ruling. But I hope and trust that not only the question of Mr. Bose's transfer from Trichinopoly but also the question of his release is engaging the serious attention of Government, and, therefore, I believe that in the best interests of Mr. Bose himself I should not move this motion.



**The Honourable Sir Reginald Maxwell:** I should like to object to the discussion of this motion.

**Mr. President** (The Honourable Sir Abdur Rahim): In any case he is not moving it.

**BANNING OF THE HINDU MAHASABHA SESSION AT BHAGALPUR.**

**Mr. President** (The Honourable Sir Abdur Rahim): The next motion is also in the name of the same Honourable Member who wants to discuss "the failure of the Government of India to interfere with and turn down the order of the Government of Bihar banning the session of the Hindu Mahasabha which was proposed to be held at Bhagalpur in the last week of December, 1941".

How can this Government interfere with an order of the Provincial Government? The Provincial Government, I take it, is the Governor as there is no Ministry functioning there now. And I suppose it was an order of the Governor passed in his discretion, and the Government of India have no power to interfere. Have you applied for the consent of the Governor General?

**Mr. Akhil Chandra Datta** Yes, Sir, I have applied for the consent of the Governor General to move this motion.

**The Honourable Mr. M. S. Aney** (Leader of the House): Have you got it?

**Mr. Akhil Chandra Datta:** I have not got the reply so far

**The Honourable Mr. M. S. Aney:** You know it cannot be moved without his consent.

**Mr. Akhil Chandra Datta:** I admit that.

**The Honourable Mr. M. S. Aney:** As he has not got the permission at this stage, you have no option but to rule it out.

**Mr. President** (The Honourable Sir Abdur Rahim): Was the order passed under section 144 of the Criminal Procedure Code?

**The Honourable Sir Reginald Maxwell:** It was passed under section 56 of the Defence of India Rules.

**Mr. Akhil Chandra Datta:** I think we have got to wait for the reply.

**Mr. President** (The Honourable Sir Abdur Rahim): When did you apply?

**Mr. Akhil Chandra Datta:** I applied day before yesterday.

**LATHI CHARGE ON SIKH RELIGIOUS CONGREGATION BY THE DELHI POLICE.**

**Mr. President** (The Honourable Sir Abdur Rahim): Then I take up the next one in the name of **Sardar Sant Singh**. He wishes to move a motion for adjournment of the business of the Assembly for the purpose of discussing a definite matter of urgent public importance, namely, "the sacrilege committed by the Delhi Police on the 28rd November, 1941, in entering into the *shamiana*, where Guru Granth Sahib was installed and in lathi-charging and firing tear gas on the peaceful and religious congregation of the Sikhs and trampling under horse's hoofs the ladies and children gathered there for worship".

This is worded in very general terms, and I should like to know whether any injuries were inflicted on anybody.

**Sardar Sant Singh** (West Punjab: Sikh): Two children died as a result of injuries and several ladies were injured.

**The Honourable Sir Reginald Maxwell**: Only one child died.

**Mr. President** (The Honourable Sir Abdur Rahim): Has any complaint been made to the authorities concerned?

**Sardar Sant Singh**: Several complaints were addressed to the Government of India by the Gurudwara Committee.

**Mr. President** (The Honourable Sir Abdur Rahim): Why not to the Magistrate?

**Sardar Sant Singh**: It was a police action. No Magistrate will take any action on it.

**Mr. President** (The Honourable Sir Abdur Rahim): Do you mean to say that no complaint would be entertained about the conduct of the Police?

**Sardar Sant Singh**: But this action of Delhi Police was the result of a communiqué issued by the Delhi Administration.

**Mr. President** (The Honourable Sir Abdur Rahim): What I mean is this. Supposing the Police in discharging their duties have exceeded their rights under the law and inflicted injuries on persons, then, surely, action lies against the Police in the Court of Law.

**Sardar Sant Singh**: This action was probably taken under the Defence of India Rules . . . .

**Mr. P. J. Griffiths** (Assam: European): Not the causing of injuries.

**Sardar Sant Singh**: They could not cause injuries under the Rules, but at the same time the position is very serious. A religious gathering has been invaded by the Police under a communiqué issued by the Delhi

Administration, which I will read when I discuss it. The result of that was that they fired tear gas on the peaceful audience and caused injuries with the result that, according to my information, two children died, and according to Sir Reginald Maxwell's information only one . . .

**Mr. President** (The Honourable Sir Abdur Rahim): But why were not complaints made when there had been serious casualties owing to the action of the Police?

**Sardar Sant Singh:** To whom should the complaints be made? The Police will not punish their Senior Superintendent.

**Mr. President** (The Honourable Sir Abdur Rahim): Magistrate is not the Police.

**Sardar Sant Singh:** But no Magistrate has the courage to go against the wishes of police. My submission is this, that apart from complaints the position is very simple, namely, that the Administration had no right to make an assault of this nature against a religious congregation. .

**Mr. President** (The Honourable Sir Abdur Rahim): That is not the question. The Honourable Member is complaining of the action of the Police in this case and, therefore, supposing the Police have acted unlawfully in the matter, surely action lies against them.

**Sardar Sant Singh:** No complaint was lodged against the Police. That is a fact.

**Mr. President** (The Honourable Sir Abdur Rahim): The difficulty which I am feeling is this. Supposing in any case the police commits excesses—there are lots of complaints made every day—this is not the forum to discuss a matter like that, as otherwise we will have to sit as a Court.

**Sardar Sant Singh:** My submission is this. It is not a question of complaining against a particular officer. It is a question that this House has got every right to look into . . .

**Mr. President** (The Honourable Sir Abdur Rahim): If your allegation be that the Government ordered the Police to act in the particular way you are alleging, then it would be a matter for this House. But that is not your allegation.

**Sardar Sant Singh:** That is the allegation.

**Mr. President** (The Honourable Sir Abdur Rahim): You mean the Government ordered the Police to trample upon the ladies and children . . .

**Sardar Sant Singh:** The Government ordered the Police to go round and make a cordon, and as a result the Police actually assaulted the peaceful congregation. I think this House has been taking action by adjournment motion against lathi charges and such other acts that have been taking place under the orders of the Government.

**Mr. President** (The Honourable Sir Abdur Rahim): Very well, I understand your case.

**Mr. Jamnadas M. Mehta** (Bombay Central Division; Non-Muhamadan Rural): Sir, I submit that the order given to the Police to resort to lathi charge is in itself a subject matter for discussion.

**Mr. President** (The Honourable Sir Abdur Rahim): The action complained of was by the Police but not under the Government's order.

**The Honourable Sir Reginald Maxwell**: Sir, I might bring to your notice the fact that a Resolution on this subject standing in the name of Dr. Banerjea will come up first on the 19th of February according to the ballot.

**Mr. President** (The Honourable Sir Abdur Rahim): That will be anticipating the question.

**Sardar Sant Singh**: Sir, will you please hear me before giving your ruling? I have got authorities on this point.

**Mr. President** (The Honourable Sir Abdur Rahim): On what point?

**Sardar Sant Singh**: On the objection raised by the Honourable the Home Member. The point is this that there is no prospect of that Resolution coming up for discussion as it has been held in a ruling . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Why do you say there is no prospect?

**Sardar Sant Singh**: It is third Resolution.

**Mr. President** (The Honourable Sir Abdur Rahim): It is the first and the second.

**Sardar Sant Singh**: I beg your pardon. It is not first and second. The first is about Bengal administration of Income-tax.

**Mr. President** (The Honourable Sir Abdur Rahim): Yes, I find that Dr. Banerjea's Resolution regarding Income-tax is first and after that he has got another which is . . .

**Sardar Sant Singh**: My submission is this, Sir. Supposing the Resolutions put down for today remain unfinished and are carried over to the 19th—the next day for Non-Official Resolutions—then I shall have to take the risk which is not permissible under the ruling given by the Chair on the 10th March, 1928. This ruling which was given on the motion of Mr. Jinnah moving for an adjournment of the business of the Assembly to discuss the Government's announcement regarding the Sandhurst Committee.

**Mr. President** (The Honourable Sir Abdur Rahim): The principle is that if there is uncertainty the Chair will allow the motion.

**Sardar Sant Singh:** Sir, I will read the relevant portion of the ruling:

"It might be argued, though it has not been argued, that Mr. Jinnah might put down a motion even now on the army estimates, but the answer to that argument is that, no one could say with any degree of certainty that the motion would be reached. It may or may not be that if a notice of motion is given by Mr. Jinnah it will be reached either on Thursday or on Friday or will be reached at all. There is no reason why the Honourable Member should take any risk."

**Mr. President** (The Honourable Sir Abdur Rahim): I follow that. Is there any objection to leave being granted?

**The Honourable Sir Reginald Maxwell:** No formal objection; but the first Resolution for the next Resolution day, standing in the name of Dr. Banerjee, will be discussed today, and it will be barred on the 19th February.

**Mr. President** (The Honourable Sir Abdur Rahim): Supposing it is not reached today?

**The Honourable Sir Reginald Maxwell:** I understand that there is a very high probability that it will be reached today. I understand that Mr Joshi is not moving his Resolution. The next is the Income-tax Resolution.

**Mr. President** (The Honourable Sir Abdur Rahim): I must hold that this motion is out of order. I do so on the simple ground that it is anticipating a Resolution which stands in the name of Dr. Banerjee. Dr. Banerjee's Resolution on the same subject is likely to be reached on the 19th.

**Sardar Sant Singh:** I was going to give another reason.

**Mr. President** (The Honourable Sir Abdur Rahim): I do not want to hear anything more on the point of order. It is likely to be reached on the next Resolution day and I, therefore, hold the motion to be out of order.

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#### FAILURE TO OBTAIN APPROVAL OF THE CENTRAL LEGISLATURE FOR DECLARING INDIA AT WAR WITH JAPAN.

**Mr. President** (The Honourable Sir Abdur Rahim): The next one also is in the name of Sardar Sant Singh. He wishes to discuss a definite matter of urgent public importance namely, "the failure of the Government of India in not advising His Excellency the Viceroy to obtain the approval of the Central Legislature for declaring India at war with Japan and thus failing to mobilise Indian public opinion in the country".

I should like to know from the Honourable Member whether the Government of India is bound to advise the Viceroy on a matter like this. I am sorry. I understand this motion has been disallowed by the Government General. The order is as follows:

"In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Sardar Sant Singh to move the adjournment of the House for the

purpose of considering the failure of Government of India in not advising His Excellency the Viceroy to obtain the approval of the Central Legislature for declaring India at war with Japan and thus failing to mobilize Indian public opinion in the country on the ground that the motion cannot be moved without detriment to the public interest."

#### FAILURE TO PROVIDE ADEQUATE MEANS OF TRANSPORT FOR AGRICULTURAL PRODUCE.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the next motion is in the name of Mr. Deshmukh who wishes to discuss a definite matter of urgent public importance, namely, "failure of the Government to make adequate arrangements for transportation of agricultural produce and particularly short staple cotton by rail to the market centres in the country which has resulted in the economic ruin of its growers."

But, surely, this question of transport of agricultural produce has been going on for some time, is'nt it?

**Mr. Govind V. Deshmukh** (Nagpur Division: Non-Muhammadian): It may go on for ever, but the agriculturists cannot wait: they are dying every day.

**Mr. President** (The Honourable Sir Abdur Rahim): I understand: but if the question is to be raised by adjournment motion, then it has to be raised at the earliest possible opportunity. Was there no opportunity in the last Session to raise this question?

**Mr. Govind V. Deshmukh**: No opportunity up till now. After the last Session there was no opportunity till now.

**Mr. President** (The Honourable Sir Abdur Rahim): During the last Session?

**Mr. Govind V. Deshmukh**: They did not control transport to this extent then. As a matter of fact, wagons are not now available and goods are lying at the stations and even on the roads for miles. They will not give any wagons.

**Mr. President** (The Honourable Sir Abdur Rahim): The difficulty has arisen since then, is that the case?

**Mr. Govind V. Deshmukh**: It did not arise then.

**Mr. President** (The Honourable Sir Abdur Rahim): I think the Honourable Member himself moved a motion to that effect?

**Mr. Govind V. Deshmukh**: Not about the transport.

**Mr. President** (The Honourable Sir Abdur Rahim): Is there any objection on the part of Government?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudalliar** (Commerce Member): No, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the matter will be taken up at 4 o'clock. Mr. Joshi.

**Mr. N. M. Joshi** (Nominated Non-Official): Sir, I have most reluctantly come to the conclusion that I should not move my Resolution.\*

## RESOLUTION *RE* ADMINISTRATION OF THE INCOME-TAX DEPARTMENT.

**Sir Abdul Halim Ghaznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, I have been authorised to move the Resolution.  
12 Noon. I beg to move:

"That this Assembly is of the opinion that the administration of the Income-tax Department has caused and is causing great discontent among the Indian assesses all over India and recommends to the Governor General in Council that, in order to redress their grievances, action on the following lines be immediately taken, namely:

1. that Indian assesses and European assesses be in every way treated in exactly the same manner;
2. that the Appellate Assistant Commissioners and the Appellate Tribunal be placed under the control of the Law Department of the Government of India or of the Federal Court instead of the Finance Department;
3. that the Central Department in Calcutta and Bombay be forthwith abolished;
4. that the Income-Tax Act and the Excess Profits Tax Act be in their application interpreted according to the recognized judicial rule of interpretation, i.e., a fiscal law should be interpreted in favour of the subject;
5. that explanations given by the assessee and statements of fact made by him be treated with due regard;
6. that the Income-Tax Officers be not expected to realise tax according to pre-determined "budget";
7. that no arbitrary action be taken about the registration of firms or about the separation or jointness of families;
8. that accounts audited by qualified auditors be treated with the utmost respect and assesses be not harassed by calling for Books of Account, etc., and such explanations only as may be necessary for the assessment of income may be asked."

Sir, there has been a serious plight of the Indian assesses and correspondence and memoranda have passed between the various Indian Chambers of Commerce and the Government of India. On the 24th June, 1941, the Bengal National Chamber and the Indian Chamber jointly made a representation, as a result of which there was a conference, and Mr. Mullen, the Commissioner of Income-tax, Bengal, and Mr. Dandekar, the Commissioner of Income-tax, Central, kindly visited the Chambers and held discussions with them. A second conference which emanated from a memorandum that was submitted to the Government of India was held, on the 9th December when Mr. Sheehy, Mr. Ayres, Mr. Mullen and Mr. Dandekar kindly visited the Indian Chamber and had discussions with the five Indian Chambers of Commerce about their grievances.

Now, Sir, I will categorically deal with the points I have raised in the Resolution, one by one. I will deal first with points (1) and (8) together.

\*"This Assembly recommends to the Governor General in Council that with a view to secure voluntary, effective and enthusiastic support for the war from the people of India, he should take immediate steps for the establishment of a National Government at the Centre, responsible to the Central Legislature, either by securing changes in the Constitution to the minimum extent necessary or by convention, with a satisfactory provision for the protection of the interests of the minorities."

[Sir Abdul Halim Ghuznavi.]

I am to read extracts from a pamphlet which has been compiled of the statements made by the Chambers as well as the answers made by Mr. Sheehy and Mr. Mullen. Mr. Sheehy has corrected the answers which are printed in this book. It was pointed out to them on both the occasions that the audited accounts submitted by the European assesses were accepted without any trouble whatsoever, while those submitted by the Indian assesses were not so accepted. It was said that the files of the British firms have not been called for scrutiny because such firms always submit audited accounts, but no excuse could have been more specious, for it is a matter of almost daily experience that while audited accounts of European firms are accepted as correct, similar audited accounts submitted by Indian firms are subjected to a severe examination and inquiry. Indeed this in itself is one of the most glaring examples of racial discrimination. In spite of the submission of audited accounts, books of accounts and vouchers of Indian assesses are called for and re-examined more than once as regards minor details. There have been instances where in assessment cases dealing with lakhs of rupees minor expenses amounting to a few rupees only were questioned and vouchers called for in spite of audited accounts having been submitted. Mr. Sheehy in the course of his statement in the Chamber said, "Coming to paragraph 3(b) regarding audited accounts, I know this argument was put forward by the *Capital*, but I do not take any responsibility for what appeared in that paper. Our intention is to attach respect to properly audited accounts, as desired. But it will be appreciated that the auditors must be qualified auditors". To which Mr. Khaitan replied—"We never meant private auditors; we only ask for accounts properly audited by professional registered auditors to be treated with respect". Mr. Sheehy enquired from Mr. Dandekar—"what do you say"? Mr. Dandekar stated that "the case of private limited companies is different from public limited companies. In the case of public limited companies, if the accounts are properly audited, it may not be necessary to call for books of accounts, unless it is essential". Mr. Khaitan said, "We have ourselves suggested this in paragraph 7(b). When accounts are audited, you should not suspect on imagination".

