

12th April 1938

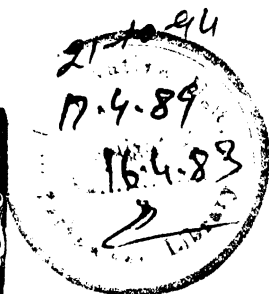
THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III, 1938

(24th March to 12th April, 1938)

SEVENTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1938



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LEGISLATIVE ASSEMBLY.

Tuesday, 12th April, 1938.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PROPOSAL BY THE BOMBAY MUNICIPALITY FOR LEVY OF A CORPORATION TAX.

1322. *Mr. M. Asaf Ali (on behalf of Mr. Manu Subedar): Will the Honourable the Finance Member state:

- (a) whether a representation has been received from the Bombay Municipality for permission to levy a tax on corporations;
- (b) whether Government are aware that the provincial ministry disapproved of such a levy and has refused permission;
- (c) whether Government have seen the views of the Chairman of the Bombay Chamber of Commerce on this subject at the annual meeting held during this month;
- (d) whether it has been considered whether, in its final effects, such a tax may not have the tendency to check the growth of corporations and to curtail the potential field of central taxation;
- (e) if local corporation tax, however small, is imposed, whether there would be any protection to companies which carry on business in more than one place in India; and
- (f) whether it is in the absolute discretion of the Government of India to permit the levy of such a tax and, if so, whether Government have come to a decision on the subject?

The Honourable Sir James Grigg: (a), (b) and (c). No.

(d), (e) and (f). Do not arise.

EXEMPTION FROM ATTACHMENT OF PART PAY OF BRITISH ARMY OFFICERS, SOLDIERS AND AIRMEN.

1323. *Mr. Abdul Qayyum: Will the Defence Secretary please state:

- (a) whether the annual British Army and Air Force Bill exempts the part pay of officers, soldiers, and airmen from attachment in satisfaction of debts by Indian Courts;
- (b) whether this new provision applies to British airmen officers and soldiers serving in India;
- (c) whether a similar provision exists in favour of Indian airmen, officers and men; and

- (d) whether the Government of India were consulted prior to the insertion of the above clause in the Army and Air Force Bill?

Mr. C. M. G. Ogilvie: (a) and (b). Presumably the Honourable Member is referring to the amending Bill to the Army and Air Force Annual Act which is now before Parliament. Under this, total exemption of pay from attachment is given to all King's Commissioned Officers, thus bringing King's Commissioned Officers serving in India into line with—

- (i) the rest of the British Army wherever stationed, and
- (ii) Indian Commissioned Officers.

The existing Bill exempts British soldiers and airmen serving in India but not British and King's Commissioned Indian Officers who have hitherto been subject to the attachment of half their pay.

- (c) Yes, under the Indian Army Act (Section 120).
- (d) Yes.

Mr. Abdul Qaiyum: Have Government made any representation to the British Government on this point? Were the Government consulted before this amendment was made?

Mr. C. M. G. Ogilvie: I have said so.

Mr. Abdul Qaiyum: Will steps be taken to make the law uniform in the case of Indian Commissioned Officers and men also?

Mr. C. M. G. Ogilvie: This is one of the main purposes of this amendment.

Mr. Abdul Qaiyum: At present there is discrimination against Indians?

Mr. C. M. G. Ogilvie: If the Honourable Member had listened to the answer I read out, he would have heard that the only people who are affected by this amendment are the King's Commissioned Officers, British and Indian, serving in India.

Mr. T. S. Avinashilingam Chettiar: This is for future debts and not for past debts?

Mr. C. M. G. Ogilvie: I shall require notice of that.

ARTILLERY PRACTICE AND FIELD FIRING ROUND ABOUT THE ARTILLERY TRAINING SCHOOL AT KAKUL IN HAZARA DISTRICT.

1324. ***Mr. Abdul Qaiyum:** Will the Defence Secretary please state:

- (a) whether artillery practice and field firing round about the Artillery Training School at Kakul, Hazara district, in the North-West Frontier Province have resulted in serious losses to the fields and crops of the agriculturists in the neighbourhood;
- (b) whether the said firing is again in progress since 24th March, 1938;
- (c) whether any compensation has been paid to the agriculturists who have suffered;

- (d) whether the agriculturists affected are threatening to resort to *satyagrah*; and
- (e) whether Government are prepared to take immediate steps to pay suitable compensation?

Mr. C. M. G. Ogilvie: (a) No.

(b) No.

(c), (d) and (e). Do not arise.

†1325.*

PROHIBITION OF THE CENSORSHIP OF CORRESPONDENCE OF POLITICAL WORKERS IN THE UNITED PROVINCES.

†1326. ***Mr. Sri Prakasa:** Will the Honourable the Home Member state:

- (a) if it is a fact that the Government of the United Provinces have prohibited the censorship of correspondence of political workers and have recalled all officers who had been appointed for this purpose; and
- (b) if the Government of India have now appointed their own separate officers for the purpose; and if so, how many of them are functioning in the United Provinces?

The Honourable Mr. R. M. Maxwell: (a) Government have no information.

(b) It is contrary to the public interest to give any information of the kind asked for.

RECRUITMENT AND COMMUNAL COMPOSITION OF CIVIL ENGINEERS IN THE MILITARY ENGINEER SERVICE.

1327. ***Mr. H. M. Abdullah:** (a) Will the Defence Secretary kindly state if it is a fact that the recruitment of civil engineers (on contract) in the Military Engineering Service is made through advertisement? If not, how was the recruitment in 1936 made?

(b) Is it a fact that in the recruitment made in 1936, no vacancy was allotted to a Muslim?

(c) Will he also state the strength of civil engineers in the Military Engineering Service, and what proportion, if any, has been laid down for the various communities, especially for the Muslims?

Mr. C. M. G. Ogilvie: (a) In 1936, Civil Engineers on short term contracts were recruited as gazetted officers in the United Kingdom by advertisement, and in India by inviting recommendations from the Public Works Departments of the Provincial Governments and local Military Engineer Services.

(b) Yes.

†For this question and its answer see pages 2990-91 of these Debates.

‡The answer to this question placed on the table, the questioner being absent.

(c) As regards Civil Engineers on contract, they are employed on a temporary basis to meet a temporary shortage of regular military Engineer Officers. There is no fixed strength and no communal proportion. At present, there are 36 such officers employed. The strength of other Civil Engineers in military employ is as follows:

Assistant Engineers (permanent)	12
Surveyors of Works	11
Assistant Surveyors of Works	31
Sub-Divisional Officers.	66

As regards these Civil Engineers, most of whom are permanent in the Military Engineer Services, the proportion of 25 per cent. Muslims applies to the cadre in general and not to ranks or appointments in particular.

RECRUITMENT OF CIVILIAN SUB-DIVISIONAL OFFICERS IN THE MILITARY ENGINEER SERVICE AND PROPORTION FOR MUSLIMS THEREIN.

1328. ***Mr. H. M. Abdullah:** Will the Defence Secretary state on what basis the recruitment of Sub-Divisional Officers (B. and R.), (E. and M.), civilians in the Military Engineering Service is made and what proportion if any, has been fixed for the Muslims?

Mr. C. M. G. Ogilvie: The recruitment of civilian Sub-Divisional Officers is made by promotion of Overseers. 25 per cent. of the vacancies in the latter grade are reserved for Muslims.

NON-APPLICABILITY OF THE RESOLUTION REGARDING COMMUNAL REPRESENTATION TO THE SERVICE OF SURVEYOR OF WORKS IN MILITARY ENGINEER SERVICES.

1329. ***Mr. H. M. Abdullah:** (a) Will the Defence Secretary state if it is a fact that the Government of India resolution regarding the reservation of 25 per cent. posts for Muslims does not apply to the service known as Surveyor of Works in the Military Engineering Services, and if so, why?

(b) What steps, if any, do Government propose to take to safeguard the interests of Muslims in this service?

Mr. C. M. G. Ogilvie: (a) Yes, because the appointments are of a technical nature requiring special qualifications.

(b) Facilities for Muslims to qualify for these appointments already exist.

COMMUNAL STRENGTH IN CERTAIN MILITARY ESTABLISHMENTS.

1330. ***Mr. H. M. Abdullah:** (a) Will the Defence Secretary lay a statement on the table showing the comparative strength of each community in the following establishments:—

1. Assistant Engineers (permanent);
2. Civil Engineers (on contract);
3. Surveyor of Works;
4. Assistant to Surveyor of Works;
5. Sub-Divisional Officers (Buildings and Roads); and
6. Sub-Divisional Officers (E. and M.)?

(b) What steps are being taken to safeguard the interests of Muslims in the above services to make up their proportion?

(c) Are Government prepared to fix an appropriate percentage for Muslims in all future vacancies in the above services of the Military Engineering Services.

Mr. O. M. G. Ogilvie: (a) I lay a statement on the table.

(b) and (c). Except for those appointments which are filled by officers with special qualifications on short term contract, all the other higher appointments mentioned are filled by promotion of employees in the lower grades who have passed the prescribed examinations and are promoted by merit and seniority.

The interests of Muslims are safeguarded in the Military Engineer Services by fixing a proportion of 25 per cent. in the All-India cadre of the Service as a whole and not in each particular grade.

Statement showing by communities various categories employed by the Military Engineer Services on the 1st March, 1938.

	Hindus.	Muslims.	Other Commu- nities.	Total.
1. Assistant Engineers (Permanent) .	8	3	1	12
2. Civil Engineers (Officers on contract). .	3	1	32	36
3. Surveyors of Works	3	..	17†	20
4. Surveyors Assistants	19	5	8	32
5. Sub-Divisional Officers, B. & R. .	35	10	12	57
6. Sub-Divisional Officers, E. & M. .	4	..	5	9

RACIAL DISTINCTION IN THE LAWRENCE ROYAL MILITARY SCHOOL AT SANAWAR.

1831. ***Mr. Lalchand Navalrai:** (a) Will the Defence Secretary be pleased to state if it is a fact that the Lawrence Royal Military School at Sanawar is intended for the children of British soldiers and ex-soldiers and whether Government have actually ruled that the school admission has to be confined to such children only?

(b) Why is this racial distinction made?

(c) Is it a fact that the Principal of that school refuses to supply Indians with even the prospectus of the school on the ground that the admission to the school is confined to British children?

(d) Do Government propose to remove the bar against the children of Indian soldiers and ex-Indian soldiers? If not, what are the full reasons for it?

Mr. O. M. G. Ogilvie: (a) and (b). The school was founded by Sir Henry Lawrence for the education of the children of British soldiers and ex-soldiers.

†Military officers and civilian officers on contract.

(c) The Principal does not comply with such requests. Admission of Indian children is not permissible under the rules of the School.

(d) No. Government have already provided excellent schools for the sons of Indian soldiers in the three King George's Royal Indian Military Schools at Jhelum, Jullundur and Ajmer.

Mr. Lalchand Navalrai: Who finances these schools?

Mr. C. M. G. Ogilvie: They are financed partly by endowment. The remainder is supplied by the Government of India.

Mr. Lalchand Navalrai: What are the reasons for this racial discrimination when Government pays for this?

Mr. C. M. G. Ogilvie: There is no racial discrimination. This is a school for the children of British soldiers. There is no more racial discrimination in this than there is in there being schools for the sons of Indian soldiers.

Mr. Lalchand Navalrai: Are there any schools exclusively meant for the sons of Indian soldiers?

Mr. C. M. G. Ogilvie: Yes, that is what I have said.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government propose to continue this policy of maintaining these separate schools on a racial basis?

Mr. C. M. G. Ogilvie: Yes.

NON-OBSERVANCE OF 30TH JUNE AND 1ST JULY AS BANK HOLIDAYS IN THE UNITED PROVINCES.

1882. ***Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable the Finance Member be pleased to state if it is or is not a fact that in most of the Provinces, other than the United Provinces, the 30th June and the 1st July are observed as Bank holidays to enable the bank staff to make up the half-yearly accounts?

(b) If the answer to part (a) be in the affirmative, have Government considered the advisability of making the 30th June and the 1st July in each year bank holidays in the United Provinces?

The Honourable Sir James Grigg: (a) June 30th has been notified as a Bank holiday under the Negotiable Instruments Act in the Punjab and the North-West Frontier Province only, while July 1st has been notified as a holiday in Bengal, the Central Provinces and Madras but not in other Provinces.

(b) The notification of Bank holidays is within the competence of the Provincial Governments and the Central Government see no reason to interfere with the discretion of the Provincial Government in this matter.

PROSPECTUS ISSUED BY THE ALKALI AND CHEMICAL CORPORATION OF INDIA, LIMITED.

1933. ***Mr. M. Asaf Ali** (on behalf of Mr. Manu Subedar): Will the Honourable the Finance Member please state:

- (a) whether the attention of Government has been drawn to the prospectus issued by the Alkali and Chemical Corporation of India, Limited, and to the restriction that ordinary shares are not being offered in India, or to Indians, except on condition that they take preference shares;
- (b) whether it is true that the Imperial Chemical Industries (India), Limited, which is promoting this company, received a concession at the hands of Government;
- (c) what are the full details of such concession;
- (d) whether the benefit of these concessions is given to the new Company;
- (e) if the reply to part (d) be in the affirmative, whether the requirements of the External Capital Committee's recommendations regarding shareholding, directorate and technical training of Indians, apply in this case; and
- (f) whether Government have considered if it is in the best interests of India that a company, holding concessions, should withhold the opportunity for holding ordinary shares from the public in India?

The Honourable Sir James Grigg: (a) Yes.

(b) Yes.

(c) Particulars of the concession are adequately summarized in the prospectus to which the Honourable Member has referred.

(d) The Government of India have agreed to the transfer of these benefits to the new company.

(e) and (f). This case falls under paragraph 80 of the External Capital Committee's Report. That paragraph does not make specific recommendations regarding the matters mentioned by the Honourable Member. I would, however, remind the Honourable Member that Imperial Chemical Industries (India) Limited gave certain undertakings as described by Mr. Raisman in the Council of State on the 30th March, 1933. So far as the offer of shares is concerned the undertaking has been amply fulfilled and in any case I am entirely unable to agree that in this case an opportunity for holding ordinary shares has been withheld from the public in India.

For the rest Indian directors have been appointed and I have no doubt that the undertaking as to training and employing Indians will also be fulfilled.

Mr. T. S. Avinashilingam Chettiar: May I know why this distinction is made against Indians?

The Honourable Sir James Grigg: There is no distinction.

Mr. T. S. Avinashilingam Chettiar: The Honourable Member said "Yes" in answer to parts (a) and (b). Part (a) asks whether the attention

of Government has been drawn to the restriction that ordinary shares are not being offered in India or to Indians, except on condition that they take preference shares.

The Honourable Sir James Grigg: But no ordinary shares have been offered to the public at all, except by way of options.

Mr. T. S. Avinashilingam Ohettiar: May I know whether they are offered to Europeans outside the country?

The Honourable Sir James Grigg: It is a public issue. Indians and Europeans can equally subscribe.

Mr. T. S. Avinashilingam Ohettiar: What did my Honourable friend mean by saying "yes"?

The Honourable Sir James Grigg: "That my attention had been called to the prospectus."

Mr. T. S. Avinashilingam Ohettiar: Are Government satisfied that in the issue of shares there is no distinction between Europeans and Indians?

The Honourable Sir James Grigg: It is a public issue of shares. The issue has been made in India, and it is open to any member of the public to subscribe.

Mr. T. S. Avinashilingam Ohettiar: Under the same conditions?

The Honourable Sir James Grigg: Certainly.

SCHOLARSHIPS TO CADETS OF THE PRINCE OF WALES ROYAL INDIAN COLLEGE, DEHRA DUN.

1834. ***Mr. Badri Dutt Pande:** (a) Will the Defence Secretary be pleased to state how many scholarships are granted to cadets of the Prince of Wales Royal Indian College, Dehra Dun, by (i) the Government of India, (ii) Provincial Governments, and (iii) Indian States?

(b) How are these scholarships distributed, and who distributes them?

(c) What is the amount of each scholarship?

Mr. C. M. G. Ogilvie: (a), (b) and (c). I refer the Honourable Member to paragraph 23-A and Appendix III of the Regulations for the College, a copy of which is in the Library. The Government of the Punjab published a communiqué on the 18th February, 1938, regarding the award by them of five scholarships at this College which are additional to those described in this Appendix.

Mr. T. S. Avinashilingam Ohettiar: May I know whether the Government of India propose to increase the number of scholarships that are to be given?

Mr. C. M. G. Ogilvie: There is no definite proposal at present; Government are meditating upon the necessity of doing so.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have considered the advisability of distributing these scholarships to some of the other provinces which are not represented on that institution?

Mr. C. M. G. Ogilvie: The scholarships are only eligible to the sons of persons who have served in the regular forces. It, therefore, does somewhat limit the numbers for certain provinces.

Sardar Mangal Singh: May I know if the scholarships made available by the Government of India are also open to the States subjects?

Mr. C. M. G. Ogilvie: I am not absolutely certain, but my opinion is, yes.

Sardar Mangal Singh: May I know if scholarships made available by the Indian States can be given to British Indian subjects also?

Mr. C. M. G. Ogilvie: I believe so.

Mr. T. S. Avinashilingam Chettiar: In view of the fact that men of some of the other provinces have not been taken into the army till now, are Government aware that such a condition as is mentioned is really acting as a bar on other people joining the army?

Mr. C. M. G. Ogilvie: I think that is a matter of opinion.

SCALES OF PAY AND GRADES OF CLERKS OF THE ROYAL INDIAN ARMY SERVICE CORPS.

†1935. ***Bhal Parma Nand:** (a) Will the Defence Secretary be pleased to state whether it is a fact:

- (i) that the scales of pay and grades sanctioned in 1916 for clerks of the Supply and Transport Corps (now Royal Indian Army Service Corps) were:

Head Assistant—Rs. 250—10—300 per mensem;
 1st Grade Clerks—Rs. 180—8—220 per mensem;
 2nd Grade Clerks—Rs. 130—6—160 per mensem;
 3rd Grade Clerks—Rs. 100—4—120 per mensem;
 4th Grade Clerks—Rs. 70—4—90 per mensem;
 5th Grade Clerks—Rs. 40—4—60 per mensem;
 6th Grade Clerks—Rs. 30 fixed; and

- (ii) that it was with the sole object of giving clerks of the Royal Indian Army Service Corps better rates of pay commensurate with increased cost of living caused by the Great War (as was done in the case of other Departments) that the above scales and grades were revised in 1923 as under:

- (i) Upper Division—Rs. 125—10—325—25/2—375 per mensem;
 (ii) Lower Division—Rs. 50—4—90—3—150 per mensem?

(b) If the reply to part (a) (i) and (ii) be in the affirmative will Government please (i) demonstrate how it is possible for a clerk to reach up to the maximum of Rs. 375 before he retires from the service on completing 55 years of age?

†The answer to this question placed on the table, the questioner being absent

(c) Will the Honourable Member please state whether, at the time of fixing these scales, this long period of about 50 years required to reach the maximum of Rs. 375 out of the total retiring age of 55 years was taken into consideration, and if so, what was then the intention underlying the fixation of this maximum?

Mr. C. M. G. Ogilvie: (a) (i) Yes.

(a) (ii) Yes, to improve the then existing rates.

(b) and (c). I refer the Honourable Member to the reply given on the 26th January, 1932, by Army Secretary to part (b) (i) of his starred question No. 41.

SCALES OF PAY AND GRADES OF CLERKS OF THE ROYAL INDIAN ARMY SERVICE CORPS.

†1386. ***Bhai Parma Nand:** (a) Will the Defence Secretary be pleased to state whether it is a fact that:

- (i) none of the Royal Indian Army Service Corps clerks (Sy. and A. T.) who retired on superannuation, or retiring pensions, during the last 12 years could reach the maximum pay laid down for them (*viz.*, Rs. 375) or even thereabouts;
- (ii) representations submitted from time to time since 1928 both by individuals and by the Royal Indian Army Service Corps Civilian Association, requesting readjustment of grades with a view to making the maximum reachable by the serving clerks affected thereby, have not so far met with success;
- (iii) the memorial submitted by the Royal Indian Army Service Corps Civilian Association to His Excellency the Viceroy and Governor General in India on the 8th September, 1934, was turned down;
- (iv) a subsequent memorial submitted by the Royal Indian Army Service Corps Civilian Association addressed to the Secretary of State for India in Council on the 22nd August, 1935, was withheld by the Government of India; and
- (v) the Royal Indian Army Service Corps Civilian Association has submitted a further representation to the Government of India on the 11th January last?

(b) If the replies to part (a) (i) to (v) above be in the affirmative, will Government state what action they are taking to meet the demand of the Royal Indian Army Service Corps Civilian Association, which as to the effect that Government should make the maximum grade of Rs. 375, which Government laid down for them, reachable to those affected? If no action is being taken, why not?

Mr. C. M. G. Ogilvie: (a) and (b). I am collecting the information asked for in clause (i) of part (a) of the question and will lay it on the table in due course. As regards the other parts, I refer the Honourable Member to my reply to parts (b) to (g) of starred question No. 1287 asked by Sardar Sant Singh on the 7th April, 1938.

Mr. President (The Honourable Sir Abdur Rahim): Mr. Abdul Qaiyum.

†The answer to this question placed on the table, the questioner being absent.

Mr. Abdul Qaiyum: Sir, I wish to make a short statement. As two-thirds of my question has been over-ruled by the Governor General, as a protest I refuse to put the other portion, and I protest against the action of the Governor General . . .

Mr. President (The Honourable Sir Abdur Rahim): Order, order. The Honourable Member cannot criticize the conduct of the Governor General.

Mr. Abdul Qaiyum: Sir, the Governor General has over-ruled all my questions and . . .

Mr. President (The Honourable Sir Abdur Rahim): I cannot help it. The Honourable Member knows very well that under the rules he cannot criticize the action of the Governor General.

Mr. Abdul Qaiyum: Sir, if I cannot protest, how am I to bring my protest to the notice of the Governor General?

Mr. President (The Honourable Sir Abdur Rahim): That the Honourable Member must find out for himself.

Mr. Abdul Qaiyum: Sir, I protest.

†1337.*

DESIRABILITY OF OPENING TENDERS INVITED BY THE DIRECTOR OF CONTRACTS IN THE PRESENCE OF THE TENDERERS.

1338. ***Sardar Mangal Singh:** Will the Defence Secretary please state:

- (a) whether it is a fact that tenders invited by the Director of Contracts are not opened in the presence of the tenderers; if so, why; and
- (b) whether Government are prepared to order that all tenders received in the Office of the Director of Contracts are opened in the presence of tenderers; if not, why not?

Mr. O. M. G. Ogilvie: (a) Yes. The reason is that "contract prices" are normally regarded as strictly confidential.

(b) No, for the reason given in reply to part (a).

REORGANISATION IN THE MASTER GENERAL OF THE ORDNANCE BRANCH AND DESIRABILITY OF AMALGAMATION OF THE INDIAN STORES DEPARTMENT AND THE CONTRACTS DIRECTORATE.