Then, Sir, Mr. Dandekar referred to cases of public companies and said, "Cases of public companies go to the Central Department when they are connected cases. Cases do receive more scrutiny in the Central Department". Mr. Khaitan observed—"Why this discrimination?" Mr. Sheehy to Mr. Dandekar: "Why so?" Then Sir Badridas observed: "Then the point boils down to this that you are not prepared to admit what is behind your mind all the while". Mr. Sheehy after consulting Mr. Dandekar said: "We agree that, both in the General and Central Departments, in the case of public companies, books of accounts and vouchers will not be called for and explanations as may be necessary for the assessment of the income of the assesses will only be asked." Then Mr. Khaitan said: "Now, I come to the question of private limited companies. Why treat them differently? If auditors give a certificate that they have audited the accounts in the same manner as they did of public limited companies". He further said: "We are referring to the cases of those companies whose accounts are audited by Chartered Accountants (Mr. Dandekar is one of them), Incorporated Accountants and other qualified accountants who are recognised by the Companies Act". To this Mr. Dandekar said: "But do they give the same kind of certificate



in the case of private companies as in the case of public companies?" Mr. Khaitan replied: "We are referring to the cases in which the same kind of certificate is given. There can be no reason whatsoever for making a distinction between public and private companies in such cases. As we have agreed in the case of public companies, in the case of private companies also, books of accounts, etc., should not be called for and such explanations as are necessary for the assessment of the income of the assessee may be asked for." Mr. Sheehy, after consulting Mr. Dandekar, remarked, "I agree. You may put this on record". We were satisfied that at any rate this point had been agreed upon. But when Mr. Sheehy came back to Delhi, he became wiser and wrote a further letter on the 13th January clarifying the point. He wrote just the opposite of what he had agreed to before. He said: "I would state our policy on this point as follows". . . . The conclusion arrived at in Calcutta after full discussion is entirely negated as will appear from the following letter which I shall read to the House.

"I would state our policy on this point as follows: (i) Since the law gives the Income-tax Department the right to call for accounts and vouchers, we cannot agree to waive the right in any class of cases without qualification."

That put an end to what he had accepted.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Mr. Sheehy ought to have been in the House today instead of sitting in the Official Gallery.

**Sir Abdul Halim Ghuznavi**: Mr. Sheehy said in his letter: "We must, therefore, hold ourselves free to exercise the right in any case in which we think it should be exercised." That finishes the matter. Then Mr. Sheehy says:

(ii) "Subject to (i) in the General Department, public companies and private companies with a similar audit certificate (*i.e.*, in similar terms and by an auditor qualified to audit a public company's accounts) will be treated similarly and their books of account and vouchers will not be called for.

(iii) With regard to the Central Department, owing to the varying nature of the cases to be dealt with, the income-tax authorities are not prepared to give any assurance as to normal procedure. Each case will be dealt with on its own merits."

Therefore, all that we thought he had agreed to, was done away with as soon as he came back to Delhi. Then, we represented that some time ago circular letters had been sent to very respectable members of the Indian mercantile community, as also to respectable Indian ladies, enquiring whether they were members of certain *futka* markets.

**An Honourable Member**: What is a *futka* market?

**Sir Abdul Halim Ghuznavi**: *Futka* is the forward market. This circular was sent only to Indians, as if Europeans do not have any transaction in the *futka* market. For obvious reasons this enquiry was not addressed to any of the European assesseees.

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): How do you know?

**Sir Abdul Halim Ghuznavi**: Let them deny it. The letter was an insulting one and was highly resented by the mercantile community. After the protest was made, the circular was withdrawn in a number of

[Sir Abdul Halim Ghuznavi.]

cases. That is how I know it. Recently there was another circular which was issued,—just in the same insulting manner, calling upon respectable Indian assesses, including ladies, to submit on a solemn declaration a list of all their assets with the dates and prices of acquisition of each item. How is that possible? Supposing a lady is 70 or 80 years of age, to ask her to submit now on her eightieth birthday, a list of all she possessed and at what price she bought them, and where she got the money from—these details she has to furnish on a solemn declaration—it is ridiculous. What right have they got to issue that circular? The Income-tax Act does not permit it; it is wholly illegal; this ought to be tested in a court of law. I have here, with me, a copy of the notice, if any one challenges me. What they want in the notice is this. They say, "A list of all their assets with the dates and prices of the acquisition of each item". Needless to say, no such demand has been made of any European assessee. Can there be a greater discrimination than this? Only Indian assesses and Indian ladies, mark you, and no European ladies; as if European ladies have no assets of their own!

It has been ascertained on the best legal opinion available in the country that such an enquiry on the part of the Income-tax Department is not authorised by law. But, legality apart, it is physically impossible for any one to give a list of all his or her assets which would include not only income-yielding assets, but also articles like jewellery, cash, bullion, furniture, pictures, contents of the wardrobe, etc., and to prove the dates and prices of acquisition of each article. It may be argued that income-tax authorities are not interested in asking for a list of such assets as jewellery, furniture, etc. But a long list will have to be prepared of exemptions, and thus, even from the point of view of the Income-tax Department such a query by its very nature would reduce itself to absurdity. The obvious intention, however, appears to be, if the list is not supplied, to make an arbitrary assessment, that is what they want to do,—to fleece us without any material. I shall deal with arbitrary assessment later. If the list is supplied, they may treat almost the whole of the value as taxable in respect of all those items regarding which conclusive evidence cannot be given of the dates and prices of acquisition. And *ipso facto* such evidence cannot be given.

I will now deal with No. 3. No. 3 is that the Central Department in Calcutta and Bombay be forthwith abolished. Although it is well known that in Calcutta a greater volume of business is controlled by British firms than by Indian firms, the creation of the Central Department in Calcutta was followed by a transfer to it of hundreds of files of Indian assesses only to the exclusion of the files of British assesses. To the Central Department, about 400 files of the Indian assesses were transferred. The file of not one European assessee was transferred to the Central Department. This fact was admitted on the 9th December by Mr. Sheehy himself. Look at the discrimination and I will presently show what the Central Department is. This transfer of files naturally places a stigma on the name of and causes humiliation to the Indian business houses. It is said that no humiliation was intended but such a statement cannot be supported by actual facts. When the Income-tax Amendment Bill was discussed in the Legislative Assembly, Sir James Grigg declared on the floor of the House that the Central Commissioners would deal with only three classes of cases. By an amendment Sir

James Grigg got the House to agree on this clear pledge and it is recorded in the debates which I am going to read to you. Ever since he left, it has been converted into a department for getting hold of whatever they can out of the assessee. They select cases of parties from whom they expect large amounts and put them in the Central Department while it was intended at the time that the Central Commissioners would deal only with three classes of cases namely, penalty cases to preserve uniformity therein, that is to say, Bombay may penalise more, Bengal may penalise less, Madras may do nothing. So there will be a central authority to deal uniformly with the penalty cases. In insurance cases, Bombay might decide in one way and Bengal might decide in a different way and so on. So that, the Central Commissioners who will be in Delhi, not in the provinces, will decide those insurance cases uniformly; and then come cases involving fraud. It is well-known that the Indian cases that have been transferred to the Central Commissioners do not come—those cases to which I have referred—under either of the first two categories. The first two categories are penalty cases to preserve uniformity and insurance cases. These come then under the category of fraud. So these 400 Indian cases which are transferred, which are entirely Indian, come under the category of fraud. There are no European cases in this. It is well-known that the Indian cases which have been transferred to the Central Commissioner do not come under either of these two categories. Naturally, therefore, there is no escape from the conclusion in the public mind that all the cases that have been transferred to the Central Commissioner must be cases of fraud or at least of suspected fraud. So, you put a stigma straight off on these 400 or more Indian assessees, because they cannot be transferred under the above two heads. They must have been transferred under the third head, that is, of suspected fraud. It may be pointed out that the cases which have been so transferred include the cases of well-known Indian Houses which have not only been above suspicion always but have also offered the largest amount of co-operation to the income-tax authorities.

**The Honourable Sir Jeremy Raisman** (Finance Member): I should like to make it clear on this point that we do not accept the interpretation that the cases falling under this category are only cases of suspected fraud?

**Sir Abdul Halim Ghuznavi**: Then what is it?

**The Honourable Sir Jeremy Raisman**: I will deal with that later. I just want to make this clear.

**Sir Abdul Halim Ghuznavi**: I cannot deal with it in such a short time. Mr. Sheehy said that the then Finance Member, Sir James Grigg, got a bit muddled over the matter. I will just read out to you what Sir James Grigg said. The Income-tax Act would not have been on the Statute-book but for the co-operation of the Congress and Sir James Grigg got the co-operation of the Congress (because even the Muslim League and the Independent Party and everyone of us was against that amendment of the Income-tax Act), on this definite understanding . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Sir Abdul Halim Ghuznavi:** In stating the objects of this amendment, Sir James Grigg said: "The object of the alteration made in the clause by the Select Committee was to enable a certain amount of co-ordination work to be done by headquarters and not in relation to any territorial jurisdiction of the existing Commissioners. In order to do that, we will require to have a staff and, without overlapping and duplication, the simplest way would be to give the headquarters staff the power, in regard to particular areas, to do this work. Penalties were the main question on which this arose. The other classes of cases which may be dealt with at headquarters are cases where fraud is suspected. Then, in insurance companies, specially complicated cases and classes of cases arise, where technical knowledge and familiarity with the classes of cases is required, and those are done at the headquarters". Sir, it is not done at the headquarters at all. As regards the Central Department, Mr. Sheehy said . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Sir Abdul Halim Ghuznavi:** Will you allow me to read this?

**Mr. President** (The Honourable Sir Abdur Rahim): I will give the Honourable Member two minutes more.

**Sir Abdul Halim Ghuznavi:** Mr. Sheehy said that Sir James Grigg got a bit muddled over this matter at the time.

**Lieut.-Colonel Sir Henry Gidney:** He said 'muddled', not 'muddle headed'.

**The Honourable Sir Jeremy Raisman:** He made a mistake.

**Sir Abdul Halim Ghuznavi:** If he made a mistake, it is on record. Mr. Sheehy said that the most authoritative statement is contained in the Report of the Select Committee and not in Sir James Grigg's speech alone.

Sir, I will now deal with the second point, namely, that the Appellate Assistant Commissioners and the Appellate Tribunal be placed under the control of the Law Department of the Government of India or of the Federal Court instead of the Finance Department. The British jurists have always held that the Judiciary must be independent of the executive in order to ensure the hallmark of justice and impartiality. One anomaly of the present appellate machinery remaining under the control of the Central Board of Revenue is that appeals are heard by officers controlled by the Executive who are themselves the respondents. The Appellate Assistant Commissioners and the Appellate Tribunal together make the appellate machinery. To the High Court there is a reference only on points of law. The Appellate Assistant Commissioners are junior officers, who look to the favour of the Central Board for promotion and prospects.

In appeals preferred to them, files are first forwarded to the Inspecting Assistant Commissioner who makes remarks on them and then these files are forwarded to the Appellate Assistant Commissioners. Appellate Assistant Commissioners are junior to the Inspecting Assistant Commissioners in service and in Calcutta they are junior in emoluments also. They also look forward to being promoted as Inspecting Assistant Commissioners. So, the Inspecting Assistant Commissioner's remarks on the files, whatever they be, directly influence the findings of the Appellate Assistant Commissioners and in any case it cannot be denied that the Central Board of Revenue has undue influence on them.

The Appellate Tribunal were, no doubt, appointed in the first instance by the Finance Department on the recommendations of the High Courts and the Federal Public Service Commission. But they are appointed for a fixed period and they have to look to the Central Board of Revenue or the Finance Department for a renewal of their tenure. Besides, their leave rules and their movements are controlled by the Central Board of Revenue. The whole atmosphere is such that the members of the Appellate Tribunal are at every stage reminded that they must keep the Board of Revenue humoured if they are to advance in their official careers. They have the last word in appeals on questions of facts and, therefore, their position must be scrupulously independent.

One word more, Sir, and I have finished. I now wish to deal with point No. 6 which refers to pre-determined budget. Look at the Circular which I propose to read to the House. The purport of it is that they want so much money. Can Mr. Sheehy deny that this Circular was never issued? It is just a piece of good luck that I am in possession of a copy of this Circular. It runs thus:

"The net revised Estimate for 1941-42 for the province as a whole as furnished by the Inspecting Assistant Commissioners amounted to Rs. 12,58,00,000. As in my opinion this figure was too low, I have raised it to Rs. 13,87,80,000. The percentage of increase under different heads is shown below. The Income-Tax Officers may be informed so that they will know what I expect them to collect."

There the matter ends.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadian Urban): Who has signed this Circular?

**Sir Abdul Halim Ghuznavi**: The Commissioner of Income-tax, Bengal, has signed this Circular.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has exceeded his time-limit. He must conclude his speech now.

**Sir Abdul Halim Ghuznavi**: One more point, Sir, and then I will conclude my speech. I have shown already the treatment of the Indian assesses. Now, look at the treatment of the European assesses.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is now going into another subject which I cannot allow. The Honourable Member has already taken more of the time of the House than was his due.

**Sir Abdul Halim Ghaznavi:** I will take only two minutes more, Sir. While this is the treatment that is meted out to respectable Indian assessesees it would be pertinent to refer to the persistent reports in Delhi and Simla that over hundred letters from the British business houses in the United Kingdom to their offices in Calcutta and Bombay have been censored by the Government of India in which instructions were given to the European firms in India as to how to evade taxes by various methods which were mentioned. This is neither denied nor accepted. That is the position of the European Income-tax assessesees. Then, Sir, to add to the above discrimination and oppressive methods, an undoubtedly heavy amount of tax is also sought to be realised from the Indian assessesees by various means. What are these means? It is the discontinuance of the registration of firms which have for years been registered under the Income-tax Act. By one stroke of the pen they have been discontinued. Then, they have joined together the incomes of persons who have actually been separated under the Hindu law . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has had his two minutes. He must conclude now.

**Sir Abdul Halim Ghaznavi:** Sir, I move.

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

"That this Assembly is of the opinion that the administration of the Income-tax Department has caused and is causing great discontent among the Indian assessesees all over India and recommends to the Governor General in Council that, in order to redress their grievances, action on the following lines be immediately taken, namely:

1. that Indian assessesees and European assessesees be in every way treated in exactly the same manner;
2. that the Appellate Assistant Commissioners and the Appellate Tribunal be placed under the control of the Law Department of the Government of India or of the Federal Court instead of the Finance Department;
3. that the Central Department in Calcutta and Bombay be forthwith abolished;
4. that the Income-Tax Act and the Excess Profits Tax Act be in their application interpreted according to the recognized judicial rule of interpretation, i.e., a fiscal law should be interpreted in favour of the subject;
5. that explanations given by the assessesee and statements of fact made by him be treated with due regard;
6. that the Income-Tax Officers be not expected to realise tax according to pre-determined "budget";
7. that no arbitrary action be taken about the registration of firms or about the separation or jointness of families;
8. that accounts audited by qualified auditors be treated with the utmost respect and assessesees be not harassed by calling for Books of Account, etc., and such explanations only as may be necessary for the assessment of income may be asked."

**Mr. T. Chapman-Mortimer** (Bengal: European): Mr. President, I regret that I find myself quite unable to support the Resolution that has just been moved in this House. (*Voices: That is well known.*) It falls into two distinct parts. The first is an expression of opinion that the administration of the Income-tax Department has caused and is causing a great deal of discontent. We know that it is so and that this discontent is not only confined to Indians as I am sure some of those on the Treasury Benches will confirm. That is, as I said, an expression of opinion. We know that there is criticism. Then, the Resolution goes on to make certain recommendations. The basis of these recommendations is that the grievances or the alleged grievances are well-founded and that, therefore, a certain action or a certain line of action should be taken. I propose, therefore, to deal as briefly as possible with these various specific heads under which recommendation is sought to be made to the Governor General in Council.

I take No. 1 naturally first and under the stern eye of the Mover of the Resolution I will deal rightaway with the point he referred to rather late in his speech. He made a statement, I do not know on what authority he made it, that the censor had made certain remarkable discoveries. How he knows what the censor discovered, when that is an entirely secret department of the Government of India, is something that passes my comprehension.

**Sir Abdul Halim Ghuznavi:** I ask the Government of India to deny that.

**Mr. T. Chapman-Mortimer:** With regard to the point of what he has revealed, namely, the allegation that certain Europeans are seeking to evade taxation, if that is correct, I hope the Government of India will take drastic action against those persons, whoever they may be. I expressed myself very strongly on the question both of tax evasion and of tax avoidance when this matter came before the House during last Session, and I do not propose now to take up the time of Honourable Members by repeating some of the things that I said then. I content myself with repeating that if there are Europeans who are evading taxation, they must be punished in the same way as anyone else who is evading taxation; they must be punished in the same way as any one else who is evading taxation must be punished. So much for that. I entirely agree, therefore, with the spirit of the first point made, namely, that Indian assesses and European assesses should be treated exactly in the same manner. For myself, I have never heard that they were treated otherwise than in the same manner.