1339. ***Sardar Mangal Singh:** Will the Defence Secretary please state:

- (a) whether it is a fact that the Master General of the Ordnance Branch has been reorganised resulting in the decrease of Indian ministerial staff and increase of the European officers and staff; if so, what are the special reasons for this; and

†The question was not put by the questioner.

- (b) whether Government have considered or are prepared to consider the possibilities of the amalgamation of the Indian Stores Department and the Contracts Directorate which are performing identical functions, *viz.*, Purchase of Stores for the Government; if not, why not?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to my reply to starred question No. 554 asked by Mr. K. S. Gupta on the 1st March, 1938, to which I have nothing to add.

(b) I refer the Honourable Member to the replies given in this House to questions Nos. 1097 and 1119 on the 28th March, 1935. The position was reviewed recently and Government are not prepared to make any change in the existing system.

INCONVENIENCE TO THE *Mutawallies* IN PREPARING AND FILING ACCOUNTS UNDER SECTION 5 OF ACT XLII OF 1923.

1340. ***Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable the Home Member be pleased to state whether Government are aware of the great inconvenience to the *Mutawallies* in preparing and filing accounts within three months of 31st March each year, under section 5 of Act XLII of 1923, as by that time the full accounts of the agricultural year cannot be included in the accounts?

(b) Have Government considered the advisability of legislating for extending the period of filing the accounts up to the month of September, when the accounts of the whole agricultural year can easily be shown and properly checked—*wakf* lands being mostly agricultural lands?

The Honourable Mr. R. M. Maxwell: (a) Government are not aware that any inconvenience has been caused. I would invite the Honourable Member's attention to the proviso to section 5 of the Act.

(b) No. This is a matter which concerns Provincial Governments.

Qazi Muhammad Ahmad Kazmi: Does the Honourable Member know that the *rabi* crop finishes by the 30th June every year in all places in India?

The Honourable Mr. R. M. Maxwell: I have no expert knowledge but I am prepared to take the Honourable Member's word for it.

Qazi Muhammad Ahmad Kazmi: The proviso, Sir, is meant only for exceptional circumstances and, as a general rule, because the accounts of the *rabi* crop cannot be ready before the 30th June. Will Government consider the advisability of extending that period, because it does not follow the financial year of the Government of India?

The Honourable Mr. R. M. Maxwell: I have already answered that in relation to clause (b) of the question. It is a matter which concerns Provincial Governments.

BAN ON THE PUBLICATION "RUSSIA TO-DAY".

†1341. ***Prof. N. G. Ranga:** Will the Honourable the Home Member be pleased to state:

- (a) if Government have recently received any communication from the Managing Director of the Hindustan Publishing Company,

†The answer to this question placed on the table, the questioner being absent.

Rajshmundry, requesting them to exempt the publication "Russia To-day", issued by the "British Section of the Friends of the Soviet Union", from the purview of the notification of the Government of India, Finance Department (Central Revenues) No. 61 Customs, dated 10th September, 1932; and

- (b) whether Government are prepared to consider the advisability of exempting it from the purview of the said notification?

The Honourable Mr. R. M. Maxwell: (a) Yes.

- (b) Government see no reason to do so.

FLOTATION OF A JOINT STOCK COMPANY TO EXPLOIT THE MINERAL RESOURCES IN THE PUNJAB.

1842. ***Mr. Thirumala Rao:** (a) Will the Honourable the Finance Member please state if he is aware that a joint stock company has recently been floated in India by the Imperial Chemical Industries, Limited, to exploit the mineral resources in the Punjab?

- (b) Is there any condition imposed on the company that a substantial portion of the capital should be thrown open for subscription by the nationals of this country?

- (c) Is there any condition imposed on the company that technical knowledge should be imparted to the youth of this country?

The Honourable Sir James Grigg: The attention of the Honourable Member is invited to the reply which I have just given to Mr. Manu Subedar's question No. 1333.

FINANCIAL POSITION OF THE IMPERIAL CHEMICAL INDUSTRIES, LIMITED.

1843. ***Mr. Thirumala Rao:** (a) Will the Honourable the Finance Member please state if the attention of Government has been drawn to an article published in the *Free Press Journal* of Bombay, dated the 20th March, 1938, regarding the financial position of the Imperial Chemical Industries, Limited?

- (b) Has the attention of Government been drawn to the facts mentioned therein that the overdraft of about £500,000 enjoyed by Lew McGowan, President of the Imperial Chemical Industries, in the Midland Bank was closed and the securities sold in the open market to realise the overdraft and that the realisation fell short of the amount due by about £80,000?

- (c) Are Government aware that the affairs of the Imperial Chemical Industries are in a state of controversial discussion and reorganisation?

- (d) Do Government propose to review the situation and revise the very favourable and monopolistic terms given to the above company to exploit the mineral resources of India?

The Honourable Sir James Grigg: (a) and (b) Government have seen the article.

- (c) No.

(d) Government see no reason to review or revise the terms of the agreement entered into with the Company in 1936.

Mr. Thirumala Rao: Sir, I am not able to follow the Honourable Member's answer to part (c).

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

Mr. Thirumala Rao: The Honourable Member said that "Government have seen the article". Then have they got no opinion upon it? Do they believe or disbelieve the contents mentioned in that article?

The Honourable Sir James Grigg: I have no means of forming an opinion; in any case I do not see the relevancy of the article to the question the Honourable Member is asking.

Mr. K. Santhanam: I wish to put question No. 1825 now, as I had to attend a meeting of the Railway Standing Finance Committee, and I was late.

RECRUITMENT OF OFFICERS FOR THE NEW ESCORT VESSELS OF THE ROYAL INDIAN NAVY.

1825. ***Mr. K. Santhanam:** Will the Defence Secretary please state:

- (a) whether any advertisement has been made in Britain or India calling for officers for the new escort vessels to be added to the Royal Indian Navy;
- (b) what is the number of such officers who are to be recruited; and
- (c) whether any proportion will be allotted to "Dufferin" cadets who have got competency certificates?

Mr. O. M. G. Ogilvie: (a) Not yet.

(b) So far as at present estimated, seven officers will ultimately be required in addition to the present establishment.

(c) It is probable that some of the additional vacancies will be offered for competition amongst the "Dufferin" cadets.

Mr. K. Santhanam: May I know if the public advertisement will be made in India as well as in England?

Mr. O. M. G. Ogilvie: Certainly, in both.

Sardar Sant Singh: May I know if it is proposed to give any preference to the cadets from the "Dufferin" in making the appointments?

Mr. O. M. G. Ogilvie: No. As a rule, certain vacancies are offered to the "Dufferin" for competition and those vacancies belong to the "Dufferin" provided they can qualify.

Mr. Abdul Qayyum: May I know if two escort vessels are being added?

Mr. O. M. G. Ogilvie: It is hoped in time to replace them all but only one additional escort vessel is now required. We already have five, and we hope to have six.

Mr. K. Santhanam: Is there any difficulty in recruiting all the seven officers needed from the "Dufferin" cadets?

Mr. C. M. G. Ogilvie: Yes, I should say there will be the greatest possible difficulty.

Mr. K. Santhanam: Will the Honourable Member kindly mention the specific difficulties which are connected with the "Dufferin" cadets?

Mr. C. M. G. Ogilvie: I cannot add anything to what I have already said.

Mr. M. Ananthasayanam Ayyangar: May I know what are the special qualifications which are not to be found in the "Dufferin" cadets?

Mr. C. M. G. Ogilvie: I cannot answer that question.

Mr. T. S. Avinashilingam Chettiar: May I ask whether the "Dufferin" cadets are qualified for these posts?

Mr. C. M. G. Ogilvie: No. The "Dufferin" cadets are trained for the Mercantile Marine. They are not qualified for posts in the Royal Indian Navy and, if they pass the qualifying examination to the vacancies reserved for them, they have to undergo training as much as other people.

Mr. Abdul Qayum: May I ask if necessary changes will be made in the "Dufferin" training with a view to enable the "Dufferin" cadets to join these services?

Mr. C. M. G. Ogilvie: I am afraid I cannot answer that. It is not my concern.

SHORT NOTICE QUESTIONS AND ANSWERS.

COLLECTION OF SUBSCRIPTION FOR THE LADY LINLITHGOW TUBERCULOSIS FUND.

***Mr. Ram Narayan Singh:** Will the Honourable the Home Member be pleased to state:

- (a) whether a public subscription is being raised and realised in the country for the Lady Linlithgow's Tuberculosis Fund;
- (b) whether in the Delhi city the subscription is being collected by the police;
- (c) whether he is aware of the fact that the police, in collecting the said subscription, is using undue influence and is, in fact, forcibly extorting money from the people for the purpose;
- (d) whether he is aware of the fact that this conduct of the police of Delhi has begun to be discussed and denounced by the people in public meetings held here and there in the several wards of the city; and
- (e) if the answers to parts (a) to (d) above be in the affirmative, whether he has considered the desirability of immediately stopping this practice of public subscription being raised and realised by the official agency, specially by the police, as now prevailing in the old city of Delhi?

The Honourable Mr. R. M. Maxwell: (a) to (e). Neither the police nor any other officials in Delhi City have been authorised to collect subscriptions from the public for the Tuberculosis Fund. Nor has any such practice come to the notice of the authorities. Certain allegations that subscriptions were being collected by the police have been made at meetings in Delhi, but no specific cases have been quoted, and the allegations have not been substantiated. I may, however, mention that the police were authorised to sell tickets for the Tattoo held on the 5th and 6th April in which they were taking part. No question of undue influence however arises in this connection since the demand for tickets was such that all the available seats could have been sold several times over.

ORDERS ABOUT THE USE OF XB ENGINES.

***Mr. Akhil Chandra Datta:** (a) Will the Honourable the Railway Member be pleased to state what definite orders have been issued as to the use of XB engines?

(b) Have definite orders been issued as to their use specially on the mail and passenger trains, and if so, under what conditions as to speed?

(c) Have Government considered the advisability of discontinuing the use of XB engines on the mail and passenger trains until the expert committee has reported?

The Honourable Sir Thomas Stewart: (a) and (b). The Railway Board have issued instructions to railway administrations that the speed of XB class engines should be restricted to an absolute maximum of 45 miles per hour over any section where track distortion attributable to actual hunting or tendency to hunt of these engines has been experienced within the last 12 months. The Railway Board have made it clear to railway administrations that by "absolute maximum speed" they mean the highest speed that would be recorded on an engine fitted with a speed recorder at any point on the run. In addition, in connection with the running of XB type engines the following instructions will be in force pending further orders:

"If in the driver's opinion, the running of an engine is in any way abnormal, the full circumstances must be reported to the Loco Foreman. The Loco Foreman will be required to report the matter to his Power Officer with a view to obtaining his permission to put the engine back into service."

Railway administrations have been instructed to forward to the Senior Government Inspector of their railway, to the Railway Board, and the Chief Controller of Standardisation, a quarterly statement of abnormal occurrences such as track distortion attributable to the oscillation of locomotives. The information actually called for is as follows: location of occurrence (section and mileage), weight and section of rail, type and number of sleepers, formation and ballast, the report to be accompanied by the remarks of the Chief Engineer and the Head of Department responsible for the operation of the locomotives. Instructions have also been issued to fit these locomotives with the German State Railways draft gear between the engine and tender and damping devices on the bogie and trailing truck slides which have the effect of reducing hunting.

(c) No; but XB locomotives have not been running on mail trains on the East Indian Railway for several years and they have recently been withdrawn from mail train service on the Eastern Bengal Railway.

Mr. Abdul Chandra Datta: Is it not a fact that one of these engines was involved in an accident in February, 1929, and that in consequence of this accident and of the unsatisfactory behaviour of these engines, they were withdrawn in June, 1929, from the passenger service?

The Honourable Sir Thomas Stewart: I submit, Sir, that that question does not arise out of my answer.

Mr. Abdul Qaiyum: In view of the finding that the speed cannot be correctly determined and there may be a difference of ten miles either way, do Government consider it safe to employ these engines for passenger traffic at all? It has been found by the Court that there may be a mistake of ten miles in the speed of the engines.

The Honourable Sir Thomas Stewart: Sir, if the Honourable Member will read my answer with some attention, he will understand that the 45 miles an hour that I mentioned is not the average speed but the absolute maximum speed that can be attained by these engines.

Mr. Abdul Qaiyum: But the Court found that, while the driver may think that the speed is 45 miles an hour, it may, in fact, be 50 or 55 miles an hour.

The Honourable Sir Thomas Stewart: The speed error that may be made by the driver is five miles per hour, and, if it has been laid down that the maximum speed attainable should not be greater than 45 miles an hour, it follows that the railway administration will have to work to a programme of something like an average speed of 40 miles an hour.

Mr. Sami Vencatachalam Chetty: Do the Government expect to receive from the railway administration a revised time-sheet as a consequence of this order?

The Honourable Sir Thomas Stewart: I do not know what the Honourable Member means by suggesting that we should receive time-sheets, but I presume that if the time tables require alteration by reason of these orders, they will be revised.

Mr. Badri Dutt Pande: May I know how many XB engines there are at present?

The Honourable Sir Thomas Stewart: 99.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member kindly say whether it is not possible to attach speedometers to these XB engines?

The Honourable Sir Thomas Stewart: I should require notice of that question.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House whether in view of the fact that this accident has been traced to the XB type of engine used and in view also of the fact that many previous accidents have taken place with this type of engine and for which

many subordinates have been punished, an inquiry will be made into all these past accidents and the punishments given to the subordinates withdrawn and compensation given to all of them?

The Honourable Sir Thomas Stewart: Sir, it is proposed that there should be an enquiry into the use, the purchase and the continued purchase policy in regard to XB engines.

Mr. Akhil Chandra Datta: With reference to part (c), may I know if the order that was passed on a former occasion, in consequence of an accident in 1929, namely, the order of withdrawing these engines from the fast passenger service, will be given effect to on the present occasion also, at all events until a report is obtained from the expert committee?

The Honourable Sir Thomas Stewart: No, Sir. The answer I have given represents the considered decision of the Government of India.

Mr. Abdul Qaiyum: Will the Government put a distinguishing mark on these XB engines so as to warn people that the engine which hunts is actually being used on the track?

The Honourable Sir Thomas Stewart: No, Sir.

Sir Abdul Halim Ghuznavi: In his report, the Honourable Mr. Justice Thom has suggested the institution of a thorough searching and independent enquiry, while the Government Resolution refers to the appointment of an expert independent committee. Can the Honourable Member for Communications give this Honourable House an idea as to the constitution of this committee?

The Honourable Sir Thomas Stewart: That question, I submit, does not arise out of the answer I have given.

Mr. Sami Vencatachalam Chetty: Are not Government aware that the present timings were based upon the speed for which 45 miles were not the absolute maximum?

The Honourable Sir Thomas Stewart: I am not so aware.

Mr. S. Satyamurti: Will the Government please state the reasons why they will not withdraw these engines from passenger trains, at least on the tracks on which there has been hunting during the last twelve months?

The Honourable Sir Thomas Stewart: If I may read an extract from the report, it will explain why not. Mr. Justice Thom in para. 106 of his report says:

"There is nothing in the evidence to justify the conclusion that the track at the site of the accident would have been distorted by an engine running steadily or by an XB engine running at 45 miles an hour."

It is on the basis of that statement of Mr. Justice Thom that we have fixed the absolute maximum of 45 miles an hour.

Mr. S. Satyamurti: May I know the reason why the Government want to experiment with human lives and why they should not err on the side of caution? Do the Government want to 'wait for another accident and then fix 40 miles? Nobody expected this accident at even 45 miles. I am asking the reason why Government will not err on the side of caution, in the interests of human safety and withdraw the engines altogether from passenger trains, although the Honourable Mr. Justice Thom has said that there is no evidence on record to show that at 45 miles, the track could not be hunted. It seems to me that it is playing with human lives. I should like to know why the Government should not withdraw these engines altogether from passenger trains.

The Honourable Sir Thomas Stewart: Because they are not by any means convinced that the Honourable Member's suggestion is true. If he were to read the report he will, I think, find that the Government Inspector recommended that 50 miles an hour was a perfectly safe speed for the section where the accident occurred.

Lieut.-Colonel Sir Henry Gidney: In view of the fact that the Government do not desire to withdraw these engines, will the Honourable Member tell this House whether that decision is not due to the fact that there is a paucity of engines in the East Indian Railway, as in most other railways, including the Great Indian Peninsula and which the judgment disclosed existed at that time in the Jha-Jha Engine Shed?

The Honourable Sir Thomas Stewart: No, Sir.

Mr. N. M. Joshi: In view of the importance of human safety, will the Government consider the advisability of making the Safety Inspectors independent of the Railway Board?

The Honourable Sir Thomas Stewart: I submit that question does not arise.

Mr. President (The Honourable Sir Abdur Rahim): I think the House will have a full opportunity of discussing this matter later on, and I think at present there cannot be any further useful discussion.

UNSTARRED QUESTIONS AND ANSWERS.

RELEASE OF HAVILDAR MAJOR CHANDRA SINGH OF THE PESHAWAR COURT MARTIAL.

184. **Mr. Badri Dutt Pande:** (a) Is the Defence Secretary aware that all political prisoners in the United Provinces have been released by the Honourable Premier with the exception of Havildar Major Chandra Singh of the Peshawar Court Martial, who is imprisoned in the Naini Central Prison, Allahabad?

(b) Is the Defence Secretary aware that on being asked the reason for his non-release, the Honourable Minister in charge of Prisons informed me that he is the prisoner of His Excellency the Defence Member, who can only order his release?

(c) Is it the intention of His Excellency the Defence Member to release him as asked for by the Garhwali people in their resolution on the

20th March, 1938, at the All-India Hill People's Federation, published in the *Hindustan Times* of the 22nd March, 1938, demanding the release of this prisoner?

Mr. C. M. G. Ogilvie: (a) *Ex-Company Quartermaster Havildar Chandar Singh* is not a political prisoner. He was convicted of mutiny under the Indian Army Act by a General Court Martial.

(b) No.

(c) I have nothing to add to my answers to previous questions No. 48 of 24th August, 1937 and No. 165 of 7th February, 1938, asked by the Honourable Member on the same subject.

USE OF THE PROVISIONS OF THE AMENDMENT TO THE LAND CUSTOMS ACT, 1924.

185. **Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state if Government have made any use of the provisions of the amendment to the Land Customs Act, 1924, passed by this House in February, 1937?

(b) If so, where?

(c) Have any notifications been issued under this Act?

Mr. A. H. Lloyd: (a), (b) and (c). Since February, 1937, the provisions of the Land Customs Act, 1924, have been utilised mainly to enable notifications to be issued under this Act in replacement of similar notifications under the Bombay Land Customs Act of 1857 which were in force until the latter Act was repealed. These notifications related to Kathiawar, Cutch and Cambay.

APPOINTMENT OF THE BRITISH SUPERINTENDENT IN THE SUPPLY AND TRANSPORT BRANCH OF A COMMAND HEADQUARTERS.

186. **Bhai Parma Nand:** (a) Will the Defence Secretary be pleased to state whether it is a fact that

(i) British other ranks of the Royal Indian Army Service Corps are at present employed as Office Superintendents in the Supply and Transport Branch of a Command Headquarters which consists entirely of Indian clerks;

(ii) normally the senior Indian clerk in the Supply and Transport Branch of a Command Headquarters is designated as Head Assistant, but the duties and functions of the appointment of the Head Clerk are, in practice, performed by the British Superintendent; and

(iii) Government are aware that the Indian clerks of the Royal Indian Army Service Corps have strong feelings against the policy of employing British other ranks as Office Superintendent in the Supply and Transport Branch of a Command Headquarters, and that they have expressed this feeling through resolutions passed at the several Annual Conferences of the Royal Indian Army Service Corps Civilian Association?

(b) If the reply to part (a) (i) to (iii) be in the affirmative, will Government state whether they are prepared to consider the question of doing

away with the appointment of the British Superintendent in the Supply and Transport Branch of a Command Headquarters, and allow the Indian Head Assistant to function as Office Superintendent? If not, why not?

Mr. C. M. G. Ogilvie: (a) (i). Yes.

(ii) The senior Indian clerk is usually designated head assistant. He is in charge of one of the several sections in the office of the Deputy Director of Supplies and Transport, Command. The British Superintendent, who is usually a senior man, supervises the work of the whole office.

(iii) Government are aware of a resolution passed by the R. I. A. S. C. Civilian Association in 1929.

(b) It is intended that British Superintendents will be replaced by Indian Superintendents in due course.

EMPLOYMENT OF INDIAN CLERKS OF THE ROYAL INDIAN ARMY SERVICE CORPS IN CLERICAL POSITIONS OF TRUST AND RESPONSIBILITY.

187. **Bhai Parma Nand:** (a) Will the Defence Secretary be pleased to state whether it is a fact that:

(i) British other ranks of the Royal Indian Army Service Corps are at present employed on clerical duties connected with mobilization, etc., in the Supply and Transport Branches at Command and District Headquarters, in Headquarters, Maintenance Group (M. T.) and in the Royal Indian Army Service Corps Records Offices;

(ii) the Government are aware that a feeling of discontentment prevails amongst clerks of the Royal Indian Army Service Corps on the above account, as the withholding from them of the clerical work of the nature referred to is regarded by them as a slur on their efficiency and integrity;

(iii) the Royal Indian Army Service Corps Civilian Association has submitted a representation to the Army Headquarters on this subject;

(iv) the Royal Indian Army Service Corps clerks have signed the Official Secrets Act; and

(v) the accepted policy of Government is to eliminate gradually the British other rank establishment of the Royal Indian Army Service Corps as the present incumbents are wasted out?

(b) If the reply to part (a) (i) to (v) be in the affirmative, will Government please state whether in view of their policy of Indianisation, they propose to take early steps with the object of employing Indian clerks of the Royal Indian Army Service Corps in clerical positions of trust and responsibility of the nature referred to above? If not, why not?

Mr. C. M. G. Ogilvie: (a) (i). Yes.

(ii) No.

(iii) No.

(iv) Yes.

(v) Yes; and to replace them by Indian Warrant Officers.

(b) Indian clerks are already employed on positions of trust and responsibility. British Other Ranks are also employed because they possess technical and practical experience which Indian civilian clerks generally do not.

SALARIES OF THE NON-GAZETTED STAFF OF THE INCOME-TAX DEPARTMENT IN THE MADRAS PRESIDENCY.

188. **Mr. K. S. Gupta:** (a) Will the Honourable the Finance Member please state whether it is a fact that the salaries of the non-gazetted staff of the Income-tax Department in the Madras Presidency are fixed according to the provincial scales, whereas other Departments, such as, Postal, Telegraph, Customs, etc., are having Imperial scales which are much higher than the provincial scales? If so, why is there this differentiation or discrimination?

(b) Is the Honourable Member aware that the staff of the Income-tax Department has to live in district headquarters, where life is costlier than in the interior parts of the districts?

(c) In view of the Income-tax Department growing from day to day, does the Honourable Member see that the aspirations of those who joined the Department as clerks at the beginning are satisfied by giving them proper grades and promotions? If not, why not?

(d) Is it a fact that the scales and salaries of the gazetted officers in the Department is uniform throughout India?

The Honourable Sir James Grigg: (a) The information is being collected and will be laid on the table in due course.

(b) I am prepared to take it from the Honourable Member that what he says is correct.

(c) The clerks in the Income-tax Department have already got proper grades in their line and get deserved promotion in due course.

(d) Yes, so far as revised scales are concerned.

GRIEVANCES OF THE NON-GAZETTED STAFF OF THE INCOME-TAX DEPARTMENT IN THE MADRAS PRESIDENCY.

189. **Mr. K. S. Gupta:** (a) Will the Honourable the Finance Member please state if it is a fact that the departmental examinations are not thrown open to all the members of the non-gazetted staff of the Income-tax Department as it is the case in other Government Departments? If so, is the Honourable Member prepared to see that talented people among the subordinate staff are also encouraged by permitting them to compete and enjoy the privilege of higher service?

(b) Is the Honourable Member aware that some of the Income-tax offices in the Madras Presidency work on Sundays and other public holidays? If so, will he put an end to this bad practice of overworking the staff and preventing them from enjoyment of legitimate rest?

(c) Is it a fact that the character rolls are sealed books which do not give any opportunity for the subordinate staff to defend themselves or to rectify the defects pointed out by their superiors? If so, will the Honourable Member see that permission is granted for periodical reference of the Rolls by the subordinate staff?

(d) Is the Honourable Member aware that an allowance of Rs. 10 per mensem was allowed to the typists of the advance grade in the Income-tax Department since the year 1929? If so, what is the reason for its withdrawal since 1937 in the Madras Presidency? Will the Honourable Member see to its continuance with retrospective effect to satisfy the ends of justice?

Mr. A. H. Lloyd: (a) The departmental examinations are not open to all members of the non-gazetted staff of the Income-tax Department but the Commissioner of Income-tax can allow any member of his staff, whom he considers fit, to sit for them. The Government of India do not consider it necessary to alter the existing practice.

(b) No. The second part of the question does not arise.

(c) Their character rolls are not shown to the subordinate staff nor is it intended to show them in future. The defects of the subordinate staff are brought sufficiently to their notice in the course of their work.

(d) An allowance of Rs. 10 per mensem was sanctioned for typists with advanced qualifications employed in Income-tax Officer's offices in the Income-tax Department, Madras, at the time of the creation of a self-contained Income-tax Department in that Province in 1922. It was extended to the typists employed in the offices of the Commissioner and Assistant Commissioners of Income-tax in the Madras Presidency in 1925. The allowance was stopped in 1929 for 'new entrants' and in the case of the men then in service who had not passed the higher grade examination in typewriting upto that time. As it had been sanctioned by the Government of India following the practice of the Local Government, it was discontinued when the Local Government withdrew it in the case of the typists employed under them. Government do not propose to revive this allowance.

GRIEVANCES OF THE NON-GAZETTED STAFF OF THE INCOME-TAX DEPARTMENT IN THE MADRAS PRESIDENCY.

190. **Mr. K. S. Gupta:** (a) Will the Honourable the Finance Member please state if it is a fact that reports of the two Conferences of the Non-gazetted Officers Association of the Income-tax Department of the Madras Presidency, were submitted to the Honourable Member in charge of Finance for redress of their grievances? If so, what is the action taken, or proposed to be taken, to ameliorate the conditions of the subordinate staff of the Income-tax Department?

(b) Is the Honourable Member aware that there is deep discontent among non-gazetted staff of the Income-tax Department of the Madras Presidency due to direct recruitment for higher posts in the Department?

(c) Is it a fact that the posts of Assistant Inspectors are to be created in the Department in the near future? If so, is the Honourable Member prepared to see that these posts are filled in by duly qualified existing subordinates of the staff of the Department instead of the usual recourse to direct recruitment from among outsiders?

(d) Is the Honourable Member aware that the Commissioner and Assistant Commissioners of Income-tax of the Madras Presidency resort to communal considerations at the time of confirmation of the posts of clerks, instead of at the time of entertainment? If so, is he prepared to take steps to stop this practice?

The Honourable Sir James Grigg: (a) Copies of the resolutions passed by the Association were submitted to the Central Board of Revenue. As regards the second part, Government have sanctioned the grant of a conveyance allowance of Rs. 15 per mensem to the Assistant Income-tax Officers in the Madras City. Other requests contained in the resolutions were considered but the Government did not see their way to sanction any of them.

(b) No.

(c) The question is under consideration but Government have not come to any final decision yet. As to the second part, the Government cannot give any undertaking that the posts of Assistant Inspectors if sanctioned will be filled by existing subordinate staff. Their claims will, however, receive consideration at the hands of the Commissioner of Income-tax at the time of appointment.

(d) The information is being obtained and will be laid on the table in due course.

RETRENCHED PERSONNEL OF THE INCOME-TAX DEPARTMENT AND REGULATIONS OF DRESS FOR THE NON-GAZETTED STAFF.

191. Mr. K. S. Gupta: (a) Is the Honourable the Finance Member aware that several people who served the Income-tax Department for five or more years had to go out of office due to the abolition of lower incomes? If so, will he see that these ousted people are absorbed by the Department as and when vacancies occur, without any restriction on the question of age?

(b) Is the Honourable Member aware that each Province has its own regulations with regard to the non-gazetted staff? If so, will the Honourable Member instruct the respective Commissioners of Income-tax to freely adopt the regulations of dress for the subordinate staff existing in that particular Province to facilitate a uniform privilege in dress?

The Honourable Sir James Grigg: (a) The answer to the first part is in the affirmative. As to the second part, the Central Board of Revenue wrote to the Commissioners of Income-tax at the time that they should keep a record of the names of deserving discharged men with a view to their re-employment in future vacancies that may occur in the Income-tax Department and that the age limit should not be held against them too strictly. The Commissioners were also asked to do anything they could to further the case of any such men who were trying to obtain employment in other Government departments.

(b) The Honourable Member is apparently referring to the regulations for supply of uniforms to inferior servants. If so the Income-tax Department in each Province follows the same rules and scales of uniforms as are prescribed by the Provincial Governments for their inferior servants.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to part (c) of unstarred question No. 73, asked by Mr. D. K. Lahiri Chaudhury, on the 10th September, 1937.

SANCTION OF ADEQUATE STAFF FOR THE FOREIGN DEPARTMENT OF THE CALCUTTA GENERAL POST OFFICE.

(c) The results of the further enquiries promised show that the arrears in the Burma Foreign Money Order Section of the Calcutta General Post Office were cleared by the 21st of July, 1937. The work of the Section is now being kept upto date by the existing sanctioned temporary staff with the help of the auxiliaries drawn occasionally from other Departments of the Calcutta General Post Office, when the state of work in the Foreign Money Order Section renders this necessary.

Information promised in a reply given to a supplementary question, asked by Mr. S. Satyamurti in connection with starred question No. 665, on 21st September, 1937.

BUILDING OF WAGONS FROM INDIAN MATERIAL IN INDIA.

1. Number of wagons purchased from Indian wagon-building firms during 1936-37	1,093
2. Number of wagons manufactured in Railway Workshops during 1936-37	240
3. Number of wagons imported from abroad during 1936-37	512

Information promised in reply to starred question No. 144, asked by Sardar Sant Singh on the 4th February, 1938.

INCREASE IN THE WATER CHARGES IN NEW DELHI.

(a) Yes.

(b) No. The sanctioned rate for metered water connections is eight annas per 1,000 gallons. It is, however, understood that the Delhi Municipal Committee have reduced this rate in certain cases and the legality of their action is under consideration.

(c) It is presumed that the Honourable Member refers to the charge mentioned in questions Nos. 895 and 1025 asked by Maulana Shaukat Ali and Mr. S. K. Hosmani, respectively, and the replies to these questions laid on the table of the House on the 10th February, 1938. The Committee intended to levy a minimum charge which is not the same thing as an increased rate.

(d) No. The financial position of the New Delhi Municipal Committee has only recently been examined by the Financial Adviser to the Chief Commissioner and reviewed by the Chief Commissioner.

(e) No. Government see no reason to intervene.

Information promised in reply to starred question No. 320, asked by Mr. N. M. Joshi on the 16th February, 1938.

PROVISION OF BOARDING AND LODGING FACILITIES TO RELIEVING STAFF OF THE GREAT INDIAN PENINSULA RAILWAY.

(a) At most stations there is accommodation available either in rest houses or in rooms in the station building.

(b) No. Card passes were given to facilitate quick movement to stations where attendance on relief duty was required.

(c) and (f). Yes.

(d) Yes, except in the case of staff who are sent to work at stations less than five miles away from the headquarters stations, provided suitable train services exist.

(e) The Agent states that the withdrawal has not created any new inconvenience, nor has it put the staff to any pecuniary loss.

(g) Passes were being misused, e.g., utilised :

(i) for journeys not connected with railway work ;

(ii) to leave the station more frequently than was desirable thus causing inconvenience and considerably encroaching on the periods of rest of the pass holder.

(h) The matter has been under investigation by the Great Indian Peninsula Railway Administration and cases of hardship have been dealt with on their merits. As a result of such investigations 17 card passes have so far been restored to certain of the staff concerned.

Information promised in reply to starred question No. 430, asked by Mr. C. M. Muthuranga Mudaliar on the 22nd February, 1938.

ELECTRICITY AND WATER CHARGES IN NEW DELHI.

- (a) A statement is annexed.
 (b) A statement showing the past and present charges for the consumption of electricity is annexed. It shows the changes made.
 (c) Yes.
 (d) The Committee decided to increase the rate in order to provide for the payment of their share of the recurrent cost of the New Sewage Disposal System.
 (e) The consumption of water during the summer months is doubtless higher per consumer than in the winter, though the total consumption of water in New Delhi is less during the summer than during the winter. The answer to the latter part of the question is in the negative.
 (f) A statement is annexed.
 (g) Yes, in proportion to the increase in the water rate.

Statement of establishment both Superior and Inferior employed by the New Delhi Municipal Committee.

SECRETARY'S OFFICE.

Serial No.	Designation.	Total No.	Scale of pay.	Fixed conveyance allowance.
			Rs.	Rs.
1	Secretary . . .	1	P. C. S. Officer on deputation	
2	Superintendent . . .	1	200—10—300 . . .	
3	Senior Head Assistant . . .	1	120—10—200 . . .	..
4	Tax Superintendent . . .	1	100—10—200 . . .	15 p.m.
5	Municipal Inspector . . .	1	100—7/8—160—10—250 . . .	15 p.m.
6	Municipal Pleader . . .	1	200 p.m. . . .	30 p.m.
7	Municipal Supervisor . . .	1	150—10—250 . . .	30 p.m.
8	Municipal Accountant . . .	1	100—15/2—175—10—185 . . .	..
9	Caretaker . . .	1	25—1—30 . . .	
10	Duftries . . .	2	20—1—25 . . .	..
11	Bill Collectors . . .	4	20—1—25 . . .	3 p.m.
12	Stenographer . . .	1	125—5—180—10—200 <i>plus</i> Rs. 10 special allowance.	..
13	Typists . . .	2	50—3—80 . . .	
14	Typist . . .	1	40—5/2—90 . . .	
15	Cashier . . .	1	120—5—150 <i>plus</i> 50 special allowance.	..
16	Asstt. Cashier . . .	1	55—5/2—100 . . .	..

SECRETARY'S OFFICE—*contd.*

Serial No.	Designation.	Total No.	Scale of pay.	Fixed conveyance allowance.
			Rs.	Rs.
17	Assistant Cashiers .	3	50—3—80 .	..
18	Barkandaz .	2	20—1—25 .	1 p.m. cycle allowance.
19	Clerks .	6	80—5—120	..
20	Clerks .	1	55—5/2—100	..
21	Clerks .	22	50—3—80 .	..
22	Clerks .	6	40—5/2—90	..
23	Tax Inspector .	1	50—3—80 .	15 p.m.
24	Tax Inspector .	1	50—3—80 .	6 p.m.
25	Municipal Sub-Inspector	5	35—3—50 .	6 p.m.
26	Asstt. Municipal Supervisor.	1	35—3—50 .	6 p.m.
27	Dog & Jackal Shooter .	1	35—3—50 .	6 p.m.
28	Prosecutors .	1	50—3—80 .	6 p.m.
29	Prosecutors .	1	40—5/2—90 .	6 p.m.
30	Peons .	15	15 p.m. cycle allowance. One peon of type branch is in receipt of Rs. 3 p.m. as special allowance.	1 p.m. ..
31	Peons .	4	15 p.m. .	..
32	Process Servers .	2	15 p.m. .	1 p.m. cycle allowance.
33	Farash .	1	15 p.m. .	..
34	Chowkidars .	3	15 p.m. .	..
35	Sweepers .	4	12 p.m. .	..
36	Mate .	1	16 p.m. .	..
37	Watch & Ward Chowkidars.	18	14 p.m. .	..
38	Watch and Ward Chowkidars.	1	14 p.m. .	1 p.m.
39	Dog catchers .	6	12 p.m. .	..
40	Jackal Beaters .	1	15 p.m. .	..

CATTLE POUNDS.

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
			Rs.	Rs.
1	Moharriers .	4	25—1—30, 1 Lighting charges allowance.	1 Moharrier is paid a cycle allowance of Rs. 6 p.m.
2	Peons .	4	15.	
3	Sweepers .	4	12.	
			<i>Lodi Golf Course.</i>	
4	Green Master .	1	75.	
5	Clerk .	1	80—5—120 .	6 cycle allowance.
6	Golf Professional .	1	30.	
7	Senior Caddie .	1	20—1—30.	
8	Chowdhury .	1	35—2—45.	
9	Chowkidar .	2	14.	
10	Sweeper .	1	12.	
11	Bearer .	1	20.	

HEALTH OFFICE.

Serial No.	Designation.	Total No.	Scale of pay.	Conveyance allowance.
			Rs.	Rs.
1	Health Officer .	1	Paid by Government.	
2	Head Clerk .	1	100—15/2—175—10—185.	
3	Clerk .	1	55—5/2—100.	
4	Clerk .	1	50—3—80.	
5	Clerks .	2	40—5/2—90.	
6	Chief Sanitary Inspector.	1	200—10—250 .	30 p. m.
7	Inspectors, Sanitary .	4	75—4—95—5—150 .	15 p. m.
8	Assistant Sanitary Inspector.	1	75—5—100—5—150 .	15 p. m.
9	Sub-Assistant Inspector	1	40—2—60 .	6 p. m.

HEALTH OFFICE—*contd.*

Serial No.	Designation.	Total No.	Scale of Pay.	Conveyance allowance.
			Rs.	Rs.
10	Daroghas	5	40—1—50	6 p. m.
11	Jamadars	14	20—1—25	3 p. m.
12	Anti-Malaria Officer . .	1	75—5—100—10—180 . .	43-12-0 p. m.
13	Malaria Supervisors . .	5	50—2—60	3 p. m.
14	Malaria Fitters	2	40—2—60 . . . .	..
15	Malaria Jamadars . . .	8	20—1—25	3 p. m.
16	Birth and Death Moharrir.	1	30—2—40 . . . .	..
17	Superintendent, Maternity and Child Welfare.	1	200—15—275—15—350— 15—425—15—500.	45 p. m.
18	Health Visitors	6	70—5—100—5—120 . .	6 p. m.
19	Dais	10	25—2—35 . . . .	..
20	Ayah	1	15—1—20 . . . .	..
21	Head vaccinator	1	40—2—60	6 p. m.
22	Vaccinators	2	28—2—40	6 p. m.
23	Ambulance Driver	1	40—2—60 . . . .	..
24	Store Keeper	1	75—4—95 plus 30 S. A. .	..
25	Assistant Store-keeper . .	1	25—3—40 . . . .	..
26	Rubbish lorry drivers {	9 } 12	40—2—60 . . . .	..
		3 }	30—2—40 . . . .	..
27	Leave Reserve Driver . . .	1	30—2—40 . . . .	..
28	Cleaners	9	17 p. m. . . . .	..
29	Sewer Inspector	1	50—3—80 plus 3 S. A. .	6 p. m.
30	Assistant Sewer Inspector.	1	50—3—80	6 p. m.
31	Mason	1	30—2—40 . . . .	..
32	S. W. Drain Inspector . .	1	75—5—100—5—150 . .	15 p. m.
33	S. W. Drain Jamadar . . .	1	20—1—25	3 p. m.
34	Foreman	1	75—4—95 . . . .	..
35	Watering Lorry Drivers . .	2	40—2—60 . . . .	..
36	Watering Lorry Driver . .	1	30—2—40 . . . .	..

HEALTH OFFICE—*contd.*

Serial No.	Designation.	Total No.	Scale of Pay.	Conveyance allowance.
37	Khallasia . . .	3	Rs. 17 p. m. . .	Rs. ..
38	School Medical Officers	2	70 p. m. . . 30 p. m. house rent. 20 p. m. non-practising allowance.	10 p. m.
39	Compounders .	2	25 30—2—40.	..
40	Building Surveyor .	1	60—5—100 . .	6 p. m.
41	Eye Specialist .	1	50 p. m. .	..
42	Dental Surgeon .	1	50 p. m. .	..
43	Sweepers (Conservancy)	267	12 p. m. .	..
44	Anti-Malaria Sweepers	36	12 p. m. .	..
45	Anti-Malaria Beldars .	6	15 p. m. .	..
46	Mates .	3	20 p. m. .	..
47	Cartmen .	4	25 p. m. .	..
48	Sewer Beldars .	80	15 p. m. .	..
49	S. W. Drain Beldars .	70	15 p. m. .	..
50	Mates (sewers) .	8	20 p. m. .	..
51	Bhisties (sewers) .	8	15 p. m. .	..
52	Cartmen (sewers) .	4	25 p. m. .	..

WELLINGTON HOSPITAL.

Medical Department.

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
			Rs.	Rs.
1	Civil Surgeon . .	..	Paid for by Government .	..
2	Assistant Surgeon .	..	Paid for by Government .	..
3	Sub-Assistant Surgeon	2	130 <i>plus</i> 15 P. H. Allowance 10 Local Allowance.	6

Medical Department—contd.

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
			Rs.	Rs.
4	Matron	1	195 <i>plus</i> 30 Matron allowance.	..
5	Staff Nurse	1	180	..
6	Temporary Nurse	1	180	..
7	Indian Nurses	2	55 . 20 House allowance .	....
8	Clerk	1	40—5/2—90	..
9	Clerk	1	50—3—80	..
10	Ambulance Car Driver	1	30—2—40	..
11	Dispensers	3	40 .	..
12	Dispenser	1	35 . 5 Store allowance. 5 X-Ray allowance.	..
13	Dispenser	1	35 . 5 Male Nurse allowance.	..
14	Dispensers	2	30 .	..
15	Dispenser	1	25 .	..
16	Head Ward Attendant	1	18 . 5 S. P.	..
17	Ward Attendants	4	18 .	..
18	Ward Orderly	1	20 .	..
19	Ward Boy	1	20 .	..
20	European Cook	1	35 .	..
21	Mohammadan Cook	1	16 .	..
22	Hindu Cook	1	16 .	..
23	Dhobi	1	35 .	..
24	Bhishti	2	15 .	..
25	Chowkidar	1	16 .	..
26	Khars	4	16 .	..
27	Sweeper	1	15 .	..
28	Sweepers	4	14 .	..

Medical Department—contd.

Designation.	Total No.	Grades.				Conveyance allowance.
		Rs.				Rs.
<i>Willington Nursing Home for 6 months.</i>						
Matron .	1	275	.	.	.	..
Nurses .	4	250	.	.	.	..
Nurse .	1	215	.	.	.	..
Khidmatgars .	3	20	.	.	.	..
Dhobi .	1	35	.	.	.	..
Bearers .	3	20	.	.	.	..
Sweepers .	3	15	.	.	.	..
Cook .	1	35	.	.	.	..
Masalchi .	2	16	.	.	.	..
Mate .	1	15	.	.	.	..
Chowkidar .	1	16	.	.	.	..
Aya .	1	30	.	.	.	..
Dispenser .	1	35	.	.	.	..
Bhishti .	1	16	.	.	.	..
Orderlies .	2	15	.	.	.	..
<i>Jangpura Dispensary.</i>						
Sub-Assistant Surgeon	1	70—4—130	.	.	.	..
Dispensers .	2	30	.	.	.	..
Chowkidar .	1	11	.	.	.	..
Kahar .	1	12	.	.	.	..
Sweeper .	1	11	.	.	.	..
<i>Ayurvedic Dispensary.</i>						
Vaid .	1	60—4—80	.	.	.	..
Senior Compounder .	1	25—1½—40	.	.	.	..
Junior Compounder .	1	20—1—30	.	.	.	..
Dawasaz .	1	15—1—20	.	.	.	..
Dai .	1	20—1—30	.	.	.	..
Sweeper (part-time) .	1	3	.	.	.	..

Medical Department—contd

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
	<i>Unani Dispensary.</i>		Rs.	Rs.
55	Hakim	1	60—4—80 . .	
56	Senior Compounder . .	1	25—1½—40 . .	..
57	Junior Compounder . .	1	20—1—30 . .	
58	Dawasaz	1	15—1—20 . .	..
59	Dai	1	20—1—30 . .	..
60	Sweeper (part time) . .	1	3 . . . .	..
	<i>Veterinary Hospital.</i>			
61	Clerk	1	40—2—60 . .	..
62	Senior Compounder . .	1	35—1—40 . .	..
63	Junior Compounder . .	1	20—1—30 . .	..
64	Peon	1	15	
65	Chowkidar	1	15	
66	Bhishti	1	16 . . . .	..
67	Syce	1	15	
68	Sweepers	2	14	

SCHOOLS.

	<i>M. B. Boys High School.</i>			
1	Head Master	1	140—10—200—10—250 . .	
2	Second Master	1	110—5—130(2)—5—150 . .	
3	B.A., B.T., or S. A. V. Teachers.	4	80—4—100(2)—5—125 . .	
4	J. A. V. Teachers . .	3	50—2—65(2)—3—80 . .	..
5	Drawing Master	1	40—2—60(2)—2—70 . .	..
6	Oriental Teachers . .	3	40—2—69(2)—2—70 . .	
7	S. V. Teachers	6	35—2—49(2)—2—65 . .	..
8	Drill Master	1	40—2—50(2)—2—60 . .	
9	Laboratory Assistant . .	1	20—1—(2)—25 . .	
10	Clerk	1	40—2—60 . . . .	..
11	Peon	1	15	1 Cycle allowance.

SCHOOLS—*contd.*

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
	<i>M. B. Boys High School— contd.</i>		Rs.	Rs.
12	Chowkidar	1	15 . 2 Watching Madrassi Pri- mary school allowance. 1 Oil allowance.	..
13	Waterman	2	12	
14	Sweeper		14	
15	Do.	1	12	
16	Band Master (part-time)	1	20 . . . .	..
	<i>M. B. Primary School Reading Road.</i>			
17	Head Master	1	32—2—40—2—50 . .	..
18	J. V. Teachers	7	25—1—30(2)—2—50 . .	..
19	Teacher, J. V.	1	25—1—30	
20	English Teacher	1	50—3—65—3/2—80 . .	..
21	Peon	1	15	
22	Waterman	1	12	
23	Sweeper	1	12 <i>plus</i> 2 allowance for sweeping Madrassi School.	..
	<i>M. B. Primary School, Jangpura.</i>			
24	Head Master	1	32—2—40—2—50 . .	..
25	J. V. Teacher	1	25—1—30(2)—2—50 . .	..
26	Ditto.	1	25—1—30 . . . .	..
27	Peon	1	15 <i>plus</i> 2 Water allowance.	..
28	Sweeper	1	2 . . . .	..
	<i>M. B. Primary Boys School, Road, Turkman</i>			
29	Head Master	1	32—2—40—2—50.	
30	J. V. Teachers	4	25—1—30.	
31	Chowkidar	1	15 <i>plus</i> 2 water allowance.	
32	Peon	1	15 <i>plus</i> 1 water allowance.	
33	Sweeper	1	12.	