**Sir Abdul Halim Ghuznavi:** Not even today?

**Mr. T. Chapman-Mortimer:** Till today. But that however is a matter not for me but for the Honourable the Finance Member and his subordinates to answer.

**Babu Baijnath Bajoria:** Can you take exception to the suggestion?

**Mr. T. Chapman-Mortimer:** I take no exception to the suggestion that European and Indian assesses should be and must be treated in precisely the same manner and I am certain that that is in fact done by the Government.

[Mr. T. Chapman-Mortimer.]

Then, Sir, in regard to the second point, that the Appellate Assistant Commissioners and the Appellate Tribunal be placed under the control of the Law Department of the Government of India or of the Federal Court instead of the Finance Department: it is a perfectly well established principle of tax administration both in this country and in England that the Income-tax Commissioners should be under the Central Board of Revenue in India and under the Board of Inland Revenue in the United Kingdom. The point so far as I was able to understand, as made out by the Honourable the Mover of the Motion, was that if this transfer could take place there would be greater justice in the administration of income-tax collection. Now, Sir, I should like to remind the House that when the 1939 Amendment Bill was passed into law, certain very important changes were made with regard to Assistant Commissioners; and we introduced then for the first time, Inspecting Assistant Commissioners as well as Appellate Assistant Commissioners. Now, Sir, the reason for that so far as my recollection goes was that when Mr. Ayers and Mr. Sheehy made their examination of the administration of Indian Income-tax law and made their report, they made the recommendation that those who function as Appellate Assistant Commissioners should be distinguished from the Inspecting Assistant Commissioners.

**Sir Cowasji Jehangir:** Who made that report? Not Mr. Sheehy.

**Mr. T. Chapman-Mortimer:** I beg your pardon. It was Mr. Chambers and Mr. Ayers.

**Sir Cowasji Jehangir:** And Mr. Vachcha also.

**Mr. T. Chapman-Mortimer:** I apologise to the House. Mr. Chambers, Mr. Ayers and Mr. Vachcha made that report. Anyway, Sir, that is the basis of the present law: that report was taken: their reasons were considered and their recommendations accepted by the Government. Now, Sir, the reasons that they gave were rather interesting. The first thing they said was that they had found that in practice there was no such unfairness or hardship as was alleged, but that they appreciated that in the minds of—I am paraphrasing what they said—that in the minds of certain assesses, naturally there was anxiety on this point because they felt that when the judicial and executive functions were combined in the same officer, naturally he would tend to look to his position as an executive officer of the Government rather than to his judicial capacity. For that reason, therefore, they suggested that this separation of two functions should be made, and I think I am correct in saying, that the law which put it into effect has in fact been carried into practice and that this distinction has now been made. But on that point I should like to hear from the Honourable the Finance Member in due course.

Then, Sir, with regard to the Appellate Tribunal: at present the Appellate Tribunal, I think, is subordinate to the Central Board of Revenue and not to any local Commissioners either in Calcutta, Bombay or elsewhere.

**Sir Cowasji Jehangir:** It makes no difference.



**Mr. T. Chapman-Mortimer:** I question that statement that it makes no difference because my recollection is—going back to the time when the last Income Tax (Amendment) Bill was under discussion—Sir Cowasji Jehangir openly said on the floor of the House—he will correct me if I am wrong—that if this Tribunal was put under Mr. Ayers and Mr. Chambers he would be entirely satisfied that justice would be done. Is that correct or not, Sir? I believe that is correct.

**Sir Cowasji Jehangir:** I mentioned Mr. Ayers; I did not mention the name of Mr. Chambers.

**Mr. T. Chapman-Mortimer:** He did say so and I am perfectly certain that his views in this matter are shared by a great many other people. While, therefore, one can have sympathy for those who feel that when an executive department of Government functions also in a judicial capacity or a semi-judicial capacity, there may be some feeling that possibly justice is not done, yet I believe myself that in practice the Government do administer these fairly.

I now come to the third recommendation that the Central Department in Calcutta and Bombay be forthwith abolished. Here, if I understand the Honourable the Mover's remarks correctly, he made the remarkable statement that these had been set up according to certain principles indicated by Sir James Grigg in his speech. We all know, Sir, that Sir James Grigg was very free in his language and he was sometimes apt to say something that were not. . . .

**An Honourable Member:** Intended.

**Mr. T. Chapman-Mortimer:** They were intended, but they were not a strictly legal interpretation of the law. That is the point. The point is that if you have a law, that law has to be administered by Government and it does not matter in the least whether some distinguished Member of the Government. . . .

**Sir Cowasji Jehangir:** May I interrupt the Honourable Member for one moment? Does he mean to say that undertakings given by a Member of the Government on the floor of the House and undertakings given by the Government in the Select Committee reports can be repudiated? Does the Honourable Member mean to say that?

**Mr. T. Chapman-Mortimer:** I am perfectly certain that the present Finance Member would never, in any circumstances, go back on any definite undertakings which Sir James Grigg made either on the floor of the House or in the Select Committee or in any other circumstances. But the point is whether Sir James Grigg, in saying certain things which he did say in the Assembly, was in order legally in doing so and whether his views were correct interpretations of the Act as it stands. . . .

**The Honourable Sir Jeremy Raisman:** Sir, may I intervene just for one second to point out that Sir James Grigg was describing accurately the functions of the headquarters organisation which was then set up and not the functions of the central Commissioners? If he had called them the

[Sir Jeremy Raisman.]

functions of the headquarters Commissioners he would have been strictly correct; but he did make a mistake. Although he was a very clear-headed man,—none more so,—on this occasion he just made a slip.

**Mr. T. Chapman-Mortimer:** That clarifies the position entirely. We now know what Sir James Grigg had in mind and what was the intention that Government had.

With regard to what was said about Sir James Grigg making a pact with Congress in this matter, I have never heard anything more absurd. I cannot imagine that he made a pact or anything else with the Congress in regard to the administration by his successors of the Income-tax Law, and I am perfectly certain that no Member of this House who knew Sir James Grigg and had the honour of working with him thinks otherwise than what I have just said.

Then, with regard to clause 4 of the Resolution, this is a most remarkable recommendation because if I go to the income-tax authorities and say that this is my assessment. . . .

**Sir Abdul Halim Ghuznavi:** That is the highest court's ruling.

**Mr. T. Chapman-Mortimer:** If I say "these are the statements I made, the case is entirely in my favour and the decision must be made in my favour," that is an absolute absurdity. Clearly the income-tax authorities are entitled to ask me whether in fact I have made an accurate return or whether, either by lack of knowledge of the law or for any other reason I have definitely not given an accurate return of my income. And what is sought to be done by paragraph 4 is that, if I make a certain statement which is not correct, either knowingly or due to ignorance of the law, Government should not be entitled to come down on me and say that they have found that my income was Rs. 50,000 larger than in fact it was shown to be. That is an impossible proposal.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. T. Chapman-Mortimer:** All right, Sir.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I rise to support this Resolution. There are so many points involved in this that it is impossible to deal with them all and I propose to deal with only one point, namely, clause 2 of the Resolution about the appellate machinery being placed under the control of the Law Department of the Government of India or the Federal Court instead of the Finance Department. This is a recommendation not made by Sir Abdul Halim Ghuznavi alone but by all the Indian Chambers of Commerce, and if I have been able to follow my Honourable friend, Mr. Chapman-Mortimer, I think it has the support of the Europeans also. The point that I want to make is that the appellate machinery is extremely unsatisfactory; the provisions of the Act are themselves very unsatisfactory, as they are calculated to impair the independence of the appellate authority. The provisions themselves are very bad but they are made still worse by the way in which these provisions are worked by the Finance

Department. There are two appellate authorities; one is the Appellate Assistant Commissioners and the other is the Appellate Tribunal. In the language of the Civil Procedure Code it can be said that one is the court of first appeal and the other is the court of second appeal. As regards the first appeal court, section 30 of the Income-tax Act lays down that an assessee may appeal against any order passed by the Income-tax Officer to the Appellate Assistant Commissioner. But what is the position of this Appellate Assistant Commissioner? Section 5(7) of the Act says that "Assistant Commissioners of Income-tax and Income-tax Officers shall for the purpose of this Act be subordinate to the Commissioner of Income-tax", etc. Again in section 5(4) we find that "the Appellate Assistant Commissioner of Income-tax shall be under the direct control of the Central Board of Revenue". The words used here are "direct control"; in the other sub-section the words are "subordinate to". I take it that in substance they mean the same thing. That being the position of the Appellate Assistant Commissioner it goes without saying that he cannot act independently. There is also the power of transfer given by section 7-A:

"The Commissioner of Income-tax may transfer any case from one Income-tax Officer subordinate to him to another."

In actual practice we know from our experience what the implication of this power is. Then section 8 which is very important lays down that—

"All officers and persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Central Board of Revenue."

The words "all officers" must include all appellate authorities also. Of course there is a proviso that

"No such order, instruction or direction shall be given so as to interfere with the discretion of the Appellate Assistant Commissioner in the exercise of his appellate functions."

But what about the Appellate Tribunal? Can there be orders, instructions, directions, etc., of the Central Board of Revenue controlling the Appellate Tribunal?

**The Honourable Sir Jeremy Raisman:** Certainly not.

**Mr. Akhil Chandra Datta:** So far as the language of the section goes, it says clearly that there will be no interference with the Assistant Appellate Commissioner in the exercise of his appellate functions, but nothing is said about the Appellate Tribunal, therefore by implication. . . .

**The Honourable Sir Jeremy Raisman:** Sir, I have not got the Act with me but I think if the Honourable Member looks at the provision regarding the Appellate Tribunal, it will be quite clear that no instructions can be issued by the Central Board of Revenue. . . .

**Mr. Akhil Chandra Datta:** But here is the section and it is all-comprehensive. The words are—"all officers and all persons employed in the execution of the Act". Certainly the members of the Appellate Tribunal are officers employed in the execution of the Act.

**The Honourable Sir Jeremy Raisman:** The point is that the Appellate Tribunal is not an "income-tax authority" within the meaning of section 5 and, therefore, it is not subordinate to the Central Board of Revenue. . . .

**Mr. Akhil Chandra Datta:** Certainly the members of the Appellate Tribunal are, in the language of the section, "officers employed in the execution of this Act".

Then about the other officers, namely, the Income-tax Officers, there can be no question. I should think this proviso is very mischievous; while seeking to give a safeguard against interference it really does quite the reverse. So far as the Income-tax Officer is concerned, it is very clear that there can be interference with his orders about assessment by the superior authority.

Then, Sir, may I draw the attention of the House to section 28(vi) of section VI which lays down:

"That the Income-Tax Officer shall not impose any penalty under this section without the previous approval of the Inspecting Assistant Commissioner."

That is how there is an obligatory provision that the Income-Tax Officer cannot pass an order according to his own independent judgment. He must, before passing the order, obtain the previous approval of the Inspecting Assistant Commissioner. Not only this, there is another section 23-A (2) where you find a similar provision.

**Pandit Lakshmi Kanta Maithra** (Presidency Division: Non-Muhammadan Rural): Also the provision for penalty.

**Mr. Akhil Chandra Datta:** Yes, "The order of penalty cannot be passed without the previous approval . . .". Then there is section 23A(2) where it is stated "The Inspecting Assistant Commissioner shall not give his approval to any order proposed to be passed by the Income-Tax Officer", and so on. This is about the first Court of Appeal. About the second, there is section 38 which makes provision for appeal to the Appellate Tribunal against the orders of the first Appellate Court. That section provides for appeal by the assessee as well as appeal by the Commissioner himself. So here is this anomalous position: The Commissioner is the appellant. The Commissioner is also the authority who advises the Central Board of Revenue in appointing the members of the Tribunal. I do not say that the Commissioner appoints himself; appointment is made by the Central Board of Revenue, but, all the same, we know under whose advice and under whose inspiration the Central Board of Revenue acts. So that the provisions with regard to the independence of the Appellate Tribunal are almost illusory. I stated at the beginning of my speech that these are very bad provisions which are made worse still in the way in which they are worked. The interference by the higher authority is not only on matter of broad policy but also with regard to every specific and isolated order proposed to be passed in individual cases. It is said that orders are dictated in some cases with regard to the amount of tax and so on.

I say, therefore, that the Appellate machinery ought to be improved according to the recommendations made in this Resolution. The Resolution says that "the Appellate Tribunal be placed under the control of the Law Department of the Government of India." I do not know whether the Honourable the Finance Member has sufficient confidence in the Law Member, but I cannot conceive that there can be any objection in placing these Appellate Authorities under the control of the Law Department of the Government of India, instead of under the Finance Department. After all the Finance Department are themselves the finance-gathering

authority and human nature being what it is, we cannot expect proper check if they are themselves to control their taxing agents. Sir, I support this Resolution.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, the terms of this Resolution are very comprehensive. The defects of the existing system of Income-tax administration are pointed out here and certain recommendations are made with a view to remedying them. Elaborate speeches are, therefore, not required to commend the Resolution to the acceptance of this House. I will confine myself to a few brief observations on each of the points mentioned in the Resolution.

Sir, as regards the first, namely, discrimination between European and Indian assesseses, it is urged here that it should be abolished. My Honourable friend, Mr. Chapman-Mortimer, denies that there is any discrimination.

**Mr. Husenbhai Abdullabhai Laljee** (Bombay Central Division: Muhammadan Rural): He does not know.

**Dr. P. N. Banerjee**: Now, the very fact, which has not been denied, that 400 cases have been placed before the Central Commissioner in Calcutta—and all these 400 cases are cases of Indian assesseses—shows that there is discrimination,—and discrimination of the worst sort.

**The Honourable Sir Jeremy Raisman**: That is not the position now.

**Dr. P. N. Banerjee**: What is the position, please?

**Sir Abdul Halim Ghaznavi**: It was till the 15th of December.

**Dr. P. N. Banerjee**: So, is it the point of the Honourable the Finance Member that since the 15th of December wisdom has dawned upon the Government and they are trying to remove this discrimination? If that be the point, I will accept the position.

**The Honourable Sir Jeremy Raisman**: I will deal with that when I reply.

**Dr. P. N. Banerjee**: So there is discrimination . . . . .

**The Honourable Mr. M. S. Aney** (Leader of the House): The Honourable Member should say "there was" rather than "there is".

**Dr. P. N. Banerjee**: . . . . Unless it is urged that almost all Indian assesseses are dishonest and all European assesseses are honest. Now, such an assertion would be a libel on the Indian business community, a libel which will be strongly repudiated by all sections of this House.

Sir, as regards the second point, I need hardly emphasise the necessity for separating judicial and executive functions, and I am glad my Honourable friend, Mr. Chapman-Mortimer, agrees with this principle. But he is unable to suggest any way to give effect to that principle. Now, how can the executive and judicial functions be separated? The demand is made here that the Income-tax Appellate Authority should be placed under the control of the Law Department of the Government of India or

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the Federal Court. That is a very reasonable suggestion. What exception can be taken to this? It may be and it has been said on behalf of the Government that the appellate authorities decide cases very fairly and to the satisfaction of all. That satisfaction has not been given to all is evident from the fact that all the Indian Chambers of Commerce in the country have expressed grave dissatisfaction.

As regards appeals from the Income-tax Officers to the Appellate Assistant Income-tax Commissioners, the system is a very unsatisfactory one, because between the Income-tax Officer and the Appellate Income-tax Authority, there intervene a number of other officers—Inspecting Income-tax Officers, the Commissioners, and, lastly, the Director of Inspection. Who is this Director of Inspection? This office is not known to the law. He is an extra-legal authority. But between these three categories of officers, they interest themselves greatly in the decision of the cases by the Income-tax Officers, and they create a great deal of difficulty in the matter of the assessee getting justice. What prevails at the present moment is this: when an Income-tax Officer is about to assess, certain instructions are issued to him by the Inspecting Income-tax Officers, and then the Commissioners also intervene, and, lastly, the Director of Inspection. It is a fact that on the records of these cases certain remarks are made by these officers. These officers—Inspecting Income-tax Officers and Commissioners and Director of Inspection—are officers whose salaries and status are higher than those of the Appellate Assistant Commissioners. Therefore, naturally when these cases go before the Appellate Assistant Commissioners, they are guided by the remarks which are found on the records. They are human beings and they look for their promotion to these high officers and to the Board of Revenue; and, naturally, they are influenced by the remarks which are made on the records. This is a very vicious system, which must be done away with. Besides, as has been pointed out by a previous speaker, the emoluments and prospects of these Assistant Appellate Commissioners depend upon the goodwill of the Board of Revenue. The Board of Revenue is a collecting authority and is interested in getting as much money from the assessee as possible. The Finance Department itself is also a collecting authority. Therefore the demand that is made here that the appellate authorities should not be under the control of the Finance Department or of the Central Board of Revenue is a very reasonable one . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can stop now. The Assembly is adjourned till 2-30.