SCHOOLS—*contd.*

Serial No.	Designation.	Total No.	Grades.	Conveyance allowance.
			Rs.	Rs.
	<i>M. B. Girls Primary School, Turkman Road.</i>			
34	Head Mistress . . .	1	65—3—90—3/2—120.	
35	S. V. Teachers . . .	2	35—1—40—2—50.	
36	Callerwomen . . .	3	12 <i>plus</i> 2 each for supplying drinking water.	
	<i>M. B. Bengali Girls School.</i>			
37	Head Mistress . . .	1	150—10—200.	
38	Teacher . . .	1	80—4—100.	
39	Teachers . . .	3	50—3—80.	
40	Do. . .	1	70—3—100—4/2—120.	
41	Peon . . .	1	15.	
42	Callerwoman . . .	1	15.	
43	Do. . .	1	12.	
44	Sweeper . . .	1	12.	
	<i>M. B. Girls High School, New Delhi.</i>			
45	Principal . . .	1	200—10—250 (2)—5—275.	
46	B.A., B.T. Teachers . . .	4	150—10—200.	
47	J. A. V. Teachers . . .	3	70—3—100—4/2—120.	
48	J. A. V. Teachers . . .	3	65—2—90—3/2—120.	
49	Persian Teacher . . .	1	80—4(2)—100.	
50	Domestic Science Teacher. . .	1	55—3—70.	
51	S. V. Teachers . . .	9	35—2—47—3(2)—65.	
52	J. V. Teachers . . .	3	30—3—48—3(4)—60.	
53	Clerk . . .	1	45—3—60.	
54	Bus Driver . . .	1	30—2—40.	
55	Chowkidars . . .	2	15 <i>plus</i> 1 oil allowance.	
56	Peon . . .	1	15 .	1 C. allowance.
57	Callerwomen . . .	2	15.	
58	Do. . .	2	12.	
59	Sweepers . . .	2	12.	
60	Chowkidar . . .	1	15 <i>plus</i> 1 oil allowance.	

lars of staff employed in the Electrical Department, New Delhi Municipal Committee.

Particulars of staff.	Total No.	Grades.	Remarks.	
		Rs.	Rs.	
<i>Executive Officers.</i>				
Electrical Engineer .	1	1,250—25—1,600+105 C. A.	One getting personal pay at Rs. 20 p. m.	
Assistant Electrical Engineer.	1	500—20—750—850—950+105 C. A.		
<i>Superintendents.</i>				
Superintendent, Power House.	1	350—25—450 /2—500—20—750.		
Superintendent, Mains .	2	350—25—450 /2—500+50 C. A.		
Assistant Superintendent, Power House.	1	350—25—450/2—500+50 C. A.		
<i>Upper Subordinates.</i>				
Shift Engineer, Power House.	1	150—10—300+personal pay 15.		
Superintendent, Fire Brigade.	1	150—10—300+30 C. A.		
Superintendent, Meters	1	150—10—300.		
<i>Subordinates.</i>				
Workshop Foreman .	1	70—5—150—10—200.		
Meter Inspectors .	4	75—4—95—5—150+15 C. A.		
Supervisors .	6	75—4—95—5—150+15 C. A.		
Assistant Shift Engineers.	2	75—4—95—5—150.		
Boiler Supervisor .	1	75—4—95—5—150.		
Storekeeper . .	1	75—4—95—5—150.		
Draftsman, I Grade .	1	75—4—95—5—150.		
Head Mechanic . .	1	75—4—95—5—150.		
Mechanic . . .	1	75—4—95—5—150.		

Serial No.	Particulars of staff.	Total No.	Grades.	Remarks.
			Rs.	Rs.
	<i>Lower Subordinates.</i>			
1	Shift-in-Charge, Grade. I	17	40—5/2—90.	
2	Draftsman, II Grade .	1	40 . . .	Scale not fixed.
3	S. B. A., Power House .	4	40—5/2—90.	
4	Meter Readers . .	13	40—5/2—90.	
	<i>Artisans.</i>			
1	Fitters . . .	5	40—2—60.	
2	Jointers, I Grade .	9	40—2—60	Personal pay 1 at 14; 1 at 11.
3	Cable Testers .	2	40—2—60	One personal pay Rs. 30.
4	Meter Repairers . .	2	40—2—60.	
5	Meter Checkers . .	2	40—2—60.	
6	Turners . . .	3	40—2—60	Personal pay at Rs. 9, 5 and 5.
7	Pattern maker . .	1	40—2—60.	
8	Turbine Drivers, Power House.	3	40—2—60.	
9	Armature Winders .	2	40—2—60.	
10	Wiremen, I Grade .	6	40—2—60.	
11	Drivers, Fire Brigade .	3	40—2—60.	
12	Power House Attendants	3	40—2—60.	
13	Boiler Attendants .	3	40—2—60.	
14	Mechanics men . .	7	40—2—60.	
15	Shift-in-Charge, II Grade	3	26—2—40.	
16	Drivers, Sub-stations .	23	26—2—40.	
17	Assistant Power House Attendants.	2	26—2—40.	
18	Wiremen, II Grade .	3	26—2—40.	
19	Masons . . .	4	26—2—40.	
20	Meter Mistries . .	7	26—2—40.	
21	Blacksmith . . .	1	26—2—40.	
22	Tinsmith . . .	1	26—2—40.	

Serial No.	Particulars of staff.	Total No.	Grades.	Remarks.
	<i>Artisans—contd.</i>		Rs.	Rs.
23	Linemen . . .	13	26—2—40.	
24	Meter Erectors . . .	2	26—2—40.	
25	Jointers, II Grade . . .	2	26—2—40.	
26	S. B. A., Electt. . .	13	20—1—30.	
27	Head Firemen . . .	2	20—1—30.	
28	Pump Drivers . . .	2	Fixed 25.	
29	Firemen . . .	8	17—1—20.	
	<i>Clerical Staff.</i>			
1	Accountant . . .	1	100—15/2—175—10—185 + 15 personal pay.	
2	Head Clerk . . .	1	Ditto.	
3	Senior Clerk . . .	1	8—5—120.	
4	Senior Accounts Clerk . . .	3	55—5/2—100.	
5	Junior Clerks . . .	12	40—5/2—90.	
6	Clerks . . .	1	50—3—80.	
7	Telephone Clerk (Fire Brigade). . .	1	30—1—40.	
8	Daftry . . .	1	15—1—25.	
	<i>Inferior Staff.</i>			
1	Boiler Khallasi . . .	36	Fixed 20.	
2	Cleaners . . .	10	Fixed 17.	
3	Khallasis . . .	142	Fixed 17.	
4	Line Petrollers . . .	5	Fixed 18.	
5	Peons . . .	6	Fixed 15.	
6	Cycle Peons . . .	3	Fixed 16.	
7	Bhisti . . .	1	Fixed 16.	
8	Chowkidars . . .	10	Fixed 14.	
9	Sweepers . . .	9	Fixed 12.	
10	Mali . . .	1	Fixed 20.	
11	Challandar . . .	1	Fixed 17.	
12	Part-time sweepers . . .	4	Fixed 4.	

(1) Light and fans	As. 4 per unit less 10 per cent. if bills paid in time.
(2) Power	As. 2 per unit.
(3) Meter rent	As. 8 per meter per month.
(4) Bulk supply :	
(i) Government Irrigation Pumping Station	As. 1.4 per unit less 10 per cent.
(ii) Electric Supply & Traction Company	As. .8 per unit for first 2 million units. As. .4 per unit above 2 million units. Rs. 75 per K. W. per year fixed charged up to 600 K. W. and above that Rs. 25 per K. W.
Charges previously levied :	
(1) Light and fans	As. 4 per unit less 12½ per cent.
(2) Power	As. 2 per unit.
(3) Meter rent	Re. 1 per meter per month.
(4) Bulk supply :	
(i) Government Irrigation Pumping Station	As. .75 per unit.
(ii) Electric Supply & Traction Company	As. .8 per unit. Rs. 75 per K. W. fixed charge.

Year.	Water.	Electricity.
	Rs.	Rs.
1934-35	2,98,158	10,49,095
1935-36	3,10,598	10,99,573
1936-37	3,13,395	13,56,216

No housing schemes for the poor residents of cantonments have been undertaken by Cantonment Boards. At Secunderabad, however, certain schemes, which have been and are being initiated by the Town Improvement Trust, are handed over on completion to the Board for administration.

Information promised in reply to starred question No. 689, asked by Mr. Lalchand Navalrai on the 7th March, 1938.

RESTRICTION ON THE RIGHT OF TRANSFER OF THE LESSEES OF GOVERNMENT PLOTS IN DEVNAGAR NEAR KAROL BAGH, DELHI.

(a) No. Two forms of long term leases were granted in the areas to which the Honourable Member refers. One form makes no provision as to the right of transfer; the other requires the lessee to obtain the previous sanction of the lessor before a transfer is effected.

(b) The position is that the lessees in Devnagar include persons who were ejected from Basti Harphool Singh when it was acquired by the Delhi Municipal Committee. They were paid full compensation for their land and buildings in that Basti and were allotted land in Devnagar on concessional terms for residential purposes only. Their leases provide therefore that the previous permission of the lessor must be obtained before leasehold rights are transformed.

Information promised in reply to parts (a) to (g), (i) and (j) of starred question No. 692, asked by Seth Govind Das on the 7th March, 1938.

FALL IN THE PRICE OF RICE.

(a) Estimated average total production of rice in India (excluding Burma) during the five years ending 1936-37.

	(In thousand tons.)
1932-33	26,201
1933-34	25,733
1934-35	25,706
1935-36	23,271
1936-37	28,253
Total	129,164
Average	25,833 per annum.

(b) Estimated average total annual consumption of rice in India (excluding Burma) during the five years ending 1936-37.

	(In thousand tons.)
1932-33	27,053
1933-34	27,394
1934-35	28,092
1935-36	25,036
1936-37	29,725
Total	137,300
Average	27,460 per annum.

								(In thousand tons.)
1932-33	.	.	.	.	.	.	.	230
1933-34	.	.	.	.	.	.	.	217
1934-35	.	.	.	.	.	.	.	208
1935-36	.	.	.	.	.	.	.	193
1936-37	.	.	.	.	.	.	.	235
						Total	.	1,083
						Average	.	217 per annum.

		(In thousand tons.)
1932-33	. . .	1,082
1933-34	. . .	1,878
1934-35	. . .	2,594
1935-36	. . .	1,958
1936-37	. . .	1,707
	Total	9,219
	Average	1,844 per annum.

	(In thousand tons.)
1932-33 .	1,046
1933-34 .	1,789
1934-35 .	2,200
1935-36 .	1,747
1936-37 .	1,621
	<hr/>
Total	8,403
	<hr/>
Average .	1,681 per annum.

April	1937	.	.	.	.	.	.	.	146
May	"	.	.	.	.	.	.	.	145
June	"	.	.	.	.	.	.	.	137
July	"	.	.	.	.	.	.	.	101
August	"	.	.	.	.	.	.	.	126
September	"	.	.	.	.	.	.	.	77
October	"	.	.	.	.	.	.	.	50
November	"	.	.	.	.	.	.	.	82
December	"	.	.	.	.	.	.	.	66
January	1938	.	.	.	.	.	.	.	67
February	"	.	.	.	.	.	.	.	72
Total									1,069

(C) Prices of Rice in Madras City, Cochin Calicut and Cuddalore from January, 1933, to February, 1933

Monthly Prices of Rice in Madras City (prevailing during last week of each month) in Rs. per mownd (= 32 2 1/2 lbs.).

Month.	1						2						3					
	Calcutta Nagara Balled.						Rangoon Bar Broken A.						Coranada Balled (Delta).					
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January . . .	3-73	3-45	3-64	3-89	3-76	3-39	2-91	2-25	3-23	3-09	3-51	2-99	3-29	3-01	3-10	3-47	3-15	3-34
February . . .	3-64	3-42	2-57	3-89	3-76	3-57	2-84	2-35	3-62	2-86	3-46	3-09	3-14	2-88	3-48	3-15	3-15	3-26
March . . .	3-51	3-39	3-64	3-89	3-70	...	2-69	2-18	3-09	2-91	3-46	...	3-01	3-01	3-15	3-09	3-28	...
April . . .	3-23	3-36	3-83	3-95	3-76	...	2-55	2-18	3-21	3-17	3-46	...	3-01	2-82	3-55	3-15	3-21	...
May . . .	3-32	3-51	3-83	3-89	3-70	...	2-62	2-16	3-22	3-06	3-37	...	3-07	2-94	3-43	3-15	3-28	...
June . . .	3-70	3-79	3-83	3-89	3-70	...	2-59	2-40	3-26	3-04	3-27	...	3-07	3-01	3-83	3-15	3-28	...
July . . .	3-86	3-83	4-08	4-14	3-76	...	2-67	2-55	3-30	3-04	3-27	...	3-01	2-94	3-48	3-22	3-28	...
August . . .	3-89	4-23	3-95	4-20	3-64	...	3-03	3-03	3-35	3-04	3-27	...	3-01	3-39	3-60	3-41	3-54	...
September . . .	3-76	4-14	3-70	4-08	3-70	...	2-69	2-84	3-22	3-00	3-13	...	3-01	3-45	3-28	3-28	3-54	...
October . . .	3-83	3-89	3-95	4-08	3-76	...	2-57	2-72	3-30	3-00	3-27	...	2-94	3-39	3-54	3-15	3-60	...
November . . .	3-70	3-89	4-01	3-89	3-64	...	2-55	2-84	3-22	2-96	3-23	...	2-94	3-22	3-41	3-15	3-54	...
December . . .	3-57	3-57	4-01	3-82	3-64	...	2-42	2-84	3-17	9-95	3-13	...	2-94	3-02	3-22	3-39	3-41	...

Month.	4 Rangoon Boiled Mithcar.						5 Whole Sugand Rangoon Raw.					
	1933.		1934.		1935.		1936.		1937.		1938.	
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January .	3.14	2.88	3.10	3.15	3.15	3.34		2.61	3.00	3.00	3.05	2.90
February .	3.01	2.76	3.09	3.09	3.09	3.21		2.49	3.18	2.83	3.41	2.99
March .	2.76	2.88	3.15	3.09	3.21	...		3.23	3.13	3.00	3.55	
April .	2.76	2.70	3.41	3.15	3.15			2.23	3.17	3.13	3.41	
May .	2.94	2.82	3.48	3.04	3.21			2.32	3.18	3.04	NQ	
June .	2.94	2.88	3.35	3.09	3.21		...	2.49	3.21	3.00	"	
July .	2.88	2.82	3.48	3.15	3.34		...	2.66	3.22	3.09	3.23	
August .	2.88	3.26	3.54	3.28	3.41		...	2.91	3.26	N.S.	NQ	
September .	2.88	3.32	3.22	3.22	3.47		...	2.91	3.18	3.09	"	
October .	2.85	3.26	3.54	3.09	NQ		2.49	2.74	3.26	3.09	"	
November .	2.85	3.09	3.35	3.09	3.60		2.57	2.57	3.18	3.00	"	
December .	2.85	2.89	3.15	3.08	3.44	...	2.61	2.57	3.17	3.00	"	...

Monthly Prices of Rice in Cochin (prevailing during last week of each month) in Rs. per maund (= 88 2/7 lbs.).

Month.	Inferior Milar (Burma II).										Rangoon Raw (Burma).										Broken A. Special (Slam).				
	1					2					3														
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	
January	2.76	2.58	2.88	2.88	3.19	3.32	2.88	2.51	2.76 to 2.88	2.88	3.23	3.19	2.51	2.32	3.09	3.09	3.62	3.23	2.51	2.32	3.09	3.09	3.62	3.23	
February	2.70	2.38	2.94	2.89	3.13	3.07	2.82	2.38	2.88 to 3.01	3.01	3.26	3.13	2.44	2.17	3.19	3.09	3.57	3.31	2.44	2.17	3.19	3.09	3.57	3.31	
March	2.32	2.32	3.01	3.01	3.13	...	2.45	2.26	3.01 to 3.14	3.01 to 3.14	3.23	...	2.27	2.10	3.21	3.28	3.52	...	2.27	2.10	3.21	3.28	3.52	...	
April	2.32	2.32	3.51	3.14	3.13	...	2.32	2.26	3.32 to 3.14	3.01 to 3.14	3.26	...	2.22	2.42	3.38	3.30	3.43	...	2.22	2.42	3.38	3.30	3.43	...	
May	2.38	2.51	3.20	3.07	3.10	...	2.51	2.26	3.14 to 3.20	3.01 to 3.14	3.26	...	2.27	2.03	3.34	3.28	3.33	...	2.27	2.03	3.34	3.28	3.33	...	
June	2.45	2.58	3.45	3.07	3.14	...	2.60	2.38	3.26 to 3.42	3.01 to 3.14	3.23	...	2.37	2.22	3.38	3.28	3.24	...	2.37	2.22	3.38	3.28	3.24	...	
July	2.38	2.76	3.45	3.20	3.32	...	2.51	2.58	3.26 to 3.39	3.01 to 3.14	3.19	...	2.37	2.51	3.88 to 3.48	3.28	3.19	...	2.37	2.51	3.88 to 3.48	3.28	3.19	...	
August	2.38	3.26	3.32	3.14	3.52	...	2.51	3.01	3.14 to 3.23	3.01 to 3.14	3.38	...	2.37	2.70	3.28 to 3.33	3.19	3.28	...	2.37	2.70	3.28 to 3.33	3.19	3.28	...	
September	2.38	3.01	3.32	3.01	3.44	...	2.38	2.82	3.14 to 3.32	3.01 to 3.14	3.38	...	2.34	2.61	3.29 to 3.33	3.19	3.43	...	2.34	2.61	3.29	3.19	3.43	...	
October	2.58	3.01	3.51	3.10	3.76	...	2.38	2.88	3.26 to 3.45	3.01 to 3.14	3.38	...	2.27	2.56	3.33 to 3.88	3.07	3.43	...	2.27	2.56	3.33	3.07	3.43	...	
November	2.70	2.70	3.26	3.14	3.26	...	2.58	2.70 to 2.82	3.14 to 3.26	3.01 to 3.14	3.32	...	2.27	2.53	3.33 to 3.88	3.14	3.33	...	2.27	2.53	3.33	3.14	3.33	...	
December	2.58	2.64	3.59	3.30 to 3.48	3.36	...	2.51	2.64 to 2.76	3.51 to 3.67	3.01 to 3.14	3.32	...	2.42	2.80	3.88 to 3.88	3.62	3.28	...	2.42	2.80	3.88	3.62	3.28	...	

Month.	4 Broken B. (Slam.)						5 Raw rice Broken C. (Slam.)					
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January . . .	2.42	2.12	2.99	2.89	3.33	3.06	2.22	2.05	2.56	2.70	2.99	2.89
February . . .	2.42	1.89	3.04	2.89	3.19	3.14	2.17	1.79	2.66	2.70	2.99	2.90
March . . .	2.22	1.81	3.11	2.89	3.28	...	2.07	1.72	2.84	2.70	2.99	...
April . . .	2.12	1.93	3.29	2.89	3.34	...	1.08	1.84	2.99	2.70	3.04	...
May . . .	2.17	2.00	NQ	2.89	3.19	..	2.03	1.72	2.99	2.70	2.99	...
June . . .	2.22	2.07	3.30	2.89	3.09	..	2.12	1.93	2.99 to 3.04	2.70	2.90	...
July . . .	2.22	2.39	3.24	3.09	3.04	..	2.12	2.27	3.04	2.70	2.85	...
August . . .	2.22	2.56	3.23	3.09	3.04	..	2.17	2.42	3.06	2.70	2.95	...
September . . .	2.17	2.70	3.19	3.09	3.28	..	2.12	2.61	3.05 to 3.09	2.70	3.09	...
October . . .	2.17	2.42	3.28	2.89	3.16	..	2.07	2.32	3.04	2.70	2.99	...
November . . .	2.17	2.40	3.23	2.90	3.12	..	2.07	2.21	3.04	2.70	2.95	...
December . . .	2.27	2.70	3.23	3.23	3.12	...	2.12	2.42	3.09	2.89	2.99	...

STATEMENTS LAID ON THE TABLE.

Monthly Prices of Rice in Calicut (prevailing during last week of each month) in Rs. per mowad (= 88 g/17 lbs.)

Month.	Cocanada bolled rice.						Thadapalli bolled rice.						Rangoon Milchar rice.					
	1						2						3					
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January	3.09	3.09	3.30	3.22	3.28	3.53	2.97	2.91	2.79	3.09	3.16	3.35	3.03	2.73	2.73	3.28	3.22	3.22
February	2.97	2.97	3.28	3.22	3.35	3.47	2.91	2.60	2.79	3.09	3.28	3.22	2.85	2.48	3.12	2.85	3.22	3.16
March	2.73	2.85	3.28	3.34	3.41	...	2.60	2.54	2.97	3.15	3.22	...	2.48	2.60	3.15	3.09	3.35	...
April	2.48	2.91	3.65	3.40	3.53	...	2.35	2.66	3.34	3.22	3.28	...	2.41	2.54	3.53	3.15	3.28	...
May	2.66	3.03	3.65	3.40	3.53	...	2.48	2.85	3.34	3.22	3.27	...	2.48	2.66	3.41	3.15	3.35	...
June	2.97	3.03	3.72	3.41	3.53	...	2.73	2.79	3.53	3.21	3.28	...	2.66	2.66	3.47	3.28	3.35	...
July	2.79	3.09	3.85	3.40	3.53	...	2.60	2.85	3.65	3.28	3.28	...	2.73	2.73	3.59	3.28	3.35	...
August	2.85	3.25	3.72	3.34	3.59	...	2.62	2.85	3.59	3.28	3.35	...	2.73	2.73	3.50	3.28	3.41	...
September	2.97	3.59	3.72	3.40	3.69	...	2.79	3.32	3.59	3.28	3.41	...	2.85	3.09	3.56	3.28	3.47	...
October	3.09	3.47	3.84	3.34	3.66	...	2.91	3.34	3.65	3.28	3.47	...	2.85	3.09	3.65	3.28	3.47	...
November	3.09	3.53	3.22	3.41	5.53	...	2.91	3.09	3.09	3.32	3.35	...	2.85	2.76	3.34	3.35	3.35	...
December	2.91	3.34	3.34 to 3.40	3.41	3.53	...	2.79	2.79	3.09	3.32	3.35	...	2.73	2.79	3.40	3.35	3.35	...

Month.	Rangoon full-bellied rice.						Rangoon raw rice.						Rangoon raw broken rice.					
	4						5						6					
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January	2.85	2.57	2.60	3.22	3.16	3.16	3.09	2.60	2.92	NQ	3.28	3.22	2.84	2.20	2.09	2.79 to 3.13	3.04	3.09
February	2.73	2.41	3.03	2.66 to 2.79	3.13	3.04	2.97	2.66	3.09	3.47	3.28	3.10	2.74	2.16	3.09	2.74 to 3.13	3.18	2.94
March	2.48	2.41	3.03	2.97	3.22	...	2.60	2.48	3.09	3.34	3.28	...	2.55	2.20	3.13	2.74	3.23	...
April	2.29	2.48	3.40	2.97	3.16	...	2.48	2.60	3.22	3.34	3.32	...	2.55	2.25	3.04	2.74 to 3.23	3.33	...
May	2.31	2.60	3.34	2.97	3.16	...	2.73	2.73	3.09	3.34	3.35	...	2.85	2.25	2.97	2.74 to 3.23	3.33	...
June	2.35	2.54	3.34	2.97	3.22	...	2.85	2.60	3.22	3.34	3.35	...	2.55	2.16	3.09	2.74 to 3.23	3.26	...
July	2.44	2.49	3.41	2.97	3.22	...	2.91	2.60	3.35	3.34	3.35	...	2.59	2.25	3.23	2.74 to 3.23	3.26	...
August	2.48	2.54	3.34	3.34	3.32	...	2.85	2.85	3.22	3.34	3.41	...	2.50	2.30	3.21	2.74 to 3.23	3.31	...
September	2.54	2.97	3.40	3.03	3.41	...	2.79	3.03	3.22	3.34	3.47	...	2.64	2.59	3.34	2.74 to 3.23	3.35	...
October	2.54	2.97	3.53	3.03	3.35	...	2.66	3.09	3.34	3.34	3.44	...	2.40	2.64	3.43	2.74 to 3.23	3.18	...
November	2.60	2.66	3.22	3.10	3.22	...	2.73	3.03	3.09	3.35	3.28	...	2.40	2.40	3.04	2.74 to 3.23	3.09	...
December	2.54	2.73	3.22	3.10	3.22	...	2.85	3.09	3.06	3.35	3.28	...	2.40	2.55	3.04	2.74 to 3.23	3.09	...

Month.	Rangoon bolled broken rice.						Palghat bolled rice.					
	7						8					
	1933.	1934.	1935.	1936.	1937.	1938.	1933.	1934.	1935.	1936.	1937.	1938.
January .	2.55	2.01	2.64	2.84	2.74	2.84	4.09	3.63	4.34	3.84 to 3.97	3.75	4.21
February .	2.25	1.06	2.35	2.84 to 2.93	2.74	2.74	4.09	3.59	3.84	3.97 to 4.09	4.09	4.09
March .	2.16	1.67	2.64	2.74 to 2.94	2.89		3.84	3.65	4.58	3.97 to 4.22	4.09	
April .	2.06	1.76	2.69	2.74 to 2.93	2.99		3.72	3.72	4.83	3.97 to 4.22	4.46	
May .	2.01	1.76	2.55	2.74 to 2.94	3.04		3.84	3.97	4.83	4.22 to 4.43	4.46	
June .	2.11	1.71	2.69	2.74 to 2.94	2.99		3.90	4.25	5.21	4.22 to 4.46	4.09	
July .	2.16	2.01	2.69	2.74 to 2.93	2.99		3.97	4.46	5.21	4.22 to 4.46	4.46	
August .	2.06	2.20	2.74	2.74 to 2.93	3.04		3.97	4.64	5.58	4.22 to 4.46	4.46	
September .	2.80	2.25	2.89	2.74 to 2.93	3.09		4.25	4.40	5.57	4.22 to 4.40	4.46	
October .	2.20	2.35	2.90	2.74 to 2.93	2.94		4.34	4.34	5.46	4.22	4.46	
November .	2.06	2.35	2.84	2.74 to 2.94	2.84		3.59	4.22	3.73	4.21	4.21	
December .	1.91	2.40	2.89	2.74 to 2.94	2.84		3.47	4.22	4.83	4.21	4.21	

(N) Prices of Rice in Cuddalore (Presenting during last week of each month) in Rs. per mowad (= 32 2/7 lbs.).

Month.	Tanjore Boiled Rice Superior (Kothamall Samba).						Local Rice Superior (Samba).						Burma Boiled Superior (Milcher).					
	1934.	1935.	1936.	1937.	1938.		1934.	1935.	1936.	1937.	1938.		1934.	1935.	1936.	1937.	1938.	
January . . . . .	...	3.25	3.30	3.30	4.39	...	...	3.03	3.03	3.14	3.79	...	3.02	3.56	NQ	NQ	NQ	NQ
February . . . . .	...	3.35	3.41	3.30	3.57	...	...	3.14	3.14	3.14	3.26	...	3.08	3.29	"	"	"	"
March . . . . .	...	3.84	3.85	3.80	...	...	...	3.46	3.35	3.14	...	...	3.30	NQ	"	"	"	"
April . . . . .	...	3.80	3.80	3.46	...	...	...	3.41	3.45	3.30	...	...	3.59	NQ*	"	"	"	"
May . . . . .	...	3.90	3.80	3.57	...	...	...	3.74	3.25	3.30	...	...	3.59	NQ	"	"	"	"
June . . . . .	...	4.04	3.80	3.63	...	...	...	3.74	3.25	3.36	...	...	3.69	NQ	"	"	"	"
July	3.74	3.34	3.08	3.79	...	2.92	3.90	3.19	3.57	...	...	2.73	3.68	NQ	"	"	"	"
August	4.12	4.22	3.62	3.84	...	3.19	3.79	3.17	3.03	...	...	2.86	3.62	NQ	"	"	"	"
September	4.12	4.06	3.53	3.90	...	3.25	3.84	3.03	3.74	...	...	3.05	3.56	NQ	"	"	"	"
October	4.38	4.17	3.46	4.66	...	3.80	3.79	3.03	4.01	...	...	3.11	3.59	NQ	"	"	"	"
November	4.50	4.06	3.68	4.76	...	3.80	3.73	3.25	4.12	...	...	2.98	3.62	NQ	"	"	"	"
December	3.68	3.90	3.62	4.33	...	3.25	3.57	3.14	3.90	...	...	3.01	3.46	NQ	"	"	"	"

Month.	Slam Broken raw Rice A ₁ .					Slam Broken raw Rice A ₂ .					Slam paddy or Saigon paddy.				
	1934.	1935.	1936.	1937.	1938.	1934.	1935.	1936.	1937.	1938.	1934.	1935.	1936.	1937.	1938.
January	...	NQ	3-20	3-26	NQ	...	NQ	2-85	3-13	NQ	...	2-02	1-96	2-12	NQ
February	...	3-32	3-11	3-26	NQ	...	2-93	2-84	3-09	NQ	...	1-90	1-99	2-12	NQ
March	...	3-35	3-20	3-34	...	...	3-00	2-93	2-91	...	...	NQ	2-09	2-12	...
April	...	3-45	3-32	3-20	...	...	3-11	3-01	3-17	...	...	NQ	2-33	2-12	...
May	...	3-46	3-19	3-51	...	...	3-20	3-02	3-13	...	...	2-33	2-09	2-12	...
June	...	NQ	3-15	3-56	...	...	NQ	2-93	3-17	...	...	2-42	2-09	2-12	...
July	2-51	NQ	3-09	3-56	...	2-12	NQ	2-93	3-21	...	2-02	NQ	2-15	NQ	...
August	2-68	3-37	3-15	3-56	...	2-46	3-06	3-02	3-21	...	2-10	2-25	2-15	"	...
September	2-68	3-33	3-15	NQ	...	2-55	3-02	2-93	NQ	...	2-08	2-22	2-19	"	...
October	2-57	3-54	3-20	"	...	2-40	3-11	"	"	...	2-13	2-19	2-09	"	...
November	2-62	3-28	3-21	"	...	2-32	3-02	"	"	...	1-99	2-15	2-09	"	...
													(Indo-China paddy)		
December	2-93	3-20	3-22	"	...	2-46	2-85	"	"	...	1-84	2-06	2-09	"	...

(g) Prices have on the whole been moving upward during the last year.

(i) Does not arise in view of the reply to part (g).

(j) Attention is invited to the Statement of Objects and Reasons of the Indian Tariff (Amendment) Bill, 1938, and to the discussions in this House on that Bill, Government have nothing to add to them.

Information promised in reply to starred question No. 750, asked by Dr. Sir Ziauddin Ahmad on the 10th March, 1938.

PROPOSED ACQUISITION OF CERTAIN PLOTS NEAR SUBZI MANDI BY THE DELHI IMPROVEMENT TRUST.

(a) Yes, in connection with the Andha Mughal Town Extension Scheme.

(b) and (c). The Delhi Improvement Trust is, broadly speaking, empowered to acquire land with the previous sanction of the Chief Commissioner for schemes of improvements which are primarily designed in the public interest and the Government have no reason to believe that its powers have been or are likely to be misused.

(d) Notices have been issued under section 38 (1) of the United Provinces Town Improvement Act, 1919, as extended to the Province of Delhi, for the acquisition of property for the purposes of the schemes alluded to in the reply to parts (b) and (c) which are at present being undertaken. These are :

- (1) The Northern City Extension Scheme.
- (2) The Rosharara Extension Scheme.
- (3) The Andha Mughal Town Extension Scheme.
- (4) The Arakashan Scheme.

Information promised in reply to unstarred question No. 78, asked by Pandit Shambu Dayal Misra on the 17th March, 1938.

TEMPORARY UNQUALIFIED CLERKS IN THE ENGINEER-IN-CHIEF'S BRANCH.

(a) Four (excluding lady clerks) in temporary posts sanctioned for employment on Quetta Reconstruction work.

(b) The facts are not quite as stated. The position is that four unqualified clerks out of those temporarily engaged in the Engineer-in-Chief's Branch were appointed as a make-shift arrangement in place of the permanent clerks employed on Quetta Reconstruction. Subsequently these four unqualified clerks were replaced by candidates nominated by Home Department.

(c) The four unqualified men referred to in the reply to part (a) have been retained but the four mentioned in the reply to part (b) have been discharged.

(d) These four unqualified men are employed on Quetta Reconstruction work and have been appointed with the concurrence of the Home Department as a special case.

Information promised in reply to starred question No. 879B, parts (b) to (d), asked by Mr. Abdul Qaiyum on the 21st March, 1938.

INDIAN LABOURERS WORKING IN JAPANESE IRON MINES IN JOHORE MALAY STATES.

(b) There have been press reports to that effect.

(c) It is reported that some Indian labourers have recently been newly employed in the Johore iron mines.

(d) Labour in Malaya is free to move about without any restriction. The Indian labourers referred to in part (c) have taken up the work voluntarily.

Information promised in reply to parts (b) to (e) of starred question No. 993, asked by Mr. N. V. Gadgil on the 24th March, 1938.

FATAL ACCIDENT IN KAROL BAGH, DELHI, DUE TO BLASTING OF ROCKS.

(b) No. Blasting is seldom done near occupied houses, but when it is absolutely necessary special precautions are taken.

(c) No.

(d) To reduce the intensity of the shock, the use of dynamite is strictly prohibited and only black powder is used for blasting.

(e) It is not possible to stop all blasting, and some blasting must take place near occupied houses. Every precaution is, however, taken to avoid risk of damage to property or person.

Information promised in reply to starred questions Nos. 1157, 1158 and 1159, asked by Mr. Sri Prakasa on the 4th April, 1938.

INSPECTION BY POLICE OF GUESTS' REGISTERS OF THE HOTELS IN DELHI.

Starred question No. 1157.—(a) The Police inspect the registers in order to see who have arrived or left.

(b) There is no record of any punishment having been awarded.

PERSONS ARRESTED IN CONNECTION WITH STRIKES IN THE DELHI MILLS.

Starred question No. 1158.—(a) Seventy-five. This does not include seven persons who were not strikers, but were arrested in a connected case of rioting.

(b) The information is given in the appended statement.

(c) No.

(d) Yes. Sixty-nine persons arrested for bailable offences were released on bail as soon as they were arrested. Six persons, arrested under section 452, I. P. C., a non-bailable offence, were also released by the Court during their trial.

(e) Criminal proceedings against sixty-nine persons are still pending in Court.

(f) No.

Statement of Arrests made in connection with the Birla Mills strike.

Date.	Persons.	Reasons.
31-12-37	6	For rioting and committing criminal house trespass under section 147/452, I. P. C.
9-2-38	6	For rioting and wrongful restraint under section 147, I. P. C.
11-2-38	4	Under section 325, I. P. C., for assaulting and causing grievous hurt.
15-2-38	2	Under section 341, I. P. C., for wrongful restraint.
15-2-38	14	Under section 147/332, I. P. C., for rioting, assaulting and obstructing Police in the discharge of their lawful duty.
18-2-38	3	Under section 341, I. P. C., for wrongful restraint.
21-2-38	2	Under section 341, I. P. C., for wrongful restraint.
28-2-38	6	Under section 147, I. P. C., for rioting.
28-2-38	7	Under section 147/353, I. P. C., for rioting and assaulting Police in the discharge of their duties.
1-3-38	6	Under section 341/147/353, I. P. C., for rioting, wrongful restraint and obstructing Police in the discharge of their duty.
2-3-38	18	} Under section 107, C. P. C., as a breach of the Peace was imminent.
14-3-38	1	

LATHI CHARGES DURING STRIKES IN THE DELHI MILLS.

Starred question No. 115v.—(a) Yes. Baton charges were resorted to on two occasions—the 15th February and the 1st March, 1938—when serious disorder was threatened and the strikers indulged in stone throwing at the Police and at labourers.

(b) I understand that one woman was very slightly injured by falling into a roadside drain on the 15th February, but this was due to her being caught in the crowd rather than to the baton charge. No other women were injured so far as I am aware.

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume further consideration of the motion for referring the Indian Income-tax (Amendment) Bill to a Select Committee.

Mr. Thirumala Rao (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, the history of income-tax development in this country is one of lethargic legislation. Indeed up to 1916, those in authority thought that it would be dangerous for the stability of British Government to impose this direct taxation which involved harassment of the people in a variety of ways. It would be seen that the first tax was levied in 1860 and it remained so till 1916; by a combination of the richer classes on whom the incidence of the tax was likely to fall and the highly paid Government servants, they managed to keep this tax, off and on, on the Statute-book. But since 1916, successive Finance Members have made serious attempts to augment the resources of the Government through that tax. Now, Sir, the present Finance Member who has come to this country with a reputation as an expert in income-tax has begun his labours in right earnest. The Enquiry Committee which he has set up has gone about the country taking evidence to see how far the tax evasion could be avoided and how far the loopholes could be blocked. Sir, a cursory glance at the Bill presented to the House will show us that the Honourable the Finance Member should have had some training in Scotland Yard in divining the ways of evaders and having an insight into the psychology of criminals who can evade the law and evade the payment to the tax collector. Sir, as diamond cuts diamond, so is an expert Finance Member expected to catch every sort of evasion and increase the revenue as much as possible.

Sir, I do not propose to go into all the details of the many clauses that have been covered by most speakers who preceded me. But I should like to confine myself to two or three points. With regard to clause 34 of the Bill which amends section 30 of the old Act, a wholesome change is introduced with regard to the separation of the appellate authority from administrative authority. Hitherto the same officer who is entrusted with the task of enquiring into the possible income of an assessee and who is entrusted with the authority of going into the books and arriving at a final figure is now not the officer who will go into the appeal. The same principle that is being advocated on the public platforms, namely, that executive and judicial functions should not be combined, applies here also. The executive and judicial functions of an Income-tax Officer should not be exercised by the same person. But, Sir, this rule has not been worked out to its logical conclusion. You have introduced an appellate Assistant Commissioner and over and above him there is the Commissioner who can listen to and decide appeals from the decision

of this appellate Assistant Commissioner. That is not a wholesome procedure because in the provinces the Commissioner is the executive head under whom all these officers are to work and generally his mind works in a manner that may act prejudicially to the interests of the appellant. He may try to uphold the prestige of his subordinates. He will be amenable to listen to all sorts of stories that will inevitably be carried to his ears in the interest of upholding the words of the subordinates. I do not suggest however that the Income-tax Commissioner will be absolutely partial in favour of his subordinates, but at any rate there is a possibility of his swerving in favour of his subordinate officers in whom he has confidence, and with whom he has got greater contact. Therefore, the Income-tax Commissioner should not be the superior authority or the revising authority over the appellate Income-tax Assistant Commissioner. Some impartial tribunal or the High Court or even a District Judge, for the matter of that, should be allowed to hear all these appeals. In considering this point the Inquiry Committee said that a District Judge or the High Court may not have all the technical skill and technical experience which is required in deciding cases of this kind, but they have not given us any information as to how the present High Courts have been dealing with this law. There are always technical sides and aspects of law; there are lawyers and judges who are expected to know more about a particular aspect of law. Therefore, that argument does not hold water. If it is the anxiety of the framers of the Bill to see that absolute justice is vouchsafed to the income tax assessee, they should see that this power of sitting in judgment over the orders of the appellate Assistant Income-Tax Commissioner should not vest in the Commissioner.

Then, Sir, there is another point with regard to clause 42 of the Bill empowering an officer or inspector to enter the premises and demand books and search the house. Even without any such statutory power the Income-tax Officers constitute themselves into a high-handed authority, enter houses, demand all books and practise all kinds of high-handedness upon the poor assessee. Sir, our practical experience in the districts is that these Income-tax Officers are very anxious to justify their existence and to win promotions by showing as much amount of returns as possible in their jurisdiction, and they have no scruples to tyrannise over the people and demand books and also ill-treat them. In fact I wanted to bring to the notice of the Department at the headquarters of the Government of India, through a series of questions, the conduct of an Assistant Income-tax Officer in Guntur District who actually went into a probable or possible assess's house

Mr. President (The Honourable Sir Abdur Rahim): Order, order. The Honourable Member cannot go into cases like that now.

Mr. Thirumala Rao: I wanted, Sir, to give a concrete example.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot go into the conduct of any particular officer. That does not arise on the consideration of this Bill.

Mr. Thirumala Rao: I will deal with the grievance without mentioning the name of any particular officer. I have known instances of officers who have entered into third parties' houses when their menfolk were not in the house and demanded of the womenfolk to bring out books and show them;

[Mr. Thirumala Rao.]

and when petitions were preferred to the higher authorities, when the matter was ventilated in the newspapers by authoritative and responsible people, nothing was done and the officers were supported through and through. Perhaps the other side of the argument was that it was all necessary to arrive at the truth. But even without having any statutory power or authority these officers are behaving in this high-handed manner. If you now clothe them with this authority under the Statute there will be no end and there will be no way out from the tyranny of these officers. Therefore, I strongly oppose this clause which empowers an officer to go into any premises, demand books and do all sorts of things.

Then with regard to the general notification, this is another thing which is imported from the English Statute. The general level of education in this country is low as every one knows, and very many people do not know the letter of the law and all the obligations which it imposes upon individuals. Therefore, a man cannot understand the very intricate clauses and obligations that the Income-tax law imposes upon an assessee; and it is but right and proper that we should make the officer who is paid by Government and the taxpayers responsible for inquiring how far a man's income is assessable, and what income he has got beyond the exemption limit. For instance, in Madras recently the Sale of Cloth Act was passed and Government wanted to act upon it. The provisions of that Act were not known to the people in the distant corners of the country; and suddenly one fine morning the myrmidons of law entered the shops and got hold of a number of these people who were carrying on trade in mill cloth without license, and imposed a penalty upon them. They were absolutely ignorant of what was passing in the Legislature; they rarely read the newspaper and they cannot understand fully even if one is read to them. You may argue that the income tax assessee will be fairly well-to-do people who will have an income of Rs. 2,000 a year and they are expected to be able to read and write and know the course of law. But if you go to the countryside, you will find that there are people who are absolutely illiterate, doing money-lending business and having large incomes. These people cannot be expected to know the exact implications and the obligations imposed by this law. Therefore, through this huge organisation of Income-tax Officers that Government have they can get at the records from the tahsildars, from the village munsiffs and from the Registrars' offices where documents are registered and through banks. They have got a variety of ways of getting at the actual income of persons who are probable or possible assessee. Therefore, Sir, this will work as a great hardship on the people and it will be an instrument of great harassment and injustice to persons who may have committed a breach of law most innocently without knowing its implications. And the income derived by this Department is not such a vast portion of the total income that is derived by the Government of India. For instance, in England, if you look at the actual figures of income tax you will find that they depend for nearly 50 per cent. of their income on income tax; but in India we do not depend upon it to such a large extent. Thanks to the domination of the British Government, economically we are not yet rich enough to contribute a large portion of our total income by way of income tax. Therefore, there is no purpose in making an income-tax assessee responsible for intimating to the officer about his income. It must be the duty of the officer with the vast organisation under him to get the information.

Lastly, I come to clause 70 where a short amendment is sought to be introduced most innocently. This clause says :

"After sub-section (3) of section 59 of the said Act the following sub-section shall be inserted, namely :

'(3A) In cases coming under sub-clause (ii) of clause (a) of sub-section (2) the rules made under that sub-section in respect of income, profits and gains from life insurance business may modify or vary any provision contained in section 8, 9, 10, 12 or 18."

This is a very large power taken by the Executive. We have very recently passed a drastic measure concerning insurance business in India. That measure is said to have created some sort of facilities for the Indian-owned companies by bringing them on a par with the foreign established companies in India which enjoy very many privileges which are denied to the Indian companies. Now, Sir, I submit that this clause deliberately interferes with the growth of Indian business. Exemptions, deductions and other facilities embodied in the provisions contained in sections 8, 9, 10, 12, etc., are sought to be usurped by this rule-making power of the Executive. The rule-making power, if this section were to become a part of the Act, will now vest in the Finance Department of the Government of India, and with our experience of the Finance Department and the series of Members that have had their sway over the destinies of the finances of this country, we cannot very well arm them with this additional power of rule-making without the knowledge or control of the Legislatures, because there are specific elaborate provisions which would make allowances for house-rents, establishment charges or other commitments which insurance companies have to incur before their incomes are properly assessed or valued, and this section completely takes away those statutory provisions which are mentioned there, and all these powers are sought to be vested in the Executive by means of rules. Sir, we not only strongly oppose this section, but we are strongly of the opinion that it should be deleted altogether. Sir, I have seen the discussion entered into by the Committee and the various objections raised by insurance interests with regard to the process of assessment, how they should be allowed certain margin with regard to profits earned by the companies and also the answers given to those points. If Government want to enact this section that affects the interests of the insurance companies, they must come before this House with substantive provisions which will form part of the Act. With these words, Sir, I support the motion for the Select Committee.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, this Bill which has been produced by the Honourable the Finance Member seeks to rope in practically the whole of India without leaving untouched any class, any caste or family, and the whole object is to extract as much as he can from the people of this country. This Bill may be called an omnipresent and omnipotent measure. I will cite examples to show how it is omnipresent and omnipotent. All the principles of equity and justice have been set at naught. It will not only be applicable to those who will be taxed or super-taxed or the rich but it will apply to the poorest of the poor from which it is sought to squeeze out money. It embraces in its fold the agriculturists, the industrialists and all.