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

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

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**Dr. P. N. Banerjee:** Sir, I was discussing the necessity for rendering the appellate authorities in income-tax cases independent of the Central

Board of Revenue and the Finance Department, when the House rose for lunch. It is essential in the interests of the proper administration of income-tax in this country that justice should be done to assesses; and not only that, the people should be made to feel that justice is being done. In order to secure this object, it is very necessary that the Central Board of Revenue and the Finance Department should have nothing to do with the appointment, the fixing of emoluments, the transfer, and the prospects of the Appellate Income-tax Officers. The demand, therefore, that has been made in this connection is quite proper and fair, and no harm will ensue if the appellate authorities are placed under the Law Department or under the Federal Court. I would prefer the latter, but if it is quite impossible to give effect to that just now, the former may be given effect to at once.

Coming to the third point, namely, the Central Commissioners in Calcutta and Bombay, we all remember what the object was in providing for the appointment of these officers. Sir James Grigg made that position perfectly clear. He said that there were three objects in view, and he gave the definite undertaking that for no other objects would the Central Commissioners be utilised. But then I find that my friend, Mr. Chapman-Mortimer, expressed the view that his undertakings are of no value at the present moment. What is more surprising is that even Sir Jeremy Raisman is prepared to let down his predecessor on the plea that there was a confusion in his mind. Now, how are the Central Commissioners functioning? They are taking up not only certain classes of cases, but also individual cases. I admit that by a subsequent amendment, the Legislature gave the Central Commissioners the right to take up individual cases, but on what ground? On the ground that there were special intricacies involved in some cases, and that such specially intricate cases might be considered by the Central Commissioners. But we find now that all sorts of cases, individual cases as well as classes of cases, are being taken up by the Central Commissioners in Calcutta and Bombay. Those who read the daily newspapers know what scandals have occurred in a certain province. Everybody is now familiar with the ugly disclosures which have been made in connection with a certain case. I will not go further into this matter just now because this case is perhaps still *sub judice*, but I must say that it is a disgrace to convert the Income-tax Department into a Criminal Investigation Department . . . . .

**The Honourable Sir Jeremy Raisman:** If the Honourable Member is not going to deal with a case which is *sub judice* I wish he would not refer to it instead of saying what . . . .

**Dr. P. N. Banerjee:** This does not refer to a single case, it has become a system. You are converting the Income-tax Department into a Criminal Investigation Department and that I consider to be a disgrace. I hold no brief for dishonest assesses.

**The Honourable Sir Jeremy Raisman:** Thank you.

**Dr. P. N. Banerjee:** Let the dishonest assesses be dealt with according to law.

**The Honourable Sir Jeremy Raisman:** That is what we are doing.

**Dr. P. N. Banerjee:** Let them be penalised to the utmost extent that is possible, but let not the Income-tax Department adopt questionable methods of espionage like the Criminal Investigation Department.

Fourthly, the recommendation is that the recognised judicial rule of interpretation, namely, "that a fiscal law should be interpreted in favour of the subject", be applied to income-tax cases. This is a very reasonable recommendation, and the Honourable the Finance Member should not have any hesitation in accepting it. If this rule prevails in other civilized countries, why should it not prevail in India? Why should there be any departure in the case of India? Is it because India is a subject country?

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member's time is up.

**Dr. P. N. Banerjee:** Please give me two minutes more.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Yes, you can have two more minutes.

**Dr. P. N. Banerjee:** With regard to the fifth point, the recommendation is a very just one. As regards the sixth recommendation, it is, as has been pointed out by the Honourable the Mover of this motion that certain figures of revenue are arrived at first, by the Central Board of Revenue or by some of the officers, and then the whole amount is distributed; Bengal is asked to raise so much money Bombay is asked to raise so much money without any reference to justice and fairplay. Is this right? Can the occupants of the Treasury Benches support this? You previously arrive at a certain figure and ask your officer to get so much amount of money without reference to the fairness of the assessments or to actual incomes.

Sir, the next two recommendations are also very reasonable and fair. Lastly, I come to a matter which ought to have been recommended in this Resolution, but which, unfortunately, has been omitted,—I refer to Charitable and Religious Trusts. The law relating to charitable and religious trusts is being administered in such a way that not only are the people being handicapped in various ways and not only is injustice being done to the trustees but there is a great deal of interference with the religious rights of the people.

The evils of the income-tax administration have now assumed a very vicious shape and the time has come when we should do our best to put an end to it.

**Babu Baijnath Bajoria:** I rise to support this Resolution which has been so ably moved by my Honourable friend, Sir Abdul Halim Ghuznavi. I would have much liked that Mr. Sheehy, the Member of the Central Board of Revenue in charge of income-tax, had been in this House to answer the criticisms levelled.

**Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhaminadan Rural):** You mean in the witness box?

**Babu Baijnath Bajoria:** Not in the witness box. Bear with me a little and I will tell you why I want him here. I would have liked to have him in this House so that he could have given us firsthand information as to how the department is working and replied to the criticisms which



have been levelled against his department. Why I want him here is in order that he may not be able to say later on of Sir Jeremy Raisman that he had also muddled something, just as, at the present moment, he is saying that Sir James Grigg did muddle when he gave an undertaking which has been referred to by previous speakers.

Sir, the Resolution is a very comprehensive one and it is not possible for me in the brief space of fifteen minutes to dilate on each of these eight points that have been raised there. Therefore, I will confine myself to only two or three of them. As regards racial discrimination, much has been said, and it cannot be denied that racial discrimination does exist. In the joint memorandum by the various Indian chambers of commerce which was submitted to Mr. Sheehy on the 9th December, 1941, a list of grievances were detailed therein, which clearly shows that there is racial discrimination. It is admitted by all Parties in this House—it is also admitted by Mr. Sheehy, and I think my Honourable friend, Sir Jeremy Raisman, will also admit—that nobody wants that there should be racial discrimination, and if there is any racial discrimination, as is strongly suspected, and, not only strongly suspected, but felt by the Indian assessee, I think it is the duty of the Government to see that such suspicion or such feeling is removed. There is nothing very great in this demand. It is very fair and just, and it is the duty of the Government to see that the Indian assessee feels that justice is being done to him and that he is not in any way treated unfairly *vis-a-vis* the European assessee.

I now come to the second point, namely, that the Appellate Assistant Commissioner and the Appellate Tribunal be placed under the control of the Law Department of the Government of India or of the Federal Court instead of the Finance Department. In the last Session when we were discussing the Income-tax Amendment Bill and the Excess Profits Tax Amendment Bill I raised the question about the appellate machinery of the Income-tax Department. This machinery is deteriorating. It has lost the confidence of the Indian assessees altogether, and the most surprising part of it is that it is not the fault of the Appellate Assistant Commissioner or the personnel of the Appellate Tribunal. I am casting no reflection on the personnel of the Appellate Assistant Commissioners or of the Appellate Tribunal when I am referring to this. It is the system which is at fault. Under the system under which they are working they cannot do justice to the task which has been imposed on them. After all, they are human beings. They can be reasonably expected to give justice to the assessee if the case comes from the Income-tax Officer himself, but if the case comes with remarks from superior officers like the Central Commissioner or the Commissioner, the Appellate Assistant Commissioner—what can the poor fellow do? There are already remarks and notes from the superior officers. He has to be prejudiced by those remarks. It is just like this. Supposing I go to any lawyer to have his opinion on a case, if I give him a brief history of the case itself without any opinion from a senior lawyer, then he can give his free judgment on the case. But, if along with the case I just attach the opinion of Sir Sultan Ahmed or Sir N. N. Sinsar or Sir Tej Bahadur Sapru and then ask him to give his opinion about the case, I am sure he will think hundred times before he gives an opinion against the opinion of these learned lawyers of India. That is exactly the case in the Income-tax Department also.

**Sir Cowasji Jehangir:** You refer to the Appellate Assistant Commissioner?

**Babu Baijnath Bajoria:** Yes. It has been tried that the Appellate Assistant Commissioner should be separate from the Inspecting Appellate Commissioner, and so on, but this system has failed. I submit that now it is desirable that the Appellate Assistant Commissioner should be under the Law Department of the Government of India. I do not know what objection the Finance Department of the Government of India can have to make this transfer. I think that such a step will give confidence to the assesseees and to the Appellate Assistant Commissioners themselves.

Now, about the Appellate Tribunal. We were told during the discussions on the Income-tax Bill in the last Session, that the personnel of the Appellate Tribunal are not appointed by the Central Board of Revenue and so on, but still it is on the recommendation of the Finance Member that the personnel of the Tribunal are appointed. So, to keep this appellate machinery beyond the influence of the Finance Department or the Income-tax Department, I think it should go with the Law Department.

I come to the third item, and that is that the Central Department in Calcutta and Bombay be forthwith abolished. I think that this part of the Resolution is the bone of contention in the whole Resolution. Let me state how the Central Department came into existence. When the Income-tax Amendment Bill was on the anvil we were told that only penalty cases, insurance cases and fraud cases would go to this department and that this department would be administered from Delhi and not from Calcutta or Bombay, as it is being done at the present moment. Again, it was said that class of cases will be given to this Central Department such as insurance cases, because special knowledge is required and uniformity of treatment in all cases has to be maintained and that is why such cases have to be assessed by a Central Department in Delhi but, Sir, look how this Central Department is working at the present moment. Sir, in Calcutta, in the Central Department, an Inspecting Assistant Commissioner has been made a Central Commissioner and four Income-tax Officers have been placed under him. These four Income-tax Officers have all been recruited from outside Bengal. If I am not mistaken two have come from the United Provinces, one from Bihar and one from the Punjab. Sir, I would like to know what special qualifications these officers previously had in the assessment of complicated and difficult cases of income-tax in those provinces. In what way did they have special knowledge of income-tax cases, superior to that of officers of the general department in Calcutta. The very appointment of these officers from outside and the creation of the Central Department has cast a reflection not only on the assesseees whose cases go to the Central Department but also a slur on the Income-tax Officers themselves of the general department and there is a general feeling amongst the officers of the general department as to why these officers of the Central Department have been recruited from outside. It shows that either the Board of Revenue thinks that those officers there are incapable of doing work in the Central Department or they have no confidence in their honesty and loyalty. This is very unfair to the Income-tax Officers themselves of Calcutta and it is also very unfair to the assesseees whose cases have been transferred to the Central Department.

Sir, at the joint meeting of the various Chambers of Commerce with Mr. Sheehy and Co., Mr. Sheehy remarked there that it was only the

Calcutta merchants who were complaining against the Central Department and Bombay is not complaining at all. Today I have been supplied with a copy of a telegram which has been received from the Indian Merchants Chamber, Bombay, by the Federation of Indian Chambers of Commerce and Industry, New Delhi. With your kind permission, I will read out a few lines out of this.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The Honourable Member has got one minute more.

**Babu Baijnath Bajoria :** It says this :

"Regarding Income-tax office, Central Division, Bombay, of ten officers all but one transferred from General Department. Commissioner and Inspecting Assistant Commissioner brought from outside. Over four hundred cases understood transferred to Central Department and all cases excepting one relate to Indian assessee. As Central Section unduly prolong investigation and not taking practical view of matters general dissatisfaction against assessments being kept pending unnecessarily. Refusal or cancellation of partnership, re-opening partition of Hindu joint families, assessing stock brokers on unrealized appreciation based on fluctuations, adding estimates of income when there is no evidence of any income, assessment of persons in the absence of past books on wealth basis, looking with suspicion Father admitting his major son as partner are some of the general complaints."

These are more or less the complaints from which the Calcutta assessee are also suffering. So, it is not true that Bombay is satisfied with the working of the Central Department and I think that when Sir Cowasji Jehangir speaks he will bear me out. One post was created, called the Director of Inspection. I do not know whether this post still exists. It was due to the person who was formerly a Director of Inspection that queer and strange methods of assessment have been and are being followed in the Income-tax Department, especially in the Central Department. I will relate with your kind permission a few of the vagaries indulged in by the Department in making assessments :

(a) Stretching and twisting the law and interpreting it always against the assessee despite the Privy Council's ruling that a fiscal law should be interpreted in favour of the subject;

(b) Making fishing enquiries on suspicion and imagination even when full facts have been placed before the officers;

(c) Treating divided persons as members of a Hindu undivided family, and carrying this injustice to such extremes that, even when persons have for years been assessed as divided, fresh attempt is made to treat them as members of a Hindu undivided family;

(d) Arbitrarily refusing to register or continue the registration of a firm, which in fact exists as such;

(e) Joining together the incomes of husband and wife when such decision enables the authorities to realise more tax, even when there is no evidence that the husband gave any property, directly or indirectly, to the wife;

(f) Disallowing expenditure, wholly and exclusively incurred for business purposes;

(g) Seeking to treat payments made to persons as fictitious, even in the face of correct Book entries;

(h) Treating duly audited accounts with scant respect while professing that duly audited accounts will receive due consideration;

(i) Calling upon assessee to produce Books of account, vouchers, etc., on trivial grounds even where audited accounts are submitted.

(j) Lightly calling upon assessee to produce even past years' Books of account, which have been examined and assessed;

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(k) Refusing to accept as correct entries in regularly kept books of entry as also explanations made by assessee, making cross references and verifications to a ridiculous extent in respect of petty transactions, and calling upon assessee to produce even those persons, with their Books of account, with whom the assessee have had any dealings;

(l) Making harassing enquiries as to why money was borrowed or lent by manufacturing and other concerns;

(m) When all particulars are furnished to the entire satisfaction of a reasonable administrator, still proceeding to make an estimate of the income to be assessed;

(n) Criticising and dilating on how the assessee should keep Books of account, in a manner different from the one the assessee are used to, and in a manner suited to the fancy of the officers;

(o) Calling upon respectable assessee, including ladies, to submit, on solemn declaration, a list of all their assets with the dates and prices of acquisition, item by item.

These are some of the complaints which have been enumerated. Now, Sir, it is the duty of the Government to administer the law in such a way, so that the panic which now exists in the mind of the assessee, both in Calcutta and in Bombay, may be removed and they may feel that equity and justice is being done to them.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

**Babu Baijnath Bajoria:** May I have a minute or two more.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): You have already exceeded your time by five minutes. I will allow you two minutes more.

**Babu Baijnath Bajoria:** Government should get its due share of income-tax. I have got no objection to that but, Sir, they should not twist the law. They should not harass the assessee. They should try to make a reasonable interpretation of the explanation which is given to them. After all, the assessee, especially the Indian assessee, I refer to the smaller ones, cannot be expected to have perfect accounts, in the same way as a big concern. After all the accounts are kept by the assessee so that they can understand the accounts and the position of their business. The accounts are not made for explaining to the income-tax authorities.

**The Honourable Sir Jeremy Raisman:** I submit that the Honourable Member having exceeded his time is not dealing with any new point. If it is the desire of the House not to hear what other speakers have to say and what I have to say, then I would submit that the time limit be waived, in which case there will be no need for me to reply today.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): I have given the Honourable Member two minutes more. He can go on.

**Babu Baijnath Bajoria:** If the Honourable the Finance Member thinks that I am not making any new submission and the House is anxious to hear what he has to say, I would rather like to hear him than to have myself heard.

**Pandit Lakshmi Kanta Maitra:** Sir, this Resolution reflects to the very acute sense of dissatisfaction prevailing amongst the assessee all over the

country against the administration of the income-tax law. It also embodies certain proposals as remedial measures which are very modest and eminently reasonable, to say the least of it. The Resolution has eight distinct parts. I believe the most important of which is part (6), that is to say, the recommendation which lays down "that the Income-tax Officers be not expected to realise tax according to a pre-determined budget". It seems to me that all the misdeeds of omission and commission of this department may be traced to this source. It is the fountain head of all abuse and maladministration of this Department. Sir, as a member of the legal profession, I have had occasions to come in contact with assesses and I know something of the working of this Department of the Government of India. I can say that nothing but a feeling of sheer disgust crept into me, as often as I have handled income-tax cases in my province. If a certain fiat go forth from the executive head of the Department that a certain amount has got to be collected, the officers who administer the law come to feel that in order to justify their existence they must, by hook or by crook, realise the amount budgeted for, and we can well understand how in such circumstances justice would be butchered and fair play cast to the winds. And that is exactly what is happening. Sir, the Honourable the Mover of this Resolution has referred to a confidential circular which was circulated to the Income-tax Officers. I will read one sentence from it which is very significant and it will throw a lot of light on what is actually taking place in the field of application of this law. In the body of the Circular occurs this precious sentence.