The Honourable Sir James Grigg (Finance Member): No, it does not.

Mr. Muhammad Azhar Ali: I shall presently tell you now it affects every one who lives in this country. It might not affect those who retire

[Mr. Muhammad Azhar Ali.]

with hundreds and thousands of pounds and leave this country, but it will apply only to those who earn their livelihood to maintain their families. It proceeds on the assumption that assesseees are dishonest. In the criminal law of the country it has been presumed that all persons are honest, but in this Act, so far as I have been able to find out, it appears that it is presumed that everyone is not honest. Every means will be adopted to rope in and tax all classes of people. Even the land in Indian States is not going to be free. Those who have any interest in any land in Indian States will also have to pay income tax on the income which they will receive in British India. Is it right to presume that an assessee is dishonest? Under this Act the Income-tax Officers have been given the right to enter the houses of any of the assesseees, zamindars, talukdars or even shopkeepers and search their account books; these officers can also call upon the zamindars and others to produce their account books to see if the accounts they have submitted are correct or not. The Honourable the Finance Member says that the accounts of the cultivators will not be checked. If there is any cultivator who is carrying on any business in this country, or if he is an industrialist, both his accounts will be combined together and he will be harassed. Is that not a fact? I do not object to the checking of accounts, but I strongly object to the methods adopted in checking the accounts. Under the Act, an assessee has to file his returns, and if an Income-tax Officer takes objection to any of the items and has doubts in his mind, he has the power to go and search the house of the assessee who may be a cultivator or an industrialist. Sir, so far the cultivators were absolutely exempt from the harassment or attentions of the officers of the Income-tax Department; only their shops were to be examined and their account books used to be checked if they had any, but now the mulcting of the two things mentioned in section 4 will make his position very difficult. So far, likewise the cultivators, zamindars and talukdars, if they had business of any kind, used to keep accounts, and they used to be checked, but in future under this measure these accounts will not only be checked or examined, but the officers of the Income-tax Department will have power to enter the houses of these people if they have a suspicion that the accounts are not properly made up and ask them to produce such other figures and information as they think proper. Therefore, I submit that such power should not be given to Income-tax Officers, because everybody who has experience of zamindaris knows that the Tahsil itself is enough through their peons to harass the poor people of this country, but here will be another department which will have greater rights and powers to check the accounts, to enter houses and to harass the public. If the income-tax people find any mistakes in the returns or accounts, they have also the power to penalise the people of the country, and the penalty is to be determined by the officers themselves, and in so doing, the losses suffered in the course of cultivation or in trade by these cultivators will not be taken into account. All these things will cause great hardship to the poor agriculturist industrialists.

Then the next most important thing is the power vested in the Income-tax Officers not only to enter the houses and search the account books but even to arrest people. I do not understand why this right has been given to the officers of the Income-tax Department only, because such a power has not been given even to officers of the Revenue Department or of any other department without proper trial. It is a most unscrupulous right which is likely to be abused in most cases.

Sir, every one knows what difficulties one has to experience even when execution of a decree takes place and the peon comes to do it. In addition, this will be a sort of summary procedure in the hands of the peons and officials of the Income-tax Department. We have to guard against it and I hope that the Select Committee will look into these very serious objections which I have raised. If the assessee fails to file their accounts and returns it is said that no notice will be given before the penalty is levied on them. I hope that the Select Committee will see that this hardship is not experienced by the public of India in the future. We find that the period has been extended from three years to six years to ascertain the income. This is an unjustifiable extension of the period of limitation. Why should there be any such extension? This is a matter which should be scrutinised by some judicial authority and not by the Income-tax Officers alone. These are matters of jurisprudence and an extension of the period of limitation is not so easy as to be dealt with by people who have no experience of any jurisprudence or of any law of any kind in the land. Coming to the appellate jurisdiction, I find that the High Court will not have those powers which it had so far, when there is another appellate authority set up by the Income-tax Amending Act. Why all this? Where is the necessity of securing income to the coffers of the Government to the detriment of the people of the country? The civil law of the land was wide enough so far to administer all the enactments, but under this Bill, overweening authority and too much authority is being given. With these remarks, I support the motion.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I am glad that the minor dispute about the time table is out of the way and that we are able to discuss the Bill on its merits. Yet, I want to point out to the House the anomaly of having to appoint a Select Committee in this Session which is not going to meet before the end of the next Session. I think it is a very bad precedent to set up, because I am certain that the Mover of this Bill will have to come again in the next Session to replace some of the Members of the Select Committee? Can he give us a guarantee that he would not become an acting Governor

The Honourable Sir James Grigg: I can give a guarantee about that

Mr. K. Santhanam: . . . and that all the other Members would find it convenient to attend the Select Committee which is to take place after October 15th? We appoint a Select Committee in one Session so that it might sit in the interval and present us with a Bill in the next Session. Now, we are going to meet for a whole Session in Simla and I think it is altogether unreasonable that we should be called upon to elect a Select Committee during this Session. But for the fact that the Mover had hastily committed himself to the impromptu speech made by the Leader of the Independent Party who now and then comes to this House like a Daniel come to judgment and makes *ex cathedra* pronouncements, I think he would have been well-advised to accept the circulation motion and move the Select Committee motion in the Simla Session.

The Honourable the Finance Member has told us directly as well as indirectly that he has brought this Bill out of his love for the Indian masses. I am sure he loves them in his own fashion. I imagine his affection for the masses is not dissimilar to that of a man who having

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quarrelled with a nagging and importunate wife begins to appreciate the silent virtues of his servant maid. It is the business of the Finance Member to deal every day in the year with the business and industry of this country, and as is well-known to the House, the Finance Member cordially detests the Indian businessmen. Therefore, he has turned his eyes towards the masses whose duty it is to provide him and his caste, the Indian businessman and his caste with all the luxuries of life. The masses in India have to provide them with their palaces, with their saloons, with the silks, powder and scent for their ladies, and all other conveniences, and I am sure that the Indian industrialist and capitalist will profess as much affection for the masses as the Finance Member. But one thing I must make plain. I have been one of the strongest, one of the steadiest supporters of the Madras Debt Relief Bill which has transferred to the peasants of our province as much at least as what the Finance Member hopes to get in 30 years' time out of the Income-tax Bill. I estimate that from Rs. 25 to 30 crores have been transferred from the richer classes of the Madras province alone to the peasants of that province.

An Honourable Member: Then why do you take more?

Mr. K. Santhanam: I will come to that in a moment. Therefore, I hope I am not over-affectionate towards our capitalists. But when there is a conflict of interest between the Indian capitalist and the British capitalist, we, who are the representatives of the masses and who have been fighting the cause of the masses, are bound to stand shoulder to shoulder with our own capitalists. We want our capitalists to take as much business, as much income from the foreign capitalists, and in turn we will take it from them for the benefit of our masses. So long as we cannot establish socialism or a socialistic society here, the only way in which we can get money for the masses is to exploit the capitalists. It is often said that the capitalists exploit the masses. It is true, but in course of time when the masses get the power they too will exploit the capitalists for their own advantage, and I think that is the process which is going on in all the provinces. Our Ministers are trying to exploit our capitalists and transfer money from our capitalists to our peasants. But if our capitalists are poor, if our industries are undeveloped, whom can we exploit? We cannot exploit directly the British capitalists who have nothing to do with the masses directly. So we will have to scrutinise this Bill from two aspects. The first aspect is, how far does it tax the foreigner, how far does it tighten the law against evasion of the foreigner. The second point is, how far does it help with reference to the Indian taxpayer, and in what position does it leave the Indian industry in comparison with British industry and commerce.

Let me take the provisions relating to foreigners. The first provision is clause 4. My Honourable friend, Mr. Ananthasayanam Ayyangar, and many other Members have dealt with the wholly unwarranted distinction between residence and domicile. There is no basis, there is no meaning in that provision and it ought to go. As has been pointed out, the Committee of Enquiry on Income-tax did not recommend such a distinction between domicile and residence. But now I want to draw attention to one very important point, namely, the definition of residence which is sought to be incorporated in the proposed section 4A.

It is there said:

"any individual is resident in British India in any year,

- (i) who remains in British India during that year for one hundred and eighty-two days or longer whether in one period or in several periods, or
- .. (ii) who remains in British India during that year for any period, under circumstances which show that residence in British India is part of the regular order of his life."

I submit that these two clauses are wholly insufficient. In these days of quick communications it is possible for a man to be here for a hundred days only and manage any business, and I suggest the addition of two further provisions, namely, that any person who is resident for 91 days and who is not resident for a longer period in any other country should be called a resident in India, and that any person who is resident in India, not only in British India but anywhere in India, and who takes regular part in any trade or business in British India must also be included as a resident in British India, because it is possible that foreigners may establish themselves in Indian States or in foreign territories adjoining like Pondicherry and other places

The Honourable Sir James Grigg: You had better talk to the Federation.

Mr. K. Santhanam: If Federation comes and income tax is extended to all the States within the country, then we shall be glad to amend the law, but now I want the provision

The Honourable Sir James Grigg: The Federation of Indian Chambers of Commerce, not the coming Federation.

Mr. K. Santhanam: They can look after themselves, I believe

The Honourable Sir James Grigg: They will look after you too.

Mr. K. Santhanam: The next section is 49. Here again it has been pointed out that Indians as such do not want any double income tax relief. But the Honourable the Finance Member has said how unjust it will be if after allowing British business to be built up in British India on the basis of double income tax relief you now deny it to them. Of course, Indian businessmen also will say, that having allowed their foreign income to be untaxed so far it is not just that they should be taxed now on that income. In all these questions, how these vested interests should feel are not matters of serious concern. There is one principle which should be adopted, that is, that everyone whose entire foreign income is taxed may be allowed double income tax relief; and any one whose entire foreign income is not taxed should not get that relief. If we turn to section 49 of the Act we see that double income tax relief is given not only to those people who are resident, but even to those who are non-resident. If a British merchant living in Britain has made some income in India and pays Indian income tax and has also been taxed in Britain, he shall be entitled to a refund of the amount of tax paid in India. I say this is wholly unjust and unnecessary, and if the principle is adopted that any one whose entire foreign income has not been subjected to Indian income tax should not be given double income tax relief, that will be establishing a reasonable and legitimate and wise principle devoid of all racial discrimination and will be doing substantial justice, to all persons who have established themselves in India and are doing business here.

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Another provision sought to be introduced in this section 49 is that not more than half the rates of Indian income tax shall be given. This enacts into law what has actually been the practice, but there is also another provision which ought to be incorporated; the British exchequer first grants relief upto one-half the British income tax and only if this half is more than the Indian income tax, then the double income tax relief will be given. By incorporating one-half of the convention, I am afraid the other half might come to be discarded. It ought to be provided that unless income tax in India is more than half the British income tax no income tax relief should be given. As it is, from the present practice it is proposed to incorporate one-half and leave out the other half. It may be possible that in some sections the British income tax is less than the Indian income tax; it is likely, for instance, that if Great Britain raises the minimum of exemption from £130 to £500 for some reason, then persons who are getting £500 in India will be subject to Indian income tax but will not be subject to British income tax and in that case the entire yield will have to be given up. My impression of these provisions is that unless the income is double-taxed no relief can be given

The Honourable Sir James Grigg: It must be completely double-taxed; and it must be on that income that the taxpayer is eligible for relief. If any block of any man's income is not doubly taxed, he cannot get relief. .

Mr. K. Santhanam: Suppose the British Government for any reason makes the British income tax less than the Indian income tax in any section, what happens? As it is

The Honourable Sir James Grigg: The present practice is that first any one who has been doubly taxed, gets half the British income tax, and only the excess he gets from India.

Mr. K. Santhanam: Why not make it plain?

The Honourable Sir James Grigg: The Honourable Member is not right, but I will explain it to him when I come to make my final reply.

Mr. K. Santhanam: I have at least drawn attention to it and he can clear the matter satisfactorily later.

Then I come to section 42. In clause 45 of the Bill there is a provision in clause (c) to the effect:

"In the case of a business of which all the operations are not carried out in British India, the profits and gains of the business assessable under this section shall be only such profits and gains as are reasonably attributable to that part of the operations carried out in British India."

This has been inserted as a result of the rather quibbling paragraph about trading with British India and trading in British India which is to be found in the Inquiry Committee's Report. The present position in India is that we have no shipping of our own; all the brokers and all the commission agents both on this side of the sea and on the other are all foreigners; and, therefore, all this distinction between trading in India and with India is totally wrong and irrelevant. Everybody knows that Lancashire produces certain kinds of goods just for the Indian market, but for this market she will not have installed that machinery or produced that amount of cloth at all and all those activities there are due to the sale of that cloth here which has produced all the profits. How much of those profits should be charged to cost and to other processes? It will

be very difficult to estimate what is the profit due to sale, what is the profit due to production, what is the profit due to trade. I say, let them bring their entire world income into Indian income tax and get double income tax relief. We do not object. But where the entire income is not brought into taxation in British India but only the profits which they make due to production at home and trading in India, then I say, so long as the ultimate profit is made in India the entire profit should be taxable and be paid in India. This clause innocent as it looks is very serious in its implications and should be deleted—at any rate it must be very carefully looked into.

Many friends have spoken about section 60 and the exemptions it confers. I would only say that we would rather take the chance of sabotaging the whole Bill rather than allow this section to stand as it is. We do not care if the relief to the provinces is delayed by a year or two; but this exemption of anything that the Government pleases from the taxation system is, I am afraid, altogether opposed to the fundamental principles of income tax, and we do not want any change in the Income tax Act which maintains this principle and therefore this section 60 must go.

Let me come now to some points relating to the provisions dealing with industrialists. One of the most important is the change in the form of depreciation from the proportion of the original value to that of the written down value. From the point of view of mere theory, it seems to be attractive to take the written down value, but there are some implications of this alteration because it may bring about a change in the cost accounting system of our business concerns which may react upon them unfavourably. It is not only for income tax purposes that accounts are kept. Take for instance the case of protection. Now, take the case of the steel protection and cotton protection, and take the cost to the Indian producer. It is only on the basis of this cost that they could be given protection. If the written down value is accepted, cost will diminish and, therefore, the case for protection will also diminish. The accounting systems in England and India may be different. Therefore, if we want to compare the cost, there will be a great deal of difficulty. I want to know if this written down value is taken in Britain. If every other country has this written down value, then I have no objection to our industrialists also being asked to adopt this written down value, but I understand that in other countries, they do not take this value. They take only the original value. Then our industrialists should not be in an inferior position in the matter of keeping accounts and calculating costs and, therefore, this is a matter which has got to be carefully looked into. So far as I can gather, in Britain this change has not been effected.

The Honourable Sir James Grigg: It has always been in operation.

Mr. K. Santhanam: Then what about Japan?

The Honourable Sir James Grigg: I don't know anything about Japan.

Mr. K. Santhanam: Then we ought to know. Japan is one of our chief competitors. If they take the original value in Japan, we have to see that our people do not suffer.

Then, Sir, I come to the provisions in clause 9 to which also I would take serious objection. With reference to property it is said:

"Where the property was at the time of its acquisition by the assessee subject to a mortgage or other capital charge, the amount of any interest on such mortgage or charge; where the property was at the time of its acquisition by the assessee subject to an annual charge not being a capital charge the amount of such charge."

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In that clause they have forgotten to provide as to what is to happen if one charge is replaced by another charge. They have said that so long as the original charge remains the interest will be allowed, but it often happens that a man buys property with a charge and then afterwards in order to clear that charge enters into another charge. That has not been provided. It ought to be seen that where there is a continuity all expenses incurred in acquiring property or maintaining it or keeping it intact are all allowed.

Another point to which I should like to draw attention is the taxation of local bodies. Now, for the first time it is said that the income of a local body shall be taxed if it is derived by trade or business carried on by that authority. The actual clause is that such income should be exempted:

"except income from a trade or business carried on by the authority so far as that income is not income arising from the supply of a commodity or service within its own jurisdictional area".

I want to point out that our local bodies are still in a state of infancy. They have no resources themselves and they have not much scope of direct taxation. Here and there they are trying to raise income by doing some business. This clause is going to impede that development. Take the town of Salem. It has no water supply. In order to get water, it has to take water from Mettur which is 30 miles away. There is a proposal that Salem should get water from Mettur and give water to all the villages on the way. Suppose it gives water to the villages on the way and makes 3 or 5 thousand rupees. That will be taxed. Take again a joint bus service run by two district boards jointly. How will it be dealt with? If the bus goes from one area to the other and the income is derived from the other area, out of its jurisdiction, it will be liable to tax. I suggest that for the present when there is no business of big dimensions this tax should not be imposed. They must first be allowed to develop their own services as well and as fast as they can and when they have developed them to some extent you can think of taxing them. At the present stage it will greatly hamper the development of our municipal and local enterprise.

Lastly, Sir, I want to draw attention to the needless complexity in which the whole Bill has been drafted. I will only give one instance. Take clause 35. In sub-section (3) there, they have proposed a series of amendments which run to half a page. I have tried to incorporate them and found the substituted section occupy much less space. Why should not all of the amendments be incorporated in the original section and the whole thing given in the form of a new substitute clause? This process is repeated everywhere throughout the Bill. It is practically impossible to read the Bill. In one small clause they have made 7 or 8 changes and in some cases a section has been altered out of all recognition and we are unable to understand the full import and implications of the clause. I would emphasize the importance and the need of adopting the suggestion made by Mr. Joshi that the whole Act should be reprinted with the amendments incorporated and supplied to all the Members. It is not enough merely to supply them to the Select Committee, because unless the Members have carefully read the Bill and seen the implications of every section, they cannot usefully take part in the discussion

in the stages after the Select Committee. As the House knows, discussions in the House take longer than discussions in the Select Committee, and this House has insisted on the right to move amendments and incorporate serious changes even after the measure has emerged from the Select Committee. It is a valuable right which we at any rate do not propose to forego and, therefore, it is to the interest of Government and the Finance Member that he should take steps to enlighten us. As it is, the whole thing has been drafted in a needlessly complicated manner. Too many changes are brought in, with the result that we are not able fully to realise the scope of the alterations and therefore he should supply us with copies of the Act as modified now by the Bill, and after the Select Committee stage, the Act with all the Select Committee modifications also duly incorporated should be supplied. It is only then that he can hope to conduct the discussions in the Assembly with some degree of speed. Otherwise he must take the responsibility of delaying the passage of the Bill. It is so important a measure that we are not going to leave any section not properly scrutinised and we are going to submit them to careful examination and wherever necessary even to a microscopic examination and, therefore, I suggest that he should take proper steps to see that the examination is made easy for us.

Mr. A. Aikman (Bengal; European): Mr. President, I have listened to the references made by various Honourable Members regarding the undesirability of having British capital in India or rather foreign capital in India and the lack of utility of such capital to this country. It is an argument that has been put forward both in this House and elsewhere on many occasions during the past 20 years and at one time shortly after the Great War it was heard much more frequently than it is today. Indeed so pressing were some of my Indian friends at that time that the External Capital Committee was appointed to examine the whole question. The conclusions of that committee are sufficiently well known to us all, and I do not propose to refer to them except in a very brief manner. It will be sufficient to say that the External Capital Committee found that while it is obviously more advantageous to India that its requirements for new capital should be supplied from internal rather than from external sources, the time had not then come when India could do without external capital. It is true that this expression of opinion was made 18 years ago but any one with an appreciation of the great industrial possibilities of this country and its consequent need for capital will agree that this opinion still holds true today.

It is not merely because of the need for capital by industry but of the increasing need of capital if the country's standard of living is to be improved at all.—My Honourable friend, Prof. Ranga, is not here today but I hope, though his view will probably not be the same as mine, that he and those who approve of his doctrines, will at least study the question from this point of view.

In the opinion of the External Capital Committee and of many others who can speak with authority, the continued inflow of external capital is not merely not objectionable but a necessary and valuable factor in assisting the economic development of India. But even assuming that this is not true, let us examine the possibilities. Let us presume that it would be possible for all the foreign owners of investments in India to find a market in India for the shares they now hold, and which are represented in India by industrial undertakings. When I say "find a

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market", I mean a market in the near future,—that is to say, let us assume that there are people in India today with sufficient capital and credit available who would be prepared immediately, or almost immediately, to take over the enormous holdings in the hands of non-Indian nationals. As things are today, they could do this in one of two ways only, namely, either by compulsory expropriation, which I suggest no one proposes, or by purchasing these securities and investments at far below their present market value. The effect of this at once would be to depreciate in all the money markets of the world the credit of this country. I need not detain the House with any elaboration of this point, or with any explanation of the serious consequences of such a blow to India's credit—and it is a blow that would fall equally on those non-Indian nationals who had to realise their holdings and on those thousands of Indian nationals who would have no direct association with the transactions.

The other point dealt with by various speakers to which I would like to refer very briefly is the question of dominion income tax relief. It is obvious that most if not all of those who object to the giving of dominion income tax relief did so because they honestly felt that either, (1) the giving of such relief was inequitable to the Indian exchequer, or (2) because they felt that it was an undesirable concession, encouraging external capital to remain or to come into India,—a state of affairs which they oppose.

Now, the argument I have already advanced should be a sufficient answer to those who subscribe to the second point of view.

In regard to those who consider that this concession operates inequitably to the Indian exchequer I feel they have not perhaps fully considered all the implications involved. First of all, it should not be forgotten that the length of time that this system has operated is about 17 or 18 years—sufficient that is for it to have become an established custom and therefore a vital factor in the financial structure of India. Secondly, the origin of dominion income tax relief was the result of a desire on the part of the various Governments concerned to prevent heavy double taxation upsetting the basis of credit.

I suggest that dominion income tax relief has succeeded in what it set out to do and I hope that a careful examination of the consequences that would come with its removal may cause at least some Honourable Members to revise their opinion in favour of its retention.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadian Rural): May I know if the double income tax relief convention was established only in 1927?

The Honourable Sir James Grigg: In 1921.

Mr. Surya Kumar Som (Dacca Division: Non-Muhammadian Rural): Sir, I rise to make some general observations about the taxation of the undivided family and about the provision for calculating the income of the husband together with that of the wife. My other friends have already dealt at length with several other points, so I will only confine myself to these points.

Now, Sir, first of all let us consider the position of the husband and wife in a family, particularly a Hindu family. Here an attempt is being made to find out the assessable income of the husband by lumping that income together with the income of the wife. But only the other day when

we passed the Hindu Women's Rights to Property Act, we found that the wife was not the heir to the husband's property. Even today, Sir, the husband is not the heir to the wife's property at all. If the wife has got any independent property, that goes to the daughters and the daughter's daughters, along the daughter's line; it does not only not go to the husband but not even to the sons. So the husband practically has no control or no interest in the property left by the wife. So why should that property come into the consideration for calculation of the husband's assessable income? I say, Sir, it is quite inequitable and no more reasonable than, for instance, if a rich neighbour's income is lumped up together with mine for purposes of my own assessment. Sir, these are the difficulties that arise and, as the Honourable the Deputy President observed the other day, on account of there being no Indian on the Income-tax Enquiry Committee and because it was only these English gentlemen who inquired into these matters and because they had no knowledge of the social and economic aspects of the question in our society that this happened. Sir, they looked at things in the light in which they are used to look at these matters in England and America. I submit, Sir, that to take into consideration any property of the wife would be iniquitous. Of course, if the wife has got assessable income independently, she can be assessed.