"The I. T. O.'s may be informed so that they will know what I expect them to collect."

So, the primary duty of those in charge of assessment, those who are in charge of the administration of the law, is to remember that they have got to find out the money that has been indicated to them by this secret Circular. It seems to me that the old French methods have been installed in the Income-tax Department of the Government of India. *Lettres de cachet* are sent to the officers on the spot in which they are asked to do certain things in accordance with the whims and caprices of the superior executives and not in accordance with the spirit or the letter of the law. Unless this is stopped immediately as an initial step, no other remedial measures will be effective.

From this I come to the other part of the Resolution, namely, the part which deals with the principle of judicial interpretation of taxing statutes. Sir, it is a well recognised principle of law that all taxing statutes should be strictly construed in favour of those who are affected by them. In other words, they are to be interpreted in favour of the subject. This is a principle which has been accepted and acted upon in this country for a long time in all the spheres of administration. But in the Income-tax Department there has been a violent departure; and here this rule of law is more honoured in the breach than in the observance. There are so many matters involved in this Resolution that it is impossible to do justice to even a portion of it within the time at my disposal. Various aspects of it have been dealt with by the previous speakers, but there is one other matter which, as a lawyer, I feel I must bring to the notice of the House. That is, the Income-tax Appellate machinery.

The Income-tax Appellate Tribunal ought to be an independent judicial Tribunal and not the mere travesty of it that it is today. In the last Session in the course of a speech, I casually observed that the Income-tax

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Appellate Tribunal was a farce and a mockery and the Honourable the Finance Member flared up and protested that I was making a reflection on a judicial body. I at once challenged his claim that it was a judicial body when he said that it was a *quasi-judicial* body. That was the status that was claimed for it. If the Honourable the Finance Member claims a judicial status for it, does it lie in his mouth or in the mouth of his Department to say that it should not be placed under the highest Judicial Department of the country? If the Appellate Tribunal is really intended to function as an independent and impartial judicial body, adjudicating the claims between the Government on the one hand and the assessees on the other, how can they assail the very reasonable demand that it should be placed under the authority of the Law Department of the Government of India or under the highest Tribunal of the land, the Federal Court? Why should such a body, professedly judicial, be under the complete authority and control of the Finance Department which appoints it? If the pay and prospects or the leave and tenure of service of the officers of the Tribunal are all dependent on the Finance Department, can such a body be naturally expected to discharge its duties impartially to the public?

My point is that the Finance Department cannot have it both ways. If you claim judicial character for it, then of course you must make it amenable to the highest judicial authority in the land or the highest law officers of the Crown. Besides, your contention is that you have never in any way interfered with the judgments, or tried to influence the decisions of the Income-tax Officers, the Appellate Tribunals or the Assistant Appellate Commissioners, then what is your objection to transferring it to the control of the Law Department of the Government of India or under the Federal Court? It seems to me that there is no getting out of this position.

Now, Sir, I will draw the attention of the House to a very recent case which appeared in the Press only a couple of days ago and which will throw a flood of light on the general attitude of the Income-tax Officers and the way in which the income-tax law is administered in this country. People who have a legitimate grievance against the Department, people who have been overtaxed or have been wrongly assessed or who believe that they have *bona fide* claims against the Department, feel that they are absolutely helpless today because the so-called appellate authorities are absolutely ineffective and they are, as a matter of fact, not designed to give relief which is sought of them. They have been simply set up as a sort of make-believe. In my opinion, these appellate provisions constitute a prodigious fraud on the law itself and the sooner they are scrapped altogether and the income-tax administration carried on by sheer executive degrees and fiat, the better for all concerned, because we will then know where we stand. In the case, I am placing before the House, the assessee was the Honourable Sir Iqbal Ahmad, the Chief Justice of Allahabad High Court. He was over assessed and his case was that he was entitled to refund of money wrongly assessed. He made an application to the appellate authorities. The matter was referred by the Commissioner of Income-tax to the Central Board of Revenue. He said :

"The claim of the petitioner is extremely belated and he should have put in his claim for the benefits of section 25 (3) during the course of the proceedings for the assessment year 1933-34."

The Commissioner's letter then went on :

"The petitioner, however, is a Judge of the Allahabad High Court, who sits on the Bench to hear income-tax references and as he obviously considers that he has a fair claim on the department, I do not think it would be advisable to refuse his request."

I am surprised that any man with a grain of commonsense, far less with any sense of responsibility, could have addressed a note like that in respect of a Chief Justice of an Indian High Court. Now, let us see what followed. Their Lordships who heard the reference in the Allahabad High Court observed that—

"This remark was open to the interpretation that if the application were refused the assessee might be expected in future to pass unfavourable orders on references by the income-tax authorities. If this was what the Commissioner meant, his observation would amount to a gross contempt of court and they would have to take action upon it."

My only quarrel with the Honourable Judges of the High Court is that they did not make an example of this officer, that they did not haul him up for gross contempt of court and award an exemplary punishment by which the Department would have been brought to its senses. The Commissioner was Mr. Mullan. The Advocate General, however, who appeared in support of the Income-tax Commissioner put a different construction on this remark of the Commissioner. Their Lordships observed:

"The Advocate General explained the observation as meaning that since the assessee was one of the Judges hearing income-tax references, his opinion was entitled to respect and should be deferred to." "If this was what Mr. Mullan, the then Commissioner of Income-tax meant, he expressed his meaning in singularly unhappy language."

Any comment from me is superfluous.

Their Lordships said that the assessee had admittedly been overcharged, he had a perfectly good case on merits, another Judge of this Court had obtained relief in similar circumstances and the assessee's application for relief was disallowed. The order of the Commissioner whether right or wrong, was an order 'otherwise prejudicial' to the assessee within the meaning of section 66 (2) of the Act. The reference was therefore competent. The Income-tax Officer had materials before him which should have put him on enquiry as to whether the assessee was entitled to relief under section 25 (3) of the Act. The assessee was entitled to his costs.

This case was fought on behalf of the Chief Justice by legal luminaries like the Right Honourable Sir Tej Bahadur Sapru and Dr. Kailas Nath Katju.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member's time is over.

**Pandit Lakshmi Kanta Maitra:** I will conclude immediately. Sir, if this is the way in which the highest judicial officer of the land is treated, if this is the kind of language which officers of the Income-tax Department can use about Judges in India, the House can easily imagine how ordinary assesseees in this land would be treated by the Income-tax Department. Unless these inquisitorial process, these Star Chamber methods in the Income-tax Administration are forthwith abolished and the whole atmosphere purified, it will spell disaster for the Indian assesseees in this country. Sir, I give my whole-hearted support to the Resolution.

**Sir Cowasji Jehangir:** Mr. Deputy President, this is not the first time in this House that the Income-tax Department has been criticised. Up till now, during my eleven years experience of this House, the House never took those criticisms very seriously, and I think they were perfectly right. But today, it must be admitted that from all parts of India you are getting criticisms of the Department of a character we have never heard before. It is not confined to one part of India or to one class of people. This criticism, I may say, is universal, far more severe than ever heard of before. There must be some cause, there must be some reason. We have been trying to assist the Government to reform the Income-tax Department. We have never refused any legislation, or any request made by Government to increase the efficiency of the Department, and to expand the Department. Further expenditure to improve the efficiency of the Department is in the hands of the Government themselves. I do not think there is anybody in this House who would be against improving the efficiency of the Department or against taking any measures for doing so. But when complaints come of harassment, of injustice, of inequitable treatment, I do think that the Honourable the Finance Member should look into this matter to see if the position cannot be improved and not treat these criticisms so lightly as Finance Members were accustomed to and the House was accustomed to treat them say five or seven years ago.

The second point in the Honourable the Mover's Resolution is about the Appellate Tribunals. We have not had sufficient experience of their work and I would be loth to criticise any man or any Government servant without knowing more definitely the experience that they have, the qualification they possess and other things. But taking it on a wide general principle, if this is to be a judicial inquiry as it is expected to be, it is certainly not right that the Finance Department or the Central Board of Revenue should have anything to do with their appointment or re-appointment. And the claim that this Tribunal should be under a High Court is, I think, a very legitimate demand.

**The Honourable Mr. M. S. Aney:** There is no demand to place them under a High Court.

**Sir Cowasji Jehangir:** It is suggested that it should be under the Federal Court, but I do not know if that is possible. Therefore, I mentioned a High Court and I would suggest the Calcutta High Court for all these Tribunals whether they work in Bombay or Calcutta or anywhere else. After all we are all human and if our re-appointment is in the hands of a body who is either the plaintiff or the defendant before us, it is only likely that we would be influenced by the fact that the plaintiff or the defendant has in his power the extension of our service. I know that they have been appointed on the recommendation of the High Courts and it was a very wise thing to have done. I will again repeat that I have nothing to say against these appellate courts and we have not had enough experience of them. They may turn out to be very good judicial bodies and give satisfaction to the public. But they are working under difficulties and I would ask that those difficulties be removed.

The third point that is raised is about these central commissionerships that have been brought into existence by the last amendment of the



Act. I happen to have been a Member of the Select Committee,—not that I can say definitely that I have any vivid recollections as to what exactly took place in the Select Committee on this point, but I would be strongly against Government repudiating undertakings given by a Member of Government on a previous occasion. It would undermine the very foundations on which Government is built. The word of an Honourable Member of Government, uttered in this House, should be as good as legislation, and we depend very often as to how a section should be interpreted on the explanation given of it in this House by the Member in charge of the Bill. In a remote contingency, even the courts of law have sometimes to consider what was said in the Legislature when legislation was being passed.

Now, I have a very short time at my disposal to examine the Select Committee's report and Sir James Grigg's speech. But let the House be reminded as to how that speech was made. Our Honourable friend from Sind, Mr. Lalchand Navalrai, moved an amendment that these Central Commissioners be not brought into existence as he thought that the Department was top-heavy, and he moved that the suggestion, endorsed by the Select Committee be omitted from the Bill. And in response to certain criticisms Sir James Grigg made a speech which, in short, was this; that they wanted the administration to be strengthened, that the Select Committee had pointed out that there was a great variance with regard to fines in the different provinces, that in order to get over that difficulty he thought it would be better to have these Central Commissioners, and also in insurance cases he thought co-ordination was necessary, and so on. He also said in his speech that he had given his reasons in the Select Committee for having suggested the creation of these posts in this Bill. So far as my recollection goes, what he said was correct, that he had given his reasons in the Select Committee. There was opposition in the Select Committee to the creation of these posts on grounds other than those given by my Honourable friends in this House, and to explain all this the Finance Member did give these reasons which he uttered in this House. He uttered them in this House in opposition to an amendment which sought not to bring these posts into existence. I see that Mr. Sheehy told the Chambers of Commerce that we should rely upon the Select Committee's report and not upon the speech of the Finance Member who was muddled. If any Finance Member was likely to be muddled it was not Sir James Grigg. A clearer-minded man we have not had on these Government Benches. I have differed from him and we have had cross words; we have muttered across the table language which cannot be repeated in this House; but as to his clear mind, as to his expression of what he really meant there can be no doubt. To come and tell us now that Sir James Grigg was muddled on any one occasion in this House in giving expression to his views is something I cannot accept.

Now, look at the Select Committee's report. All I find it says is this :

"The addition made to sub-section (2) of section 5 of the Act is intended to make possible the establishment at a central or headquarters station under the Central Board of Revenue of special branches for work of special difficulty or importance."

And what Sir James Grigg was defining in this House was special difficulty or importance. There is nothing in the Select Committee's report to show that Sir James Grigg was muddled or confused or that he was not giving expression to the right point of view.

[Sir Cowasji Jehangir.]

Now, I have nothing to say against Central Commissioners if that brings us more efficiency; and fortunately or unfortunately for myself, I am one of those who have, according to my Honourable friend on my left, been labelled as one of those committing a fraud, because I come under the Central Department too. All I stipulate is this; I want efficiency in these Central Commissioners, I want men who understand their business, I want men who understand the law. I do not want, in Mr. Sheehy's words, muddle-headed fools. I regret to say that we have not got the right class of men. It may not be possible to find them just now but we have not got that class of men, and I would apply to many of these Commissioners the term applied to Sir James Grigg,—“muddle-headed”. It is this muddle-headedness which is giving more cause for trouble than anything else. Certainly they have a desire to . . .

**The Honourable Mr. M. S. Anay:** The Honourable Member should address the Chair.

**Sir Cowasji Jehangir:** I am addressing the Chair. I may turn my head anywhere in the House but I am addressing the Chair.

I have no objection to these Central Commissioners, but the trouble is that they try to extract as much as they can and they go beyond the law and when it is pointed out to them, I am afraid they are incapable of understanding the law. And I can say one thing with some confidence, that in the opinion of the very best lawyers in India today the Department is administered in a manner which is not a credit to Government and I express that opinion not as my own but am repeating the opinion of some of the most eminent lawyers in India. They have read letters addressed to assesseees by those men and they wonder at their ignorance of the law. They try to interpret the law as they think it ought to be, not as it is, and they cause unnecessary harassment and unnecessary delay to Government.

On the very day I left Bombay, two or three days ago, I was talking to an English friend of mine—a very big businessman—who said, “Oh, you are going to Delhi. I wish you would wake up these Income-tax people to do their job a little more efficiently and quickly.” I did not realize that I would get an opportunity so soon after my arrival. Now, Mr. Deputy President, I will come to the fourth point.

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

**Sir Cowasji Jehangir:** Is it up? I will deal with it in two or three minutes. It is difficult to understand what it really means. What I presume it means is this: that the Income-tax Officers should honestly try to interpret the law as it is and should not put words into the law which do not exist and try to catch the assessee under an imaginary law. I have evidence on that which I will be pleased to produce—I am not going to make it public here as there is no necessity to do so. But that is the intention of the Department, to interpret the law different to what it is, different to what any judge would interpret it, in order to extract more from the assessee, and, as I say, I have evidence of that mentality. Now, what we want in the Income-tax Department, if we cannot get sufficient efficiency, is an honest mentality and that can be instilled from the top—an honest mentality, a mentality to do the right thing, a mentality to serve the Government and the assessee, a mentality which will result in

contentment both to Government and to the assessee. But a mentality merely to please the officers at the top by extracting more money by hook or by crook, a mentality that will not read the law as it is, that is a mentality that is to be discouraged and that is a mentality that has been encouraged in the Income-tax Department today. This is a wrong mentality and a mentality that can be corrected if the Government desired to do so.

We have heard of an official circular—I do not think that such a circular should have gone round—that “you must get another crore”. Get what is right. Do not let off anybody. Catch fraud and deal severely with those who commit fraud, but do not go on harassing those who, you know, are trying their best to interpret the law and to see that Government get their proper dues.

**Mr Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, in this House we have heard today some talk about discrimination, and I ask the House: “Is it something very extraordinary?” Haven’t you got experiences of discrimination. I submit it has been the rule of this Government of India to discriminate between Indians and the Europeans. Sir, I am not at all surprised over what my friend, Sir Abdul Halim Ghuznavi, has said, that there is much more discrimination so far as the Income-tax Department is concerned. I submit that it is not something very extraordinary. Are my friends surprised over this discrimination? If they are not surprised over this discrimination, they should not come out with such complaints. They should say: “Well, we have had our life experiences about such discrimination, and we now ask the Government to at once remove these discriminatory provisions and actions and words now, here and today, as we know what the conditions in India and outside are”. And I ask the Government to beware that this is the feeling of the House. Every Member who rises in his seat today says that there is discrimination between Indians and Europeans and if the Government think that we are wrong then they are, I should say, deaf; they are dumb; they are blind; they do not know what is happening in India. I ask my friends to remember that this discrimination is bound to go on till they attain freedom or till they attain self-Government. Sir, with these words of warning to my friends here I will come to the points about the Income-tax Resolution.

Sir, during the last October Session, while discussing an amendment to the Income-tax Act 1941—it was section 10 perhaps—on the 27th of October, the Honourable the Finance Member said that the effect of this amendment over the feelings of the assessee will be a soothing one. Were these words uttered without any meaning? What has the House seen today? From every corner of the House we find that there is no “soothing effect”. There is a regular rising against that amendment and against this Income-tax Act. Sir, if my friend’s words were correct, if he intended what he said, I will ask my friends today to see what the feeling in the House is. Well, it may be said that non-official Members create hullabaloo without any reason. It is wrong. It is not the non-official Members of this House alone. Here is a pamphlet of the proceedings of the joint meeting of the representatives of the Bengal Chamber of Commerce, the Indian Chamber of Commerce Calcutta, the Muslim Chamber of Commerce, the Marwari Chamber of Commerce and the Marwari Association, and they have issued a pamphlet which is in my hand. They say the same thing. So it cannot be said here today that it is only non-official

[Mr. Muhammad Azhar Ali.]