Then, Sir, there is another dangerous provision which has been made with regard to the undivided family. Now, according to the practice amongst Hindus and Muhammadans an undivided family oftentimes consists of almost one-half of the villagers in a village, containing as much as about 30 or 40 members,—and that is a moderate size. Thus, an undivided family contains the man himself, his brothers, his own sons, his brothers' sons, his grandsons, his brothers' grandsons. For example, there may be ten sons of the assessee and of his brother, each earning Rs. 40, 50 or 60, and living not only not in the house but not in the district, living somewhere else, in some other district, each with great difficulty maintaining his own family and taking the help of the joint family in order to maintain himself. Now, in assessing the income of that undivided family, it is proposed that the income of all these sons, grandsons and brothers will be taken into consideration and the entire aggregate of all these units will be the basis for the assessable income of the joint family. That will be most dangerous. In that case the relief which was granted by increasing the taxable limit to Rs. 2,000 will be withdrawn altogether. By this process, if it is followed faithfully and strictly as is the intention of the Finance Member, the income of a poor clerk drawing Rs. 30 a month will also be assessed. The result will be that not only the limit of the taxable income be withdrawn but it will be lowered down to an unimaginable extent. I would, therefore, ask my other friends to consider this aspect of the question. I have taken up this question first because most of us belong to the middle class families and we have not been so much denationalised and Europeanised that we do not live in undivided families. It will affect most of us and therefore this point has struck me first. An absurd result will follow if the income of an undivided family is calculated in this way. I have considered this matter carefully and I find that the tax will not bring a very high amount to the coffers of the Government. At the same time, it will affect very injuriously the middle class intelligentsia, who are being affected by various democratic laws which they themselves are enacting. So, I submit that first of all the question of lumping the income of the husband and wife together should be taken into careful consideration and then the question of the undivided family.

[Mr. Suryya Kumar Som.]

Then, I come to another question. In considering the question of the income of the husband and wife, I find that the English law has also this provision that if the wife's income is taken into consideration along with that of the husband, then a very large proportion of the wife's income is exempted. If I remember aright, five-sevenths of the wife's income is taken out and the remaining is added to the income of the husband and then an assessment is made. Of course, if the Finance Member intends to assess the undivided family in this way, then I submit that the most reasonable thing that he can do will be either to increase the lowest limit to Rs. 4,000 or Rs. 5,000 or allowances should be made for the dependants, such as, sons and daughters, as is the practice in the English law. If the income of a clerk who is drawing Rs. 40 a month is to be assessed, then it will be difficult for him to maintain his family. If we were to grant him the bare maintenance allowance for his family, you will find that Government will have to pay him something more in order to enable him to maintain his family. As it is, he is paid by the head of the joint family, a monthly remittance or money is sent to him every now and then in the shape of a lump sum to maintain himself and his family. If you say that because they are living jointly they should be equally affected by the circumstances which affect the joint family, and, therefore, the undivided family should be considered as one, then you are not reasonable. If I accept this proposition, then the other thing should also follow. You should also consider what is the minimum amount with which the large undivided family should be maintained and you should also make allowances, as is done in England, for the maintenance of the wife, the minor children and other dependants. I find that according to the English law an allowance of about £60 is deducted from the income of the father for his own maintenance and a very large allowance is made for the maintenance of the wife. Of course, in the case of an unmarried man, the whole income is assessed, allowance being made for his own maintenance. By that process, however, high the English income tax rate may be, one thing is assured and that is the standard of living of the nation. Even the masses are not affected by the income tax at all because the income tax is levied after deducting the necessary amount for the maintenance of the family according to the standard of living prevailing in the country. That being assured, the national energy is not affected in the least even if the people are taxed at a higher rate than they are taxed here. In that case, the English society does not suffer at all. But in this country we want a bread and the Government, instead of giving us a bread, has given us bricks and stones in the shape of this income tax. Sir, this Income-tax law is copied from the English Income-tax law but we have not got those redeeming features that exist in the English system. The principle of fixing the assessable income is very wrong here, whereas the principle of assessing the assessable income in England is such, as I have already pointed out, that it does not affect the economy of the masses or of the general population. So, the first point that we have got to consider is this. If income of several members of an undivided family is to be considered as one for purposes of assessment, the Finance Member ought to see how it is possible for that undivided family of 40 members to be maintained on Rs. 2,000. As I have already said, even a son who is earning Rs. 30 is also taxed in that case.

The next point that I wish to bring to the notice of the House is that there is an attempt to assess on the principle of remittance and not on the

principle of accrual. That is to say, they do not like to include the income of Europeans which has accrued because of their activities in India. By this device, a very large amount of about 2 crores of rupees has been saved to the Europeans. My contention is that the basis of the taxation should be on the principle of accrual, that is, where the money has been derived from. It does not matter whether the man was a permanent resident or a temporary resident here as long as he had his main establishment and management here.

The other point that I wish to refer to is the drastic way in which this Act is intended to be administered. Some of my Honourable friends have enumerated the various kinds of oppression and repression that are practised by the Income-tax Department. As a matter of fact, in Bengal, we have got the C. I. D. attached to the police. Its cousin is in the Income-tax Department. We are told that in the C. I. D. there are the scums of society who are police informers. In the income tax administration, they have secured respectable people as spies all round them. The Income-tax Officer says that he has come to know from respectable sources that such and such a man has got higher income but has not disclosed all his income and so he must be assessed at such and such a figure. If I say that my income is only Rs. 1,000, the Income-tax Officer will say that my income is Rs. 5,000 as he has ascertained from private source. That is the process in which the department is administered. Of course, I admit they will have to proceed on some information, on some enquiries. But often-times they make enquiries from unscrupulous men. If the department is allowed to proceed in such secret fashion, adequate steps should be taken that they do not abuse the powers. You give a chance to unscrupulous people to wreak their vengeance on their enemies without any chance of being detected. This procedure develops an irresponsible mentality in certain people. I hope the Income-tax Department will not be like the C. I. D. in Bengal. I hope they will be fair in dealing with the public. Very drastic powers are given to Income-tax Officers. There is this difference between the police C. I. D. spy and the income tax spy. While the misdeeds of the police C. I. D. spy do not inflict great injury on the family, the mischievous activities of the spies of the Income-tax Department ruin the people. If a police informer reports against my son, my son will be lodged in jail, he will be given ample food and his being taken away from the family does not affect the other members of the family unless he is an earning member. On the other hand if the income tax spy reports against me saying that my income is Rs. 5,000 while actually my income is only Rs. 1,000, then I will be ruined all my life having to pay income tax on Rs. 5,000 and the entire family will suffer. How can I get the means to pay the income tax on such a large sum as Rs. 5,000? I would, therefore, ask the Honourable the Finance Member not to arm the Income-tax Officers with such drastic powers which will make them as unpopular as the C. I. D. I am sure the Government realises that unless there is public co-operation, this department cannot work successfully. In opening the debate on this Bill, the Honourable the Finance Member also appealed for public co-operation in the administration of the Act. Whatever others might say, I submit that the Income-tax Act, if properly administered, is one of the most equitable Acts in the world, because you really take money from the man who has got an excess. Everybody who has got something over and above his requirements should be prepared to part with a portion of his income. That is the real principle of Income-tax law. If you make

[Mr. Suryya Kumar Som.]

this an equitable Act, you can expect the co-operation of the public, otherwise the public will combine to thwart all your efforts. I, therefore, warn the Government not to make the Act so drastic. While I agree that all loopholes in Income-tax law should be tightened, I do not agree that the officers should be clothed with irresponsible powers. You must train good officers in the department so that the public may not be oppressed and repressed.

If I have understood the Act correctly, there is another procedure which I should object to. It is said that there will be a notification in the daily newspapers that before such and such a date income tax returns should be submitted by the people. I am afraid this is not sufficient notice. As the House is aware, almost all the people in village parts do not know how to read or write. Newspapers really do not penetrate the villages. It is absurd to ask all the people to submit returns. I think it is only to save the work of the Income-tax Department that this procedure has been devised. The whole responsibility of the Income-tax Department is thrown on the public and the public are expected voluntarily to submit their returns. I submit this procedure should be replaced by the old procedure. Anyhow the Income-tax Department is going to work full strength to find out if there is any default among the assesseees. I, therefore, think that, as at present, the Income-tax Department should issue notices. In case of default the assesseees are to be punished with double tax. I think this is a very harsh procedure. You will have anyhow to make enquiries about the income of each and every assessee. If you are going to make enquiries after the assessee has sent in his form, why don't you do it before.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, when agreements are reached over the head of the followers it is rather difficult to accord a note of disagreement over it. Goldsmith said that he was like a tree that flowered late. Similarly, wisdom has dawned late on Sir James Grigg. When Chamberlain and Mussolini shake hands, Eden's position becomes very difficult. He has to resign. But truth has to be told. My rich and esteemed friends may agree with me or may disagree with me, or at any rate denounce me. But in spite of that truth has to be told. To me this Bill is the parting kick of Sir James Grigg. Having squandered crores and crores of India's money, he is coming again with the beggar's bowl. Grigg and Gregory have brought about this Holy Ghost, and I for my part cannot bless the child.

1 P. M. Economists, socialists, capitalists and even Imperialists have spoken, and it is now the turn of the village economist or agriculturist to speak and speak the truth, with the sole object of whose welfare this Bill has been prepared, according to the Honourable the Mover. Having taken away all the flesh and fat, now the octopus is biting at the bones of the villager. We know very well how everybody is groaning under the weight of taxation in this country. When Dr. Banerjee, a student of economics, confesses that he had no time to study the Bill, a village economist like myself may be excused for his shortcomings. A big and bulky Bill is thrown on us at the fag end of the Session whose every line, every word, every sentence and every comma means something, money for him, income for him, taxation for us. He is practising *phooka* on the poor villagers as well as capitalists. My Honourable friend told us that by passing this Bill a new heaven and a new earth will be created and milk and honey will flow in this land,—that is at least what I have understood and what a villager

will gather from his speech; I may have misread it and I am open to correction,—that is what he said will happen in this land of unfulfilled promises and the provinces will prosper as they will get the doles. That is why this Bill has come. Praises have been showered by some, criticisms by others, assurances by many that the baby will not be strangled. Some are puffed up by being quoted or misquoted and some are happy that their names have been mentioned. Socialists like Comrade Ranga are being roped in by being told that it will give relief to two-thirds of the poor taxpayers and will tax the one-third big people. All methods of snake-charming and lion-taming hitherto unknown are being adopted. If I had my way I would tell the Honourable the Finance Member that after the way in which the Assembly was treated at budget time, I will not pass any of his money Bills; let him realise by manufactured and artificial means or by executive orders, as he said he has power to do so in many cases. The naked sword I can understand but veiled diplomacy I cannot. Budget and Finance Bill he can certify, but he cannot do so in the case of a Bill and hence he had to give up some of his arrogance at the budget time. I must tell all who adorn the Treasury Benches to be obliging, courteous and polite to the land whose salt they eat, not only when they come with a beggar's bowl before this House but on all occasions, and take a lesson from Sir N. N. Sircar who never fails to hit us but enjoys a joke also.

Mr. President (The Honourable Sir Abdur Rahim): I think the Honourable Member should now address himself to the Bill.

Mr. Badri Dutt Pande: There is no charm, no poetry, no romance in this Bill. It is dry and uninteresting. It is the same old story; one locust came and carried away one grain of corn, another locust came and carried away another grain of corn. One Finance Member comes and takes away crores, another Finance Member comes and takes away crores. There is no relief for the taxpayer in India. That is the story of this Bill. Government is as much irresponsible as it was before.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must address himself to the Bill. He cannot be allowed to talk on all sorts of things which are irrelevant to the Bill.

Mr. Badri Dutt Pande: There cannot be taxation without representation. I am telling an irresponsible Government that we must have responsibility before we are asked to pay.

Mr. President (The Honourable Sir Abdur Rahim): This is not the occasion.

Mr. Badri Dutt Pande: We will not allow them to tax us in any way they like, and we will protest as far as lies in our power. Of course, the fight between us and Government is like that between the grammarian and the king. When a dispute arose as to who was right and the king could not convince the grammarian he brought out his army and asked the grammarian whether he would now acknowledge defeat, and the grammarian had no option but to do so. In the same way the Honourable Member will bring the Commander-in-Chief or the Defence Secretary to his aid as he did the other day.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member has nothing to say about the Bill, the Chair must ask him to resume his seat.

Mr. Badri Dutt Pande: Income tax is being collected by might and I am protesting against it.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must refer to the principle and the clauses of the Bill.

Mr. Badri Dutt Pande: Unless the Honourable Member is responsible to us we are not going to give him anything.

Mr. President (The Honourable Sir Abdur Rahim): That is a different matter altogether.

Mr. Badri Dutt Pande: We have been accused of killing this Bill. Honourable Members have already assured the Finance Member that they are not going to kill the Bill. But I say that we do not want to pass any such money Bills unless those Treasury Benches are responsible and unless we get responsible government for this country. Unless a Sir Purshotamdas Thakurdas or a Rahimtoola Chinoy or a Birla or a Satyamurti or any one else responsible to us becomes the Finance Member we do not want to pass any of these Bills. That is my point. If the Bill tries to kill us or torture us and bind us and squeeze us, we will resist it with all our might. Two reasons have been given as to why this Bill has been put forward; first, that people evade the law, and second, that the provinces want more money. As regards the first point, section 60 provides for cases of evasion. There is a long list given from which it appears that the highest and mightiest in the land do not pay. The Viceroy, the Commander-in-Chief, the Governors, pay no taxes.

The Honourable Sir James Grigg: That is completely untrue, as the Honourable Member knows.

Mr. Badri Dutt Pande: It is mentioned here in section 60 that they are immune from taxes.

The Honourable Sir James Grigg: The Honourable Member said that they pay no taxes. That is untrue.

Mr. Badri Dutt Pande: The Honourable Member can deal with that when his turn comes, but I find that they do not pay any taxes. According to my reading of section 60 there are exceptions and among them the biggest and highest and mightiest in the land are included. Leave pay and pension charges are not taxed; people getting thousands are not taxed, and this octopus is gnawing at our bones. Section 60 makes exceptions in case of big persons but in page 188 of the Income-tax Manual a beggar is not exempt, "(3) A is a professional beggar. His receipts from mendicancy are not exempted from the tax by this sub-section", so the present law while exempting the biggest does not spare even a beggar. Having taken the flesh and fat, he is biting at the bones of Indians, and so we protest. There is a *sloka* in Sanskrit which says:

*"Udyada charati shretah tat tat devetarojana
Sa yut pramanan kurete Lokas tadanu vartate."*

As the big behave so the small people also behaved. The law should be no respecter of big or small people; there should be no discrimination in this land. Let all persons be taxed according to their status, rank and position on their actual earnings. There should be no exception from the highest to the lowest, because in section 60 there are so many exceptions. There is heart-burning. Let the income of foreigners be taxed in the same way as the income of Indians is taxed. Why should there be exceptions? I want that all classes of people should be roped in, from the highest to the lowest should be taxed equally without exception, otherwise do not tax the smaller people alone. There is no logic, there is no rhyme, no poetry in it. When Ram was banished Bharat came to the throne. He reduced taxes by 15 annas in the rupee, so that people may not say that the step-brother has come through the intrigues of his mother. Still people did not prefer Bharat Raj to Ram Raj. Then what to say of Grigg rule or Grigg and Gregory rule? Then Rishies and Munies came, and he asked "How is Bharat Raj". They said "Ram Raj is Ram Raj, and Bharat Raj is Bharat Raj; there can be no comparison between Ram Raj and Bharat Raj". So even if you reduce our taxes, we do not want the foreign rule. We want to be taxed by ourselves, and not by a foreign Government; we don't want to pay any taxes to them. If it lies in our power, we shall not pay any tax unless the whole Government is in our hands. We don't want to pay any increased taxes, and it is our inherent right to assert that.

As regards the provinces, a beggar breeds many children, and he says "I have 10 children". Then he is asked "Why did you breed so many children?" In the same way, why have you created so many provinces? What is the earthly use of those provinces? Every province demands money from the Centre; every province comes to the Centre with the beggar's bowl. This reminds me of a story in the Hindu mythology. There was a king who was a miser. He used to tell his sons on their birthday "this diamond is yours, this ruby is yours, and everything will be yours". When they demanded the money from their father, the King used to say "I have spent so much on your schooling, so much on your clothing, so much on your marriage and so on". Then they asked where was the interest on this money. The King said "That is for my share for the interest that I take in you". In the same way, this is what is going to happen . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has spoken all this time about matters which have nothing whatever to do with the Bill.

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

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

Mr. Badri Dutt Pande: When the House rose for lunch I was saying that more and more money was being demanded of us in the shape of taxation. It is said that a major part of the increase in income tax will go to the provinces. But when the money comes, they will put forward another excuse and say that the provinces are self-supporting, they are autonomous, they have their own Ministers, they can tax themselves, they can tax agricultural income, and so on, and all this money will be used for central purposes. Having been denied the benefits of a good rule during

[Mr. Badri Dutt Pande.]

the last century and a half we are suspicious of any increase in taxation. Expenditure is being increased. We could not discuss the budget this year, but the figures are there.

The Honourable Sir James Grigg: Who stopped you?

Mr. Badri Dutt Pande: Expenditure is being increased on every item. The following figures will show:

	1937-38.	1938-39.
	Rs.	Rs.
Governor General	15,54,000	17,62,000
Ecclesiastical	27,82,000	32,19,000
Payments to Crown Representative	1,05,55,000	1,32,44,000
Tribal Areas	1,92,55,000	2,01,73,000
External Affairs	52,24,000	68,53,000
Baluchistan	64,94,000	74,89,000
Defence	49,83,92,000	50,77,69,000
British officers	7,192	7,240

All the expenditure is being raised and we are asked to give more and more to those who have got plenty and still they want more. There are other items. Broadcasting, from Rs. 16,00,000 to Rs. 22,00,000. There is an increase of three crores during the last 2 or 3 years in the expenditure. We have to pay and still the hunger of that insatiable animal is not satisfied. The burden of taxation has increased, the limit of our taxable capacity has been more than reached, and after 150 years of British rule where are we? 95 per cent. of the people are steeped in ignorance in the villages in this land. In this village of the Viceroy there is peace, plenty, everything, electricity, motor cars, and so on. They pay no taxes, they evade taxes. But what is the condition of the countryside after 150 years of British rule in this country? They live in dirt, disease, there is no education, no hygiene, no roads, no industries, no food, no good water. About ten crores of people do not know what a second meal is, and yet this central octopus is taking more and more, so ably put in the beautiful and telling language of that great and noble lady, Lady Linlithgow, when she said:

"I want the public to banish from their vision the picture of the central organisation as an octopus putting out its suckers to draw all the money into its voracious jaws."

That is what this Central Government is doing. The taxable capacity of the people had long ago been reached. Take it from me, although my Honourable friend says that the money will be given to the provinces, that it will not be given to the provinces but it will be used for central purposes. In 1860 the first Income-tax Bill was passed to replenish the treasury after the Mutiny. In 1886, because of the Afghan wars it was raised to five pies in the rupee above Rs. 2,000 and it was four pies below that figure. In 1916, super tax was charged because of the Great War. There are still war clouds. Japan says that he is the monarch of the East. There are our friends Mussolini and Hitler, with whom a treaty is being negotiated. They are at the door, and they say, "I will bottle up the Mediterranean, I will not give you any passage there". Another war is in front of us and all the money will be spent on that war and nothing will be

given to the provinces. My Honourable friend says, "My provinces, my babies". But nothing will be given to the provinces and they will still continue to cry. We have seen it before, we have known it before. Hitherto we had no voice, but now every man in the country knows how much he is being taxed. Having practised jugglery with the exchange ratio, having sent about four *Arabs* of gold to England, having taxed our industries, having levied excise on salt, sugar and matches, having heaped a debt of 13½ *Arabs* on our unwilling head, having manipulated the currency, instead of economising, the Government is piling up and wants more and more. Having taken flesh and fat the octopus is biting at the bones.

"Jan lekar bhi meri mangta hai dil katil."

"Having killed me you still want my heart."

That is what you are doing. The lists of all taxes have been exhausted practically and only death duty and *langoti* of Gandhi Baba remain to be taxed. Taxes no doubt are required for the welfare of the subjects, as Kalidas, the great Sanskrit poet, says:

*"Prajanameba bhutyartham satavyabalimagrahita,
Sahasra guna mutshrestung madate hi rasang rabihi."*

That means, a king takes taxes from his people to offer 101 benefits to them, just as the sun absorbs the moisture of the earth to return it thousand times more. I find references to income tax in ancient times. Manu and Kautilya have made mention that the income tax should be 2 per cent. Ram took one-tenth, Akbar took one-sixth, Mahrattas levied *Chauth*, but this Government raised it from 2 per cent. to 42 per cent. of the income besides other taxes. Yet more money is being demanded. The Finance Member said that this Bill does not touch the masses, for they pay no income tax. But he does not know that there is a property and circumstance tax levied by District Boards. How can he know, because he moves and dances in higher circles, in the Viceregal Lodge? He has never gone to a village, he has never seen the condition of the villages. He has motor cars, he has dinners and dances and he rides in aeroplanes, and does not go to the villages. Have you ever been to a village?

The Honourable Sir James Grigg: Yes.

Mr. Badri Dutt Pande: No. The Viceroy goes, Lady Linlithgow goes, but you have never gone. By all means take taxes which are reasonable but without extorting money:

"Yar na kar zoolum aisa ke marjai koi."

"Don't take so many taxes that we may die."

I am here only discussing the principles. If the Bill wants to tax the foreign income of the Indians, it should also tax the pays and pensions and incomes of all the British merchants, officers and rank and file who grow fat at India's expense. They evade payment and carry away big bank balances to their far off country. As Sir Rahimtoola Chinoy said, about 9 crores is not taxed at all. He has given facts and figures and there is no time to go into all that. What is your reply to that?

The Honourable Sir James Grigg: I will give you a reply.

Mr. Badri Dutt Pande: Yes, yes. I know the reply you will give. Now, by this Bill the husband and the wife are to be separated and there is to be a domestic quarrel. Instead of union, there is bound to be disunion.

[Mr. Badri Dutt Pande.]

I have got many opinions. I will only quote one or two. The Muslim Chamber of Commerce say this:

"The Muslim Chamber of Commerce, Bihar, declare that it completely ignores the personal Islamic Law that wife and minor children are complete and absolute owners of their respective incomes. The husband cannot touch any portion of the wife's income against her wishes, nor can a father spend for his own benefit a single farthing of his minor son's income."

This is the Hindu opinion:

"The custom of *stridhan* among Hindus is in the nature of a gift by the parents of the bride at the time of marriage and is considered as in the nature of a sacred trust."