Members, who are representatives of the people of India, who are raising their voice about this Income-tax Act. I find from this pamphlet that the meeting was attended also by the Honourable Mr. Sheehy and his departmental people.

I am glad to find from the proceedings that Mr. Sheehy himself was sympathetic to a great extent. The replies he gave to the objections raised in the meeting were sympathetic. But this lip sympathy is not wanted: it is sympathy in action that is wanted. If our friend, Mr. Sheehy, was sympathetic, I say on the floor of this House that his Department and the income-tax Commissioners are not at all sympathetic to the assesseees in India. Their sole object, as has been stated by previous speakers, is not to work the Department in such a way as to create a soothing feeling in the country; and, therefore, I have risen today to speak on this Resolution. As for complaints in my province, fortunately I too have brought that very paper which has been read by my friend, Mr. Maitra, here today about the Chief Justice's claims, and I need not go into it again. But it does reflect very very badly on the working of the Department. If our friends on the Treasury Benches think that they can brush aside the opinion of High Court Judges and the opinions of Members of the Legislature, they are welcome to do so, but remember this is not the way in which a soothing feeling can be created in the country. These income-tax assesseees, what are they? Today they are the milch cow; today you are getting money from them; do you want to annoy them? Do you want to create a feeling against your Department? I would say that Government ought to be careful. I find in this very pamphlet that a very important gentleman in Calcutta, Mr. Khaitan, a member of this committee, said that at present it is desirable that good relations are maintained between the government and the public. I submit it was a very good and very friendly advice that he gave to Mr. Sheehy and his staff; but what we find is, just a few days afterwards this Resolution coming from Sir Abdul Halim Ghuznavi.

We used to hear in former days that when we Indians went to any government officials' house to see any official, we had to sit outside the bungalow and we had to remain standing outside the bungalow, and if luckily we were given a seat, it was in the verandah of the house—whether we were Members of the Legislature or Nawabs or Raises. It is that very practice that has been renewed by this Income-tax Department. I have learnt from many noble and big gentlemen who were paying thousands of rupees as income-tax of the way in which they are treated. They have to sit or stand under the trees: they have to wait day after day with their *bastas*, their account books and everything. Is this the treatment to be meted out to such a milch cow? I submit it is not. I would ask the Finance Member to issue instructions that these very gentlemen who go with their books and papers simply for inspection of the Income-tax Commissioner or Officer—several of them are very rich and respectable people—are not made to stand under trees. If they have a car they have to sit in the car for hours and hours and from day to day. I am not telling fibs, but if our friend, the Finance Member, will inquire from Mr. Sheehy himself I am sure he will support the statement I am making, that it was one of the complaints before him when he went to Calcutta to inquire into these complaints. I would ask the Government to take care that people are not harassed. Specific instances have been given by my friend, Sir Abdul Halim Ghuznavi and by other friends here, and so I need not go

into them; but I would say in the end that Government ought to stop this harassment of people from whom they expect thousands and lakhs of money.

Something has been said that this department ought to be placed under the High Court or Federal Court: it has been explained by Sir Cowasji Jehangir and others who followed him; but I would also say that generally the reply to any complaint is "You can go to the High Court in appeal." Is that correct?

**Dr. P. N. Banerjee:** That is only on a point of law.

**Mr. Muhammad Azhar Ali:** It may be on a point of law. But what do they do? If I go and make a complaint that your Department has done like this or like that, they will say "Go on appeal." This is not the lesson we want to learn from the Department; we know where to go on appeal and where not to go on appeal; but is this Department there simply to increase litigation in the country? I submit there is sufficient scope in other Departments to increase litigation; but if this Department where the government get their money from the public, exists merely to increase litigation in the country and to increase wastage of money, to the assessee, I submit it will not be a wise policy. That very money government can realise by way of assessment rather than drive people to go on appeal from one court to another court.

I am sorry that my friend, Mr. Maitra, when he took up that case of the Allahabad High Court, also mentioned the name of one Mr. Mullen, who is one of the officials of the Department. He was in the United Provinces then when he made those remarks about the Chief Justice of the High Court. Now, this is the very same Mr. Mullen himself who has created all this hullabaloo in Bengal. I submit that there is something wrong somewhere—either he is muddle-headed in his work, or somebody else is . . . . .

**Pandit Lakshmi Kanta Maitra:** Mr. Mullen would not have dared to make that observation if the Chief Justice had been a Britisher.

**Mr. Muhammad Azhar Ali:** He may or may not have done it, but I say this is the very same gentleman who created this feeling in Calcutta on account of which Sir Abdul Halim Ghuznavi has come before this House with this Resolution. So, the genesis of this Resolution is Calcutta and it has been created by Mr. Mullen. . . .

**The Honourable Sir Jeremy Baisman:** The Honourable Member is quite wrong. The commissioner in charge of this special circle is an Indian gentleman, not Mr. Mullen.

**Mr. Muhammad Azhar Ali:** He may not be the head of the Department; he may be a subordinate, but he was present when these proceedings were taken in Calcutta and Mr. Mullen was replying. But my inference is that he is the man who has created all this muddle. . . .

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member's time is up.

**Mr. Muhammad Azhar Ali:** As my time is up, I shall not say anything more at present.

**Mr. Husenbhai Abdullahhai Laljee:** Sir, after what my friends have said on this subject, there is very little for me to add; but there are a few points made by my friend, Mr. Chapman-Mortimer, and, I think, I should reply to them. There is nothing more left to be decided or considered now, as my friend suggested. Even now the distinction between Indians and Europeans exists in this country. Go to any Government office, go to any European business firm, and you will at once notice the remarkable difference made in treatment between Britishers and Indians. Though there are only a few remnants of Europeans left in this country now, this discrimination is still observed, and one does not know when even the small remnants of these Europeans will go from India before the end of the war, and yet preference is given to them in all matters. I will tell the House a small instance of what happened in the Income-tax office when I appeared before an Income-tax Officer seven or eight years ago. I was explaining to the Income-tax Officer my accounts, and just then a foreigner, but a European of course, sent in his card. Without waiting for the reply from the Income-tax Officer, the European came in and at once said: 'What do you mean by calling me a liar?' The officer in reply said that he did not call him a liar. Then the European said: 'My Babu brought the books to you, and you would not accept them; it amounts to calling me a liar'. I was quite surprised. The poor man, the officer, said there was no Babu who had come to him. 'I have come from Calcutta, and everybody who is employed in my office is called a Babu', said the European. But the Income-tax Officer again said: 'I did not call you a liar at all'. Then the European retorted and said: 'If you don't accept my statements it means you call me a liar. I specially employ lawyers and they know the law and the making of the accounts better than you know, and by not accepting my accounts you seem to think that they do not know their job; I am not going to pay you a copper more'. This is the attitude that is adopted by many of this class of people, and in spite of that they are given preference in all matters. Sir, I wish the Government Benches, and specially my friend, the Honourable the Finance Member, will now make it perfectly clear to the Income-tax Officers of his Department that it is due to the Indians that they should be given all regard and respect due to them. While I am on this subject, I may point out one thing more. Nowadays we find that the big bugs, as we call them,—with all deference to my friend, Sir Cowasji Jehangir,—I mean the big businessmen,—do receive better treatment, but middle class and people in the districts are not so treated,—and I represent seven districts in the Bombay Presidency,—and they are not being treated so fairly and justly, they are not being treated sometimes even as gentlemen, even though they be big businessmen or landlords. This is our main complaint. That is the reason why we have not got the sympathy of the masses of our people in our endeavours to do all that we think is necessary. It is this sort of callousness, it is this kind of ill-treatment, that is responsible for all this. Change your attitude towards the people, and a large part of the trouble will disappear.

Then, Sir, when the Indian assesses produce their books,—many of them being small traders,—do not know what exactly they have to show, and I think it is but fair that the income-tax authorities ought to take from them only as much amount as is legitimately due based upon their actual

volume of business. The Department should instil confidence in the minds of these people, they should help the people in putting their accounts in order and take only as much as is legitimately due from them. Sir, I have known of cases in which merchants have placed all the facts and figures before the Income-tax Officers, but in spite of the clear exposition of their accounts, some of the items have been disallowed. For instance, if a man has got a vehicle to go to his office or *pehdi*, the expenditure incurred on it is disallowed on the ground that he does not use it the whole day.

When with regard to the question of Appellate Assistant Commissioners and Appellate Tribunal, these people are now put on trial as it were. But, surely, these people can be put in such a position that they are not under the Inspecting Commissioner, or the Commissioner of that very Division. If that is done, then, surely, they can be expected to be more impartial or fair to themselves as well as to the assesseees. The example that Mr. Bajoria quoted is one from which one ought to take a lesson. If you get a note from the head of your Department, surely it is very difficult for one to brush it aside when an assessee's claim is adjusted.

Then, Sir, much has been said about what Sir James Grigg had said. I may frankly tell this House, and I admit it, that an understanding was brought about between Sir James Grigg and Mr. Bulabhai Desai, and later on Mr. Jinnah also joined. . . .

**Dr. P. N. Banerjee:** You acted as the broker.

**Mr. Husenbhai Abdullabhai Laljee:** You may call me a broker or anything you like, but I am proud to say that I was able to bring them together. What was the position then? My friend, Mr. Chapman-Mortimer, is not here, but I will tell you what the position then was. In the Congress camp, there are three divisions, one party, a large party of capitalists was going one way, there was another party which thought that they would be the future Government and they wanted to get as much tax as was possible for the provinces, and the third party was headed by Prof. Ranga and others who said 'fleece every rich man and let us become labourites and socialists'. Frankly speaking, at that time the large capitalist class who were after the Congress people made common cause with my European friends. They sat for days and days together for devising ways and means to see that any of the clauses which the Finance Member put in did not go against their interests. This is a fact which nobody can deny. Sir James Grigg was quite clear in his mind about what he had said, but he had to face such a great force, he had to deal with three classes of persons behind his back,—the capitalists, the labour and those who thought they would be the future government and that money should, therefore, come to the provinces, because the Government of India had given them the bait that the surplus from income-tax would go to the provincial revenues, and eight provinces of India were then under Congress Governments. Sir James Grigg said what he meant, and there is no meaning in saying that he had not intended this or that. Even a school boy now knows that the interpretation of the English language by Englishmen themselves is a wonderful thing, and therefore if my friend, Mr. Chapman-Mortimer, now says that Sir James Grigg meant this or that, it does not surprise me. I am glad that Mr. Sheehy openly said what he thought. It may be that he never agreed with Sir James Grigg, but it

[Mr. Husenbhai Abdullabhai Laljee.]

is certainly wrong on the part of Mr. Chapinan-Mortimer to suggest that Sir James Grigg did not intend this or that as if he did not know his mother tongue. As my friend, Sir Cowasji Jehangir, said, what is stated on the floor of the House is always stated after a great deal of deliberation and thought, and we accept the word of the Members of the Government Benches as good as law whenever they say anything in reply to our questions in the House.

Then we come to the Central Department in Calcutta and Bombay. . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): It is now four o'clock, and the House will take up the adjournment motion of Mr. Deshmukh.

### MOTION FOR ADJOURNMENT.

#### FAILURE TO PROVIDE ADEQUATE MEANS OF TRANSPORT FOR AGRICULTURAL PRODUCE.

**Mr. Govind V. Deshmukh:** Sir, I move:

"That the Assembly do now adjourn."

The object of my moving this adjournment motion before this House is to bring to its notice that inadequate arrangements of transport of agricultural produce have resulted in economic ruin of the producers, and particularly, short staple cotton growers. As the two Honourable Members for Commerce and Railways are sitting close together, I might clarify the situation. The price of an article depends on the demand for it as well as the means of transporting it in order to meet a particular demand at a particular place. At this stage I do not wish to deal with the demand for a particular article. I have dealt with that subject on previous occasions, and I will solely confine myself to means of transport of a particular article to the market place, on which also the price depends. In other words, I am not going to deal with that part of the subject with which the Honourable the Commerce Member is concerned, but with that part which deals with the means of transportation, the Honourable the Communications Member's Portfolio.

Having made that absolutely clear, I wish to emphasise the importance of this subject to the House. The majority of the people in India, about 75 to 80 per cent. live on land and the rest live on the agriculturist for their industries, and for their salaries. In other words, the Government is maintained by the agriculturist, so are the several industries maintained by the agriculturist. If you take this fact into consideration, the House will realise the importance of the subject and how important a factor agriculture is to the country. If the food products produced by the agriculturist are not transported, if there are no means of transportation, then the agriculturist does not get the price. The produce is lying with him and he cannot live on the produce alone, for he has to dispose of a certain part of the produce to educate his children, to look after the health of his family members; in other words, it is very vital to him that a very major part of his produce should be disposed of. If there are no means of transportation, of taking these products to the market, then certainly he has to go without them. They are the artery of his life,—these means of transportation. There is another side to it also. In case this produce is not taken



to the urban area where generally it is consumed, there are riots, there is a scarcity of the food produce. When there is scarcity, prices go up. Then there is the factor of dearness.

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

And there is such a clamour by persons who get fixed salaries, big or small, that they shout for price control. It has been my habit to say on the floor of this House that there should be no price control—I again say that there need be no price control if the railway authorities really take it into their head to carry this food produce to the urban areas or wherever there is necessity for the same, and there would not be much of a difficulty in solving the problems of urban areas, whether as regards price, or when there are disturbances, to put down those disturbances. As a matter of fact, there have been disturbances in certain provinces because of the food produce not going there, which I have already said is due to the lack of means of transportation and the dearness of price and scarcity of produce.

Having said that much, as there is very little time, I will now come to my subject proper, the short staple cotton. What was the position about short staple cotton? I have been impressing on the Government of India, and I impressed twice or thrice on the Honourable the Commerce Member, regarding the consumption of the short staple cotton. And he was very good to give his word, and he gave his word—that he in co-operation with his Honourable Colleague, the Supply Member, would try to get the short staple cotton consumed as much as could possibly be done. These are his words:

“I am in a position to state on behalf of myself and my Honourable friend, the Supply Member, that that has been done.”

In other words, steps have been taken to increase the consumption of cotton. It must be said in fairness, after that adjournment motion was moved in this House, the price of cotton did go up, and shortly after that, a communiqué was issued that 400,000 bales of short staple cotton would be consumed, that the specifications committee had come to the conclusion that they could very well by reducing the specifications required in several equipments of the army have 400,000 bales of cotton consumed. This was what the Honourable the Commerce Member with the help of his Honourable Colleague, the Supply Member, had done. But what was the result? You give by one hand and take away with the other. A promise was given, a declaration was made that 400,000 bales would be consumed, but there were no means of transportation. You say, “I will give you this”. Then somebody gets in and deprives me of the benefit that I would have got. I had asked in that debate whether it was possible for all the Members of the Government to bring about this result of increasing the consumption of the short staple cotton and saving the agriculturist, and, when a promise was given, whether it was on the authority of any individual Member or on the joint responsibility of the Government. I was told:

“The Commerce Department and the Supply Department are both considering this question. My Honourable friend threw some doubt on the question whether an assurance by an individual Member is equal to an assurance by the Government of India. I do not want to enter into the theoretical issue of joint and individual responsibility, but I can tell you that any Member from these Benches who gives an assurance gives it on behalf of the Government of India and no question of personal assurance can at any time arise.”

[Mr. Govind V. Deshmukh.]

This was the assurance, and where was the co-operation? The two Members, the Commerce Member and the Supply Member, acted in co-operation. My friend then addressed his colleagues as Honourable colleagues and his action was a gracious action. How am I to describe this action of the Government? Part of the Government gives me a gift. The other part non-co-operates and takes away the gift that was given. I can only compare this with a story which I heard in my boyhood days. A gentleman who was a priest went to his host, a big zamindar, who gave him sumptuous gifts. He said: "All right, you now go". The priest went away. What happened was this. He i.e., the zamindar, had instructed his men to go and loot him, i.e., the priest when he had crossed the boundary of the village, and the gifts given were brought back. This is the sort of thing that has happened in this case. Part of the Government gives me a gift. The other part takes it away. Here, the Railway Member takes it away. I do not know whether there is joint responsibility for each and every action. I hope in this particular action of depriving me of my gift, there is no joint responsibility of all the Honourable Members.