Even that trust is being taxed. Then the *ghes* agent does not pay income tax on about Rs. 75,000 per annum. He keeps three sets of accounts. This matter requires to be inquired into by the Income-tax Department. One set is in Gwalior, one in Agra and one in Allahabad. About 3 lakhs are shown as advance. Interest on that amount is debited to the profit and loss account, thus reducing the income and evading income tax. The bigger persons evade the law, while the smaller persons pay the tax all right. It is these bigger persons who have to be roped in. There is very little time now to go into the other facts which I will bring out in Simla or Delhi. I will only conclude by pointing out the condition in my own province of the United Provinces. The net demand on account of income tax in the United Provinces in 1936-37 amounted to Rs. 84,45,746. The assessment on salaries paid by Government came to Rs. 17,80,477; by companies, other public bodies and associations to Rs. 8,61,259 and by local authorities to Rs. 60,384. The total amount of salaries on which income tax was assessed was Rs. 3,99,80,477, of profits of companies Rs. 1,81,90,114 and of income of undivided Hindu families Rs. 3,59,63,202. The number of assesseees with incomes of Rs. 1 lakh and above was 42. The total number of persons assessed was 21,519. The net demand on account of super tax was Rs. 20,23,590. Without more evidence these figures suffice to establish the extreme poverty of the people of the United Provinces. Only 21,519 persons assessable to income tax in a province of 48 million people! This is the state of affairs in my province and now the Finance Member wants to take more and more. Sir, I oppose the whole Bill.

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division: Non-Muhamadan Rural): On Friday when the motion for circulation was moved, there was a controversy with regard to the time table. Sir James Grigg agreed with Mr. Jinnah with regard to the time table and on Monday, the 11th, the time table was changed. I do not know, Sir, if the Honourable the Leader of the House will be present at the time of the holding of the Select Committee meetings.

The Honourable Sir Nripendra Sircar (Law Member): Thank Heavens. I shall be away.

Mr. Amarendra Nath Chattopadhyaya: In a matter of this kind we should have the assistance of the knowledge and experience and ability

of the Honourable the Law Member. In the Statement of Objects and Reasons, Sir James Grigg says :

"The object of the Bill is to give effect to such recommendations of the Income-tax Enquiry Report, 1936, as have been accepted and to make such amendments to the Income-tax Act as experience of its working has indicated to be necessary or desirable."

Sir, what would have happened if there was no Inquiry Committee at all and if the old Act remained. Income tax is an emergency tax and what was the real emergency now to introduce this new complicated Bill. Sir Otto Niemeyer had in his report fixed the sum of two crores of rupees to be given to the provinces. Perhaps Sir James Grigg has out of his sympathy for the new provinces thought it fit to get more money for the benefit of the provinces, but, Sir, under the circumstances, whether any further tax should be added to the already over-taxed people of India is a question which the Select Committee is sure to consider.

Next, Sir, my Honourable friend in his speech said that the report of the Income-tax Committee makes the Bill desirable from another point of view. He says income-tax machinery will be more effective and more equitable. Sir, from the reading of the Bill as it stands it seems to me that the Bill is extremely complicated. Although it will bring in more money, at the same time it will be more oppressive than what it is today.

Then he has introduced the slab system, which my Honourable friend, Dr. Banerjea, rightly said in his speech is not known to many but only to a few. That system includes both taxable and non-taxable income for tax purposes, but to keep the people in the dark about the possible amount of tax they will have to pay, he does not mention anything about how the system will work and he has not given any specimen scale of rates and slabs.

Sir, we know that the complaint regarding the evasion of the payment of tax is proverbial, but it is more due to the arbitrary procedure adopted by the assessors. Sir, a difference of opinion among different Provincial Governments is reported, so you can see how difficult it is for the public to come to a definite decision with regard to this Bill. Sir, a perfect law of taxation is a sure index of good government and when the burden of taxation is keenly felt by the people governed, and if further taxation is imposed, then people naturally will be suspicious about the intention of the tax. The income tax was introduced as an emergency tax, particularly when the country was in a chaotic state. But as all evils find a place in the plan of nature, the evil of this income tax has come to stay. But, Sir, there is nothing to guide any Government with regard to this tax; there is neither principle nor policy adopted, and it is only adapted according to the necessity of the Finance Member. Sir, our Finance Member is himself an expert in income tax and yet he wanted another expert to come; and as too many cooks spoil the broth, it may be that the two experts might commit an error which will be for the suffering of the whole people. Sir, the income tax, although it has become a very important tax has no codification in law really, and therefore, if there should be codification, it must be considered from all points of view and it should be given enough time to be considered. We should not hurry this Bill through, and I am afraid even the time for the sitting of the Select Committee is not quite enough. The Income-tax law should be drafted very carefully and as a well-arranged statute, based on a rational interpretation of the word "income".

[Mr. Amarendra Nath Chattopadhyaya.]

Sir, it is very difficult to really understand what income means. (*The Honourable Sir James Grigg*: "Not very.") You may have a very big salary of Rs. 6,000 but you may not have a saving. Yet a man on a salary of Rs. 150 a month may have his saving. Now whom do you want to tax? (*An Honourable Member*: "Both.") The man who has no saving and who spends everything for his grub and drinks and for the luxuries and necessities of his life has to pay tax, as also the man who has saving and has to pay the tax. So, Sir, with regard to the word "income", there should be a very clear distinction and on that the taxation should be based. Sir, generally taxes are not popular and the income tax is an extremely unpopular tax because the man who earns has to pay out of his earnings under various heads and after all, when he is taxed again, he feels aggrieved because he feels that his labour has been taxed. Sir, this income tax, having no logical basis, is undergoing changes every year. From year to year it has to be changed and some amendments have to be made. Why should there not be a fixed policy with regard to this income tax? (*An Honourable Member from the Official Benches*: "No tax at all!") Why should there be this policy of drift? Sir, India is primarily an agricultural country. It is just entering upon industrial life and, really speaking, our industries are still living on protection, and a protected industry if it has to pay income tax, then what is the meaning of this word "protection"?

Secondly, we have no control over the taxes and those who tax us, and those who spend our money are not responsible to us. Therefore, it becomes unduly an engine of oppression and, therefore, it has become more obnoxious than any other tax. Therefore, the Select Committee, with a view to making it rather acceptable, should try to have a settled policy. There should be a high minimum of exemption which will make the poor really free from its burden. The rate of tax should be moderate

3 P.M. so that the ordinary people belonging to the middle class may not feel it and there should be arrangements for an honest and efficient income tax staff.

This Bill is based on the assumption that India has a saving on which the income tax can be levied. I think this assumption is terribly unreal. Now, what is a real income and what is its real source? Income, really speaking, is a man's capacity to produce. A nation which has developed that capacity will have an income, and the greater the capacity the larger the income. Has India that amount of capacity to produce which would enable the Government to tax her? This is the question which an honest, a sympathetic and a courageous Government has to answer before it considers a Bill on income tax. India has been exploited for over a century and a half in various ways and her impoverishment is historical. Every student of history is familiar with the process. The process which was adopted a century ago is being adopted even today and the draft Bill is a glaring instance of such an attempt. Sir, it is really a bait to us, simply because we have been told that the money will be spent in the provinces. There is no doubt about the fact that our capacity was enormous and Sir James Grigg in one of his speeches had himself said that India has a considerable power of recouping. But will India exhaust herself in her attempt at recouping what she has lost or will she be given leisure to conserve her energy and enhance her capacity for producing wealth? India has no income, so to say. Two-thirds of her people go without two square

meals a day; one-third go without a meal a day and the rest is a mixed variety. Productive capacity is to be cultivated and it is the duty of the Government to see that there remains nobody in the country amongst the people who will not produce something for increasing the wealth of the nation. We have enough of idle capacity; we have enough of unutilised capacity; we have enough of badly utilised capacity; and those who can rightly utilise their capacity are in the hands of our foreign exploiters. The foreign merchants who have made their heaps here and who have earned here all this time have utilised their capacity well. If there is wealth in this country, it is not with the Indians but it is with those who have utilised the capacity of Indians for all these years. Sir, in framing an Income tax Bill one should show the national income. The nation should find out the average income of 5 to 10 years and then we should try to classify the different kinds of such income and then we should find out its distribution. Nothing of this sort has ever been considered by Government in the calculation of our income and we have been following the old rut without ever giving a thought to the subject.

The uneven distribution of the income is a sure index of a bad management by Government. We are suffering from a chronic under-consumption and ill use of productive resources. Under these circumstances, to introduce a Bill for the sake of collecting money through direct taxation is only an act of oppression. National income is calculated in terms of money which is received by individuals and retained in savings which are kept in banks or the insurance securities. They are of considerable help to the nation because they enhance the productive capacity of the country. Do the savings of India really enhance the productive capacity of India? They do not. Therefore, there is no money worth the name. Can Government squeeze water out of stones? Yet Government will demand money from the people of India who have no savings. Provinces demand money and, therefore, income has to be taxed. But before doing that, why does not the Finance Member find out and show to those who are interested the savings of the nation? The savings of a nation are the sure index of the national income. Really speaking, a few Indians who have some savings and who have a taxable income are under the shelter of the exploiters, I mean, the foreign merchants, and we do not object to their taxing them. But instead of taxing them, the Government is trying to tax the wealth of the agriculturist. Whether it be forestry or fishery or the mines or the agriculture, the national wealth is produced by the agriculturist. Whoever pays the income tax has got to get his wealth out of what the agriculturist produces. Therefore, when Government want to tax in different names, that is only a bluff. They really tax only those poor people who produce the wealth and whose wealth is enjoyed by all these people. Therefore, the poverty of India is appalling. That has been proved by the way in which the Finance Member has taken away all gold from India. The little hoarded gold which was sold away for the mere paper money shows how poor the people are. In a country where agriculturists starve, where industrialists fail for want of protection, where commercial and shipping concerns tremble on their legs, where the Government take away a major portion of the wealth of the nation in an administrative capacity, where crores and crores are spent on military expenditure, where the purchasing power of the masses is almost nil, where the index of prices is so chronically low, to ask for income tax in that country is a cruel irony.

[Mr. Amarendra Nath Chattopadhyaya.]

There is another side also in its favour. The foreign merchants have fattened themselves on the wealth of this country, you can tax them by all means, the zamindars have fattened themselves on the poor agriculturists, tax them by all means, tax the Government pensions both here and abroad. Let the tax so collected be spent on the nation-building departments and not on police and military expenditure. Before raising any taxes, let the Government show their honest endeavours to help the exploited people by retrenching the administrative expenses. Let the savings be made over to the provinces. Regarding the administration of the Income-tax Department, it should be less expensive. Why should there be so many Commissioners, Assistant Commissioners and so on? Why all this paraphernalia entailing the expenditure of large sums of money collected from the poor people? I suggest that the Central Government can very well delegate the power of collecting the income tax to the Provincial Governments. The Provincial Governments through their local self-government institutions like the district boards and municipalities could collect the income tax much more expeditiously and with less cost to the administration. Sir, the Honourable the Finance Member is really an original man. He does not care for economic planning and without any plan for the creation of an industry or for the change in the economic condition of the country, he wants to collect income tax. I do not know how he can do any real good to the country. I believe that without giving much thought, without using his imagination he has brought this Bill. Now that the principle of the Bill has been accepted by the House, I appeal to the Honourable Members who sit on the Select Committee to go through each and every clause with greatest care and caution and bring back this Bill with all suitable amendments. Sir, with these words, I support the motion for referring the Bill to the Select Committee.

Mr. K. S. Gupta (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I stand here to voice the feelings of the poor income tax assessee of the far off districts. Many people seem to be thinking that the Act has been worked with great care and with great sense and sensibility. But I can give the House numerous instances where the Act is administered most improperly and in a ruthless manner. How does the present Income-tax Act work? From the time the 1st of April dawns every year, the assessee only thinks of the return he has to submit to the Income-tax Department. Formerly it was a matter of compulsion on the part of the Income-tax Officer to send notices to the assessees, but now under the present measure, you have removed that privilege saying that the assessee should file a compulsory return of his own accord. When a notice was issued under the Act, usually the notice was given to some member of the family, you cannot expect the assessee to remain at home always expecting the assessment notice form. Since the notice will be left with some member of the family, it would be kept somewhere with the result that the assessee would forget to submit the return by the due date. Then comes section 23 (4) where an arbitrary assessment is made by the Income-tax Officer who always says that to the best of his judgment the amount shown in the demand notice form was the correct one. Now, under the amending Bill which you have brought before the House, you have added an appeal which cuts off all the privileges that were existing. You are imposing penalties at

every step. Hitherto only arbitrary assessment was made under section 23 (4). Now, by way of adding insult to injury, you are adding a penalty for non-submission of compulsory return. You remove section 27 whereby he had a chance to put in a petition to the Income-tax Officer saying that he had some excuse or other for the non-filing of his return. Now, you place this man under the same category as under section 23 (3). You give him a chance for direct appeal. But that does not help him. It would entail more cost and more delay than a direct petition to the Income-tax Officer. So, the whole of the amending Bill consists merely of penalties from one end to the other. I know that the Honourable Member is anxious to grab as much money as possible and to sap every pie from the poor assessee. The assessee is no doubt your milch cow, but in your anxiety to draw out the last drop of milk, please do not cut away the udder. That will certainly do you more harm than good. (Interruption.) My Honourable friend suggests that the Finance Member would be practising *phooka* on rich persons. I do not mind if *phooka* is practised on rich persons like my friend, Babu Baijnath Bajoria. There are big people who evade taxes. Section 34 is another sword of Damocles which was hanging for one year under the previous Act, but it is now made to hang for six years. The assessment can be kept open for six years. The poor assessee cannot have sleep or rest. He should be expecting at any moment the Inspector or the Assistant Inspector of Income-tax at any time of the day in six years. It is most unjust to keep the assessment open for six years—a thing unheard of in any other country in the world. In addition to the statement in the compulsory return, he is compelled to give a statement of the monies lent by him to somebody else or the monies which he derives from others and so on and so forth. That means the assessee will be kept occupied the whole year of his life with preparing statements for the Income-tax Officer. You will not give him any facilities to have an eye on his business. You will not encourage him, you will not help him to get more income. You would like to sap the vitality of the assessee.

Now, Sir, referring to the Statement of Objects and Reasons, the notes on clause 42 are no doubt very nicely worded, as nice as the smiles on the Honourable the Finance Member's face. Just as there is venom in his smiles, so also this clause is not so innocent as it looks. The Honourable the Finance Member congratulates himself by saying "this only gives legal sanction to existing practice". I say, Sir, existing malpractice. The notes on this clause further say: "It also gives the Income-tax Officer power when visiting such premises to call for accounts and stamp them".

How this works in the districts. I would not give you specific instances but in general outline. The Assistant Income-tax Officers are asked every year to give fresh cases and in their anxiety to do so, they go about into the villages and create a great scare. One Assistant Income-tax Officer stood at the gate of the town and sent one *bariki* or the village *daroga* with a jewel to a merchant and asked him to pledge it. The poor *bariki* not knowing it went to the house of the assessee who was not at home. He called his wife and asked her to give him Rs. 2 in exchange for that jewel as he said he would go out. So the lady took the jewel and paid him Rs. 2. This fellow then went to the Assistant Income-tax Officer and these two fellows went to the

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lady and took a statement from her that she had lent Rs. 2 on the pledged jewel. Then these two men went to the office and confronted the assessee with the lady's statement and said: "You say you do not lend money, but your wife does it. She has no income of her own; now you must pay extra tax". So, under section 84 he reopens the case and doubles the tax which was already levied and also imposes a penalty under section 28. These malpractices have been going on all this time and now you are giving legal sanction to it. And, therefore, I say there will be great opposition to this Bill in the districts.

Another Assistant Income-tax Officer went to a village and not finding the assessee took the village munsiff and called out the lady of the house and her children and kept them in charge of two people. The lady found that this man was a Christian and gave him permission to search every room except the kitchen. The man thought that there must be some documents and valuable things hidden in the kitchen. He searched all the boxes and everything and found nothing; he went to the kitchen and found nothing. Then one servant of his pointed out the pickle jars; this fellow put his hand in the pickle jars and found nothing except some pickles and oils. Then he called one of the sons of the assessee and told him that unless he told him where his father had hidden his documents they would be kept under the sky throughout the night without any food. This boy wanted him to get away and also perhaps to play a joke on him and so he pointed out a cellar on the top of the house saying that his father frequently went up and down that place. This fellow went up there and found nothing but dirt and dust, and with the aid of a torch which he had with him he came down half choked. Then he asked the wife where her husband was and was told that he had gone to another village. Then he kept the whole family in charge of two fellows the whole night under the sky and without food and water. He went to that other village and brought back that man by next morning who however threatened him by saying that he had insulted him and his family and had entered his kitchen; and that he would report it to the higher authorities. He said, "All right, I will see". In the end, on the ground that he had refused to show his documents he was assessed to twice the tax that he had paid in the previous year. This came to the notice of the Income-tax Officer and I happened to appear for the poor income-tax assessee. The income-tax Officer said, "Please excuse him, this is the first time he has done it". And then he gave me a story of how a merchant in a far-off village wanted him to go to his house but he had refused to do it because some assessee who are really strong might give him a thrashing and there would be no evidence and no case against them. These things are being done in the name of law and order. You ask your men to go into the house and you also legalise these things; and there is not only the penalty but also some sections of the Indian Penal Code are invoked.

And what is the treatment the assessee gets in the office? If my assessment is to be on 10th May, I apply on the 4th April for a public copy of a document executed by my father or somebody else in my family. Then after the assessment is over there comes a reply that as there was no time to search for the record it was impossible to give the copy. Is it fair on the part of your subordinates to refuse a copy like this which is required for assessment? Another thing is that when a

document is required in Court you say you are not going to produce any document. It is sheer injustice. Then, with regard to the assessment, these Income-tax Officers hold their offices in the capital cities of the districts and these villagers and merchants from far-off places who have no relatives or friends in the town go to hotels and there they very often lose their property and their documents. The assessee has no place to sit upon. I know many assessees have to sit on the sides of the gutters before the Income-tax Offices. The man who gives you money is treated like an outcast or a pariah. It is high time these things were stopped. Sir, the previous speakers have practically no experience as to the actual working of the Income-tax Act and I have voiced these few sentiments as I have got personal and intimate knowledge of this subject. If it were our own national Government I would ask every rich man to pay half his capital for the benefit of the country. But since it is an irresponsible and alien Government, I would, if permitted to do so, oppose the measure tooth and nail and see that such Bills are not introduced hereafter.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir*, before expressing my views on the subject, I think it necessary to explain my difficulty, and it is this that I am afraid of the Reporters more than I am afraid of you; for, the moment I finish my speech a "distress warrant" in red ink from them will be in my hands asking me to hand over to them a copy of my speech at once. There are no arrangements here for reporting Urdu speech, and that is the reason why I usually prefer to remain dumb, and there must be some other Urdu-knowing Members as well who, for fear of having to supply copies of speeches, avoid making speeches.

Now, Sir, as regards the Income-tax Bill, the whole position is best summarised in a single line of Urdu poetry, which is this:

"Maraz barhā gayā jān jān dawa ki."

That is to say that the disease went on increasing as dose after dose was administered. As I see, Government is going on increasing the expenditure beyond any limit, the result naturally is more taxation. The poor Indians are getting more and more into poverty and distress; but Government is mad on putting up shows. They are putting up palatial buildings. Look at the grand buildings of any important railway station and think of the large sums of money that are being spent on them needlessly. Needlessly, again, money is being thrown away on indents for heavy locomotives. Department after department is being set up and expert after expert is being entertained. The House opposes these demands, but Government is not disposed to hear them.

Sir, my Honourable friend, the Finance Member, was just bewailing the financial difficulties of the provinces. If he acted on the decision of the House arrived at on the 8th April, there would be no need for all that amount which he wants to realise through the Income-tax Bill, as that decision reduces the expenditure by one-tenth, and the balance thus effected would suffice for the needs of the provinces.

The Honourable Member for Finance has also expressed some sympathy for the province of Bihar. Let me thank him for this and assure him that the difficulty as regards Bihar can be overcome without the need for imposing a new taxation. But in that connection he will have to accept a few important amendments. For instance, the system of levying the

* Translation of the Honourable Member's speech delivered in vernacular.

[Maulvi Muhammad Abdul Ghani.]

tax on head offices should be suspended; instead, the tax should be levied at the source where articles are manufactured and sold. There are sugar factories in Bihar. There are collieries and other factories such as the Tata works. All these are situated within the boundaries of Bihar. Things are manufactured and sold there, only the accounts are registered in Bombay and Cawnpore. But the tax is levied at the accounts office instead of at the source of income. This means that whatever amount is realised on this account is realized in other provinces outside Bihar and this province is totally deprived of this income.

Secondly, while India does not come in for any measure of compensation for taxes realised in all other countries, why then should this rule be observed in the case of England alone. Any tax levied in any other country should be compensated for. The present system benefits the English trading companies only; it does not benefit any other concern. Great, therefore, is the loss to this country.

Thirdly, to give the Income-tax Officers the power to search is a great *sum*. Even the police do it in the presence of two specified witnesses. This is not so in this case. Already the duty of the Income-tax employees is to pile up money. That being so, this weapon in their hands would do more harm.

The Income-tax Officers have been enquired into, but no report of this has reached me. The same thing happened with the Tariff Report. Whenever such books are requisitioned by Members they are not readily supplied—excuses are made instead. No time has been allowed to the Members to study this Bill. If a question is asked, the Government, in reply, would say: "Please refer to such and such book and such and such rule, copies of which are available in the Library". Government know that Members of this House do not get any State-aid to study these matters closely anywhere else except here during the Session. Worms may eat up these books, but they are not to be supplied to Members. It is surprising to see these books and reports being hidden from the very representatives of the country.

The Income-tax Department serves as a pasture land for a particular class of people. The Moslems in Bihar have been almost totally excluded from this Department. There are only three Moslems as against 21 non-Moslems and even these three belong to other provinces. Not a single Bihari Moslem has been given a job in this Department. What is their fault, I cannot understand. The Moslems of this province, in particular, and the Hindus, in general, are deprived of all share in the All-India Services.

Last of all, Sir, I look upon this Bill as a measure calculated to suck more blood of the people and for that reason a more appropriate name for the Bill would be the "Bug Act".

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhamadan Rural): Mr. Deputy President, I feel certain that the debate has been exhaustive, though if the Honourable Member in charge were to use the word, he might call it "exhausting"; but the fact still remains that notwithstanding the way in which you may approach the different points of view which have been put forward, they cannot be merely rejected on the ground of the use of a flippant word. For, naturally in a Bill of this

kind there are individual measures and provisions which attract the attention of those Members who have had experience in their own province or in their own profession of those different points of view. From that point of view, I think a little more attention and a little more consideration would be useful even in the case of those who might not have been able to express their idea quite in that logical and attractive order which may be characteristic of some others.

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

So far as the justification of this Bill is sought on the ground of Niemeyer Award, I wish to enter my emphatic protest. I am not one of those who are prepared to come here and be told that certain sources of income, on an examination by an expert, might leave some money for the provinces, therefore, whether it is right or wrong, the premises that inasmuch as a part of the money will go to the provinces, so you must vote for my provisions