This is what I have got to say as regards the short staple cotton. Yesterday I put a question regarding the representative from the Central Provinces Government approaching the Great Indian Peninsula Railway representative. The answer was 'Yes' and when I asked certain questions I was told that wagons would be given, on the preferential treatment that long staple cotton was to be removed. The main contention is that Central Provinces and Barar grow short staple cotton. If any arrangement was to be made, arrangement should have been made to give wagons not for long staple cotton but for short staple cotton but what are you doing. You are not helping the agriculturist. You are saying that you are doing this and that but what have you done. You have given 22 wagons for long staple cotton and how are they enough to carry the whole of the cotton of Central Provinces and Barar. As I said, you have made it a condition that only long staple cotton would be removed therefore it follows that no short staple cotton bale can be removed from the stations, wherever it may be. As my time is up very nearly, under these circumstances, I submit that the Government is not acting fairly. It should help the agriculturist and I would ask my Honourable friend to take this fact into consideration that the agriculturists were hard hit for the last ten or twelve years. Owing to failure of crops, prices had very much gone down. They are on their very death bed. We want to do something to put life into them and if there is no support coming from the Government then what are they to do. These are the people on whom you rely for maintaining your army and for feeding and clothing the army. It is not an impossibility that some day these people may refuse to grow anything more than what is sufficient to maintain them and their families. Then whence will you get your food crops to maintain and equip the army? Consider this, that on your decision depends the life of so many agriculturists. Sir, I move.

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

"That the Assembly do now adjourn."

**The Honourable Sir Andrew GLOW** (Member for Railways and Communications): Sir, I am glad that the Honourable Member has raised this important question. At least it was an important question with which

he began to speak but he got quickly off that subject on to a minor branch of it, though not in itself without importance. The general question which he raised was that of the capacity of the railways to carry traffic from the agricultural areas to the markets. Now, I am sure he is himself aware that the railways are working at the moment under conditions of quite-unusual strain. The demands on them for various reasons have gone up in many directions and, particularly, for military traffic and for supplies. They have also had some rather unusual demands such as the demands placed on them in Calcutta one or two months ago. Now we have reached a position in which we cannot meet all the traffic that is offered and we have, therefore, to make such arrangements as we can to ensure that the capacity we have at our disposal is put to the best use.

The Honourable Member has, I think, confined his attention to railways and so I won't stray widely off that point. I agree with him that it is the railways that matter. There have been efforts by propagandists in various directions to convince the public that if we could only organise our transport a little better there will be no difficulty and everything will go on quite smoothly. Those who are familiar with the traffic conditions know that it is a complete error. The lorry service at the present moment can carry about two per cent. of the traffic which the railway carry. Although the amount might be capable of some increase, any increase that can be obtained there is negligible compared to the increase that improved running of the railways could secure if that is possible.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Has the shortage of petrol not affected the traffic by lorries?

**The Honourable Sir Andrew Olow:** It has affected the amount of road transport. Nobody said it has not.

Now, what is the proper and sensible thing to do? I never heard the Honourable Member make any suggestion as to the type of arrangements we should make. But I would like to refer to the type of arrangements we are making and have made and to come, lastly, to their effect on what is evidently dearest to his heart, namely, the short staple cotton.

Last July this question was considered by the Transport Advisory Council, and the general conclusion reached was that we should have co-ordinating Boards designed to secure a better use of our transport. The Boards were intended to be set up mainly at centres which are the headquarters of important railways because it is not of very great assistance to have Boards which are not in close touch with the Railway Administrations. These Boards have been set up and have been working in Lahore, in Bombay and in Madras. More recently I have seen that one is being set up in Bengal and I hope that there may be a fifth at some centre in the United Provinces. These Boards are designed to examine the various demands and to advise in what way we should apply our capacity. As the Honourable Member is aware, the Bombay Board dealt with the very question with which he was dealing at the conclusion of his speech, that of the transport of cotton from the Berars and the neighbouring districts to Bombay. Now, the conclusion reached was that in the position which has confronted us there was no comparative necessity to move more short staple cotton to Bombay, because the stocks there were adequate. The

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difficulty that faces the cultivator who is producing short staple cotton is that its market simply is not there. The war has removed a large part of it.

**Mr. Govind V. Deshmukh:** You give no wagons.

**The Honourable Sir Andrew Clow:** The market is not there and to ask me at a time when there is such a tremendous strain on our transport and when there are urgent needs of all kinds, military and industrial, to take a lot more short staple cotton down to Bombay is just like asking me to take a lot of short staple cotton to a desert and dump it there. There is no point in transporting goods if at the other end they are not required.

Now, I do not want to give the impression that we have not been transporting the agriculturists' products because I fully agree with the Honourable Member that it is one of the vital and most important functions that the railways can discharge. But actually during the last year we have not diminished the provision we have made for carriage of this character.

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhammadan Rural): May I interrupt the Honourable Member for a minute? Is it the case of the Government that there is absolutely no market for cotton in Bombay and as such there is no sense in saying that the railways have to bear the heaviest burden?

**The Honourable Sir Andrew Clow:** The fact is that for short staple cotton, the cotton of the type that my Honourable friend, Mr. Deshmukh, has in mind, there is an extremely limited market in Bombay. Its market to a large extent was abroad and it has been lost. Even if there was a limited market there are more imperative needs in Bombay, such as the carriage of foodgrains.

Now, let me return to the point that I was making, that is the extent to which we have carried certain classes of commodity in the last year. I have here the figures for wagons supplied from 1st of April last year to the 20th of January this year. I find, for example, that in respect of cotton the number of wagons supplied in that period was four per cent. more than in the corresponding period of last year.

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): Short staple cotton?

**The Honourable Sir Andrew Clow:** All cotton. In respect of oil seeds, it was 13 per cent. more and in respect of grains and pulses it was about 1 per cent. more. The distribution has not been identical. It has gone up on the metre gauge lines.

**Mr. Govind V. Deshmukh:** When you say 'last year', do you mean to say April 1940 to April 1941?

**The Honourable Sir Andrew Clow:** I am comparing roughly the ten months which ended a few days ago with the corresponding period of the preceding year. If the Honourable Member would like to take the broad gauge separately—and that is, of course, important from his point of

view—, then in cotton we have transported one per cent. less on the broad gauge than in the preceding year, grains and pulses two per cent. less and oil seeds six per cent. more. Now, at a time when we have had to meet extraordinary demands for traffic of other kinds I think that is an extremely good record. I believe that on the Great Indian Peninsula Railway they have been carrying roughly 90 per cent. of the cotton they carried in the preceding year.

I would appeal to the Honourable Members to realise that we are doing our best to meet the demands, but if the demands are more than we can meet we have to exercise selection and we are trying to do that as best as we can and with the assistance of the Provincial Governments in the interests of the country as a whole. I do not believe that the transport of this particular amount of short staple cotton to which Mr. Deshmukh has especially referred at the time he has in view was a demand which ought to have been given priority.

**Sir Abdul Halim Ghuznavi** (*Dacca cum Mymensingh: Muhammadan Rural*): Mr. President, Sir, from what I have heard from the Honourable the Mover I understood that he was anxious to help the short staple cotton growers and therefore he asked the Honourable the Communications Member to place more wagons to carry short staple cotton to Bombay. Am I correct? Is that the position?

**Mr. Govind V. Deshmukh**: That was one of the points.

**Sir Abdul Halim Ghuznavi**: My Honourable friend knows that the short staple cotton market was Japan and since Japan has come into the war, there can be no export to Japan of short staple cotton. Therefore there will be no remedy even if the Communications Member could afford to let my Honourable friend have more wagons to carry short staple cotton to Bombay.

**The Honourable Mr. M. S. Aney** (*Leader of the House*): May I just correct the impression of my Honourable friend, Sir Abdul Halim Ghuznavi? The usual practice of these purchasers is that they purchase in the local market and the purchasers send those commodities by train to the Bombay market where it is held by the middlemen later on. So, there was a demand for the short staple cotton if it was possible for the purchaser to send it on to Bombay where he could have sold it to somebody else. The difficulty was of that nature. As there was no possibility of getting wagons, the person who wanted to purchase the short staple cotton would not go for it because the commodity would have remained there for a long time. That was the difficulty which my friend, Mr. Deshmukh, wanted to explain.

**Sir Abdul Halim Ghuznavi**: It boils down to the same thing. My friend's remedy is not more wagons to carry the short staple cotton to Bombay but his remedy is to press the Communications Member here that he should issue forthwith a communiqué that he is going to purchase short staple cotton because there is no longer the market for that type of cotton and that he should expedite that scheme and purchase it on the spot and keep it there. That is his remedy and not that the Communications Member should give more wagons to carry short staple cotton to Bombay and simply dump it there as there is no market for that cotton in Bombay.

**Mr. Husenbhai Abdullabhai Laljee** (Bombay Central Division: Muhammadan Rural): Sir, a lot has been said and it is true that short staple cotton was being exported greatly to Japan. Sir, it is also a fact that short staple cotton has been very often and in a large proportion used by the mills in Bombay. I am sure that the ex-President of the Bombay Millowners Association who happens to be on the Treasury Benches will agree that a good quantity of short staple cotton was being used in Bombay mills and could be used in Bombay mills when the yarn rates were better. Now, Sir, the position is this. Fortunately, the past President of the Millowners Association happens to be also the Honourable Member for Supplies and he is purchasing a good quantity of piecegoods and cordage made out of short staple cotton. A number of mills in Bombay are thus well-fitted for using short staple cotton. The mills in Ahmedabad are not so well-fitted. The question has been that no short staple cotton in large quantities was available in Bombay. I am sure, Sir, that the millowners who are making now huge profits over the yarn and not over piecegoods will turn their attention to this if large quantity of ready stock will be available to them.

**An Honourable Member:** Are the Bombay mills making huge profits?"

**Mr. Husenbhai Abdullabhai Laljee:** At the present moment, it is a fact and it cannot be denied that certain of the mills in Bombay as well as in Ahmedabad are anxiously going in for spinning, a thing which has happened after 25 years because the margin is very great and because of the fact that short staple cotton which they wanted is of limited quantity available now in Bombay and they can demand as much price as they like. If one were to study the proceedings of the conference that took place recently convened by the Honourable the Commerce Member with regard to yarn rates, one would find that to the great disappointment of handloom weavers, the Honourable the Commerce Member could not put any control over yarn rates. I say, Sir, this is the time when short staple cotton could be brought down to Bombay and such other centres in which mills could produce yarn in large quantities. Then it would be in the interest of the handloom weavers as well, it would be in the interest of cotton growers, it would be in the interest of Government who want large supplies because they would get cheaper. The question is whether we can bring this about without sacrificing the great need of war requirements. The only question is to bring down short staple cotton to centres where there are coarse count mills. Not having short staple cotton, the industry is at present making huge profit on what they have but they would reduce margin if cotton is available. They make profit for two reasons, firstly, there is big demand and, secondly, the quantity of cotton available in Bombay is small. In addition they know that motor transport is not available, that railway wagons are not available and certainly above all the speculators and other stockist businessmen take great advantage of this. If short staple cotton could be steadily brought in, I think it would be to the interest of all concerned.

**Mr. Jamnadas M. Mehta** (Bombay Central Division: Non-Muhammadan Rural): Sir, I do not think that the real intention of this motion for adjournment is to pass any vote of censure on the Government, but it is to bring in a pointed manner to the attention of the Government the extreme inconvenience and the economic loss which is occurring as a

result of the shortage of transport. The House is aware that the pressure on the Railways on account of war requirements is so great that every consideration should be shown to Government in trying to adjust the requirements of the army on the one hand and the civil population on the other. Some friends here and the public in general are under the impression that it is the shortage of wagons that is primarily responsible for the present condition. The Honourable Member for Communications will agree that it is not so. He will agree that he can bring any number of wagons to a given place if operational difficulties were not in the way. It does not merely depend on the number of wagons you have got, but it depends also on whether you can bring and operate these wagons on congested lines. After all the railways have got only one or two tracks and if that is congested you cannot move the same amount of transport whatever may be the available number of wagons or carriages. In addition to the demand for wagons, the demand for every other transport is so great that operational difficulties come in the way. That aspect of the problem is not present in the minds of the public. I am of opinion that much more can be done to remedy this state of affairs than is done now. Nobody disputes the adverse result of the present shortage of transport on the economic life of the country. After all it is the primary condition even of war effort that the continuance of civil life of the community should run as close as possible to the normal. If the civil life is paralysed, war effort will considerably suffer. Therefore, even in the interest of war effort, it is absolutely necessary that the closest possible attention should be paid to the need of the civil population consistently with providing the army with all they need. The question therefore is whether adequate attempt is made or is not made so far as the needs of civil life is concerned, consistently with the requirements of war. I say, Sir, much more can still be done. For instance, all the race specials should be cancelled. Why are race specials necessary in these times when they strangle the civil life of the country. In Bombay I notice that the race specials are going on normally. Why should the race-going gentry be allowed to choke the normal economic activity of the country. They should be put off the track. I would therefore earnestly invite the attention of the Government that all over the country race specials should be stopped to make room for other traffic. The wagons being there, they cannot be moved partly because race specials choke the track. I therefore suggest that Government could do much more than they have done already. They should abolish the race specials during the continuance of the war. What are these race specials for? They are supposed to improve the breed of horses; but thereby the breed of men is deteriorating.

**The Honourable Sir H. P. Mody** (Supply Member): But that is no fault of the horses!

**Mr. Jamnadas M. Mehta**: I think the Honourable the Supply Member must be one of the stewards of the Bombay race course. I do maintain that every race special should be abolished during the continuance of the war and see what its effect is on the improvement of transport facility.

The next point is that all saloons for officials who do not require them, except as necessity for war, should be stopped. One man travels in a big saloon singly, while the space occupied by the saloon can more profitably be used by having a goods wagon carrying 50 tons of supplies.

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Therefore, I suggest that while the number of saloons cannot altogether be abolished they must be seriously curtailed, as much as possible. That is my second suggestion.

The next suggestion is that as soon as these wagons are released or these other transport facilities are released, they should be moved as often as possible not merely on paper advertisements, but with the closest attention to the needs of the peoples where they are required. My Honorable friend, Mr. Deshmukh, has pointed out the difficulties of the cotton growing people, but they are not the only people. I speak of the irrigation tracts in my constituency. What is happening there is that thousands and thousands of acres of land are under irrigation producing sugarcane. Many of the peasants who grow sugarcane manufacture it into *gur*. Now what has happened is that *gur* traffic is choked. I have received more than one representation signed by Associations of merchants who tell me that they have produced and manufactured *gur* worth lakhs of rupees which they sold out to merchants in Gujarat. But from Ahmadnagar and Sholapur they cannot get transport to markets where they have contracted to sell the *gur*. What is the result? The result is that this *gur* remains where it is, the prices go down because the goods are not cleared. The manufacturers do not get cash for it, they cannot pay the labourers who manufacture the *gur* or who grow their sugarcane. The Irrigation Department in the Bombay Presidency demand irrigation dues from these very people who have got markets where they can sell but for want of transport their *gur* cannot go. Their money is not realised, they cannot pay to the Irrigation Department who charges a heavy penalty, many of these workers who grow sugarcane and manufacture *gur* are the landless labourers who live on the wages they can get if the *gur* is sold and money realised. So every section of the community is harshly affected by this shortage of transport. The grower of sugarcane is in difficulty, the manufacturer of *gur* is in difficulty, the merchant who acts as a middleman is in difficulty, the landless labourer whose living depends upon the movement of commodities goes without a day's wage, and the Provincial Government pounces upon these growers of sugarcane for their irrigation dues which the peasants cannot pay because the *gur* which is manufactured does not get transport.

These are plain facts and if the civil population is throttled in this manner, where will Government find the people who will finance the war? The civil population is the foundation of it, and therefore in my humble opinion Government must make a further and more determined effort in the interest of protecting the primary producer. Finally the consumer has his own grievances on account of this acute shortage; the middleman, the actual retailer, gets the opportunity of his lifetime. The price of ordinary domestic coal goes up double, rice goes up very high. The price of *gur*, where it is grown and cannot get transport, goes down; where it is wanted and does not go, the price goes up. The agricultural economy thus goes out of gear as a result of the acute shortage of transport. It is with the object of drawing attention to the very serious economic position in the country that I support this motion of adjournment, not in the spirit of censuring Government but with a very serious and earnest request that they will bring their energy to bear in a far more serious manner on the question of transport than they have hitherto done.



**Maulana Zafar Ali Khan** (East Central Punjab : Muhammedan): Sir, I lend my cordial support to this motion. It is a fact that five hundred thousand villages throughout India are the real habitation of the vast population of this country. Comparatively few live in the cities; it is the people in the villages who by the sweat of their brow produce the wealth which has made this country as great and as glorious as it is. They are faced with a great economic difficulty, and how is it to be removed? The main question is the lack of transport for carrying agricultural produce from the rural areas to the urban areas. The means of transport are,—railways, lorries and buses. Unfortunately, there has been a tremendous strain, as the Honourable Sir Andrew Clow has pointed out, on these means of transport owing to the war. The war-fiend is dancing at our very door and the trouble is coming nearer and nearer. We appreciate the troubles of Government. Had the times been normal perhaps there would have been no necessity of this discussion being raised, but we are living in abnormal times. On the railways many services have been stopped and very few wagons can be placed at the disposal of the producers of agricultural wealth to remove their produce from one place to another. Comparatively very few buses are run owing to the rationing of petrol. What are we to do under these conditions? There was a time in olden days when there were no railways and no buses or lorries, and people were more prosperous then. Those were the days of the bullock carts. We can go back to the bullock carts. But I want to make one suggestion; my Honourable friend, Mr. Mehta, has made three suggestions and I will make a fourth. If owing to lack of transport it is not possible for Government to help the villager in carrying his produce from the villages to the market, it is the duty of Government to buy up that produce. For instance, 400,000 bales of short-staple cotton are lying in some parts of the Central Provinces awaiting removal to Bombay; and if it is not possible for Government to remove that cotton to Bombay they should buy it up. We have seen this done in Egypt where all the cotton crop was bought up. All these cotton bales can be bought up here, and the money is very easy to get. England and America talk in billions and in astronomical figures. You can borrow 50 crores of rupees. You who roll in riches can find plenty of funds when your own objects are concerned. For instance, only the other day Mr. Churchill announced in the House of Commons that 55 million pounds were sanctioned for raising the pay of the British soldier, on the plea that the British soldier, poor fellow, was fighting on the battlefield alongside the Australians and Americans who get three times as much. When you can pay 55 million pounds in the twinkling of an eye for the soldiers, why not do it in the case of the agriculturists here? Why not at least raise the pay of the Indian soldier? In point of efficiency, heroism and fighting capacity he is much better than the Australian or the Chinese. It would be in the interest of Government, as I said, to buy up the agricultural produce lying somewhere in the rural areas which cannot be removed to markets owing to paucity of means of transport. If you do not come to their help I will have to call upon the poor villager to go back to the old days when he used to travel in *chakkars* and bullock carts. Sir, I support the motion.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, the course that this debate has taken makes it necessary that I should intervene with a very short statement. I would not have taken part in

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this debate if the adjournment motion had concerned itself purely with the problem of transport, but various observations have been made about particular commodities in the course of the debate, and it is, therefore, necessary that I should explain the position of Government. The question of transport itself has been engaging the attention of Government, and the Honourable the Communications Member has pointed out the very grave difficulties that have arisen during recent months. It is partly a question of the wagon, and even more of power, not being able to cope with all the demands that are made on it. Under those circumstances the best that can be done has to be done, and I am certain that the Communications Member, ably assisted as he has been by the advice of the Railway Board and of various transport authorities that have since been constituted, will do the best that is possible.

Now, Sir, reference has been made to particular commodities, and specially to short-staple cotton. One point I should like to make quite clear is that there is no question of there being any shortage in the Bombay mills or round about Bombay for that type of short-staple cotton which used to be exported from the Central Provinces and Berar through Bombay to Japan. Let there be no misapprehension on this issue that for want of that type of cotton any other type of cotton is being used by any of the mills. I gave the assurance, after consulting my Honourable colleague, the Supply Member, that the specifications of the Supply Department will be diluted, as far as possible, and that a greater intake of what may be called a very low short-staple cotton, or as it has been more colloquially termed in the textile dictionary "orphan cotton", shall be made possible. That assurance stands, but though it is not possible here and now to estimate actually the exact quantity of short-staple cotton that will be used, it will be considerable. Every effort is being made to use that, and I have no reason to believe that for want of this short-staple cotton, any of those experiments in dilution of specifications are being held up or that there is any shortage of this type of cotton for the mills. Therefore, my Honourable friends can rest assured that the transport problem to Bombay does not enter into the question of the amount of short-staple cotton that is being moved from the Central Provinces to Bombay. There are other reasons why—but I do not want to go into them—there are other reasons why there has been some amount of agitation in certain quarters for the movement of low short-staple cotton. The plain fact is, as has been observed already, that much of this low short-staple cotton used to be exported to Japan. That export has stopped. Bombay was merely an interim port where it was collected and exported. Now, when that export has been stopped, there is no purpose in accumulating all this low short-staple cotton in Bombay beyond that which could be consumed in the mills, even under the dilution scheme. There is no cotton to accumulate in the Bombay island.

**An Honourable Member:** The stocks are very low.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Our information is the reverse; stocks are quite adequate. If, at any time, it is proved to the satisfaction of the Commerce Department that the stocks are not sufficient for the mills to use then I am perfectly certain

that our approach to the Communications Member will meet with satisfactory results. I can give that assurance that if any mills at any time feel the shortage and can prove that, the Communications Member will help them, as far as possible.

Sir, as the price of low short-staple cotton, as has been raised I should like to make the position quite clear. This morning, in answer to a question I referred to an ordinance that has been issued. That Ordinance doubled the rate of duty on cotton imported into this country. The doubled portion of that duty is meant to be kept as a separate fund and not mixed with the general revenues of this country. That fund will be utilized for helping the grower of the short-staple cotton, whether in the Central Provinces, Berar, or any other areas—*Desi* cotton it is called in many of these places. I also made it clear that we are not going to wait for this fund to accumulate but we are prepared—in anticipation of that fund developing,—to use our resources, should it become necessary, for governmental operations. If it is not possible to move this cotton to Bombay for the purpose of consumption—and that cotton may have to be otherwise disposed of, probably by purchases—Government are considering proposals in that direction. We have invited the representatives of the East India Cotton Association and the Indian Central Cotton Committee—two bodies who are experts in handling all questions relating to cotton, its disposal and other matters connected with it—to meet early next week, so that after we have had a discussion with these expert bodies we shall come to final conclusions as to what methods Government should employ to relieve the situation so far as the cultivator of short-staple cotton is concerned. I have also had the privilege of consultations with representatives of various State Governments at the end of last week and though we have not come to the conclusion that a certain rigid percentage of acreage should be reduced by legislative measures, I am fairly satisfied that representatives of all the Governments have agreed that drastic reductions in the area of cultivation of short-staple cotton will be put into operation, and that means that that shortage will come into operation from the next crop the sowing for which begins somewhere in April or May. It does not mean, I should add, that the cultivator will not have any other crop to grow. We are examining the question of alternative crop not merely of long-staple cotton which can only be substituted over a small area, but the question of other food grains which can suitably be grown on lands which have hitherto been under low short-staple cotton. What further help the Government can give is a matter which is now engaging the attention of the Government of India.

There is one last point that I should like to refer to. Honourable Members are very anxious about the position of the agriculturist. We are all anxious to help them, but Honourable members, even more than the Government, could help the agriculturist in one particular way. What is the meaning of this precipitate fall in the prices of short-staple cotton, and cotton generally? There is some bad news from the Far East and the market tumbles down; 20 points down today, another 15 points tomorrow, and so on. What is it due to? There is nothing inherently wrong in the economic situation of this country which justifies the tumbling down of these speculative markets either in Bombay or elsewhere. Let me say it distinctly, with the help of the advice which I have received from those experts who are in a position to give that advice to me, that there is nothing inherently wrong in the economic

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situation of the country today that justifies the precipitate fall that has taken place in the prices of some of these commodities. They talk of bulls and bears. I have not adequate knowledge of these gentlemen, but that is the trouble. What is required is that we must have patience, we must have a little more of faith and confidence, faith in ultimate success whatever temporary disasters may overtake us, whatever bad news may come now or within the next few days. If we have that faith, as I believe, all of us have, and translate that faith with reference to every one who comes into contact with us, establish that feeling of faith, we shall do something actively to help the agriculturist with reference to the prices that he can get in these markets. It is so easy to be defeatist in mentality and the bear who wants to press down the prices irrespective of the consequences to the agriculturists starts these rumours, emphasises these rumours, and the prophet of woe is always in a better position than the prophet of meal. It is these prophets of meal who are wanted and it must be the object of everyone of us who has got the real interest of the agriculturist in his heart to translate the faith in us, that no matter what happens and no matter what evil news may come within the next few days, ultimately, the cause of the righteous must triumph and it is that which will help the agriculturist more than any measures that Government may take and Government, I repeat, are prepared to take whatever measures are possible in the interest of the agriculturist.

**Mr. Govind V. Deshmukh:** Sir, I am very glad that the Commerce Member has taken part in the debate. As a matter of fact I had reserved part of the argument to which he has referred in his speech for another motion of which I gave notice. As a matter of fact, to start with, I divided my subject in two parts: the demand for the produce of agriculturists, that means the consumption of the produce, and the means of distribution, and I said I would confine myself to the methods of distribution and not deal with the other part—I have already tabled an adjournment motion on the other part, and my friend has forestalled me by issuing a communiqué today, and having an Ordinance a few days before—after he received my adjournment motion; I am sorry for it. I had referred on the last occasion to the purchase of Egyptian cotton by the British Government and what Burma had done for its crops, and I was very satisfied that he gave me a promise and thereby lifted up the price of cotton by a few rupees immediately after that adjournment motion was moved. Other factors came into existence. Having dealt with some of the points—and I hope I will get an opportunity to deal with the subsequent portion of his speech at the next adjournment motion, I will refer in the rest of my speech to the other two Sirs, Sir Andrew Clow and Sir Abdul Halim Ghuznavi, who have advanced an argument in team. What is that argument? They thought they had secured a victory over me—they said there was no demand during the last ten months. Well, it is a very easy matter to refute them. . . .

**The Honourable Sir Andrew Clow:** I did not say there was no demand in the last ten months.

**Mr. Govind V. Deshmukh:** May I know then what exactly you said?

**The Honourable Sir Andrew Clow:** I said that the demand was very limited.

**Mr. Govind V. Deshmukh:** I have not heard what the limitation was from the Honourable Member, whether he meant that it almost amounted to no demand. My friend who heard him and followed him and joined hands with him said there was no demand. This adjournment motion relating to consumption of cotton—short-staple—was moved on the 27th October, 1941. In the month of January, 1942, or very nearly the end of December, 1941, there was a communiqué that the specification committee had come to a decision that 400,000 bales of short-staple cotton would be consumed. How did they come to that conclusion? There was a demand created. The thing is that they can do it. There was the short-staple cotton here lying; the only thing required was that the means of transportation were required to take this to the other places where it could have been consumed. I hope my friend is now satisfied that there was a demand. Otherwise you may say that the Honourable the Commerce Member created a hoax and that we were taken in. I am not prepared to go to that extent. I believe him.

**Sir Abdul Halim Ghaznavi:** I said only there is no demand now.

**Mr. Govind V. Deshmukh:** How has it disappeared—this demand for 400,000 bales? I may say that you advanced no new argument. The loss of Japan as a customer for short-staple cotton was brought about as a result of the freezing of the Japanese assets and because short-staple cotton could not be sold to a customer with whom we are at war. But then, even though we lost the Japanese customer there was this customer; the Government of India had created a demand for us by saying that 400,000 bales would be consumed. . . .

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I may point out that the 400,000 bales, which was itself an estimate, was the demand over the period of a year, and in all centres of textile industry in India—not in Bombay alone.

**Mr. Govind V. Deshmukh:** True; but what I am saying is, here is a centre of short-staple cotton in the Central Provinces. Wherever the demand may be, why can't you arrange to remove it from this place? There are 400,000 bales lying here before this demand all over India arose. Why not arrange means of transportation?

As regards transportation—I have to hurry as I have only fifteen minutes to speak in—there are three means—railways, motor lorries and bullock carts. I do not say that this exigency has not arisen because of the war—when I was arguing, I had that before me: you have cut off petrol and so the motor lorries could not be run; otherwise they could have carried the goods. These goods have to be carried, when purchasers come to the different places in the Central Provinces and want to remove them to different places, Bombay, etc., there are no means of transportation and so they are reluctant to buy, there are very few factories in the Central Provinces or Berar for oilseeds or for short-staple cotton. You have cut off petrol, you have commandeered the buses; you have done everything possible to hamper movements of crops which the agriculturist could have disposed of in different places through the buyers from outside places.

[Mr. Govind V. Deshmukh.]

So far as bullock carts are concerned, we have been so accustomed to this new means of transportation that we have forgotten all about the bullocks. Every agriculturist is reduced to such a penurious condition that he can hardly maintain his bullocks. Look at the condition of the bullocks! The agriculturists thought that the Government had arranged means of transportation for them in such a way that they will go on for ever. They are now going on anyhow; but how long will they go on and to what extent they will be curtailed, I cannot say. So let us take this fact into consideration and so far as the roads are concerned, how can the road be used as it is and for long distances by the agriculturists in their present condition? It cannot be used for long distances. All these factors have to be taken into consideration while deciding whether the case of the agriculturist is strong or not; and I submit it is very strong. Let us remember this, that we are not growing now short-staple cotton to the extent we were doing before. The agriculturists have taken lessons because of the times. A point was made by the Honourable the Commerce Member that attention has been drawn to growing other crops. As a matter of fact, I may read from what transpired at a conference on the 26th January in my province: there is a statement by the Government that it has been reduced, the short-staple cotton area, by 50 per cent. If it has been so reduced, certainly the land has been sown with other crops. I will deal with this point when I get an opportunity.

My friend, the Honourable the Commerce Member, has always characterised my speeches as very bitter. Once the Honourable the Commerce Member said to me when I moved my first Resolution that I had made a very bitter speech. . . .

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That is not 'always'. That bitterness has been forgotten.

**Mr. Govind V. Deshmukh:** I am very glad that he has forgotten it. Anyhow it has had a very salutary effect in this way once because it did raise the prices of cotton; and I am taking advantage of the fact that he gave an assurance that he would like to hear the voice of the agriculturist on the floor of the House as often as he could. He said he very seldom heard it. I give him my promise that he shall hear it as often as I possibly can and I hope he will be satisfied. Last time he said that he would not like to leave the agriculturist in cold storage. I hope he will remember it and put him in a warmer place where his blood can run profusely with the help of plenty of nourishment and sustenance.

**Some Honourable Members:** Withdraw the motion.

**Mr. Govind V. Deshmukh:** The Honourable the Commerce Member has given me an assurance, but I have not been given any strong assurance by the Honourable the Communications Member. That is my difficulty. .

**The Honourable Sir Andrew Clow:** What kind of assurance do you want?

**Mr. Govind V. Deshmukh:** I want an assurance from you to the effect that you will give us wagon for short-staple cotton. I have taken my

Provincial Government to task for sending their representative to the conference held here and for taking 22 wagons for long-staple cotton, for which we do not care. My question is, why is this kind of preferential treatment given? With whom did the proposal emanate? Did it emanate from you or from the representatives? Did it emanate from the Provincial Government or from the railway authorities. When I asked these questions, my friend said that the discussions of the Railway Board could not be disclosed. I wanted that information, and I put in several questions, because this is a subject in which I am keenly interested, and unless I get a promise from the Honourable the Communications Member that he will supply sufficient wagons for short-staple cotton, I am in a very difficult position to decide whether to withdraw this motion or not. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not bound to withdraw it, if he does not like to do so.

The question is:

"That the Assembly do now adjourn."

The Assembly divided:

#### AYES—17.

Abdul Ghani, Maulvi Muhammad.  
Azhar Ali, Mr. Muhammad.  
Bajoria, Babu Baijnath.  
Banerjea, Dr. P. N.  
Chattopadhyaya, Mr. Amarendra Nath.  
Datta, Mr. Akhil Chandra.  
Deshmukh, Mr. Govind V.  
Ghiasuddin, Mr. M.

Lalchand Navalrai, Mr.  
Laljee, Mr. Husenbhai Abdullabhai.  
Maitra, Pandit Lakshmi Kanta.  
Mehta, Mr. Jamnadas M.  
Murtuza Sahib Bahadur, Maulvi Syed.  
Neogy, Mr. K. C.  
Raza Ali, Sir Syed.  
Sant Singh, Sardar.  
Zafar Ali Khan, Maulana.

#### NOES—31.

Aiyar, Mr. T. S. Sankara.  
Aney, The Honourable Mr. M. S.  
Bewoor, Sir Gurunath.  
Bhandarkar, Mr. K. Y.  
Caroe, Mr. O. K.  
Clow, The Honourable Sir Andrew.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur Captain.  
Dehejia, Mr. V. T.  
Dumasia, Mr. N. M.  
Ghuznavi, Sir Abdul Halim.  
Gidney, Lieut.-Colonel Sir Henry.  
Gopalaswami, Mr. R. A.  
Ikramullah, Mr. Muhammad.  
Imam, Mr. Saiyid Haider.  
Jehangir, Sir Cowasji.

Khurshid, Mr. M.  
Kushalpal Singh, Raja Bahadur.  
Lawson, Mr. C. P.  
Maxwell, The Honourable Sir Reginald.  
Miller, Mr. C. C.  
Mody, The Honourable Sir H. P.  
Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.  
Pillay, Mr. T. S. S.  
Prior, Mr. H. C.  
Richardson, Sir Henry.  
Scott, Mr. J. Ramsay.  
Spence, Sir George.  
Stokes, Mr. H. G.  
Sultan Ahmed, The Honourable Sir.  
Tyson, Mr. J. D.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 14th February, 1942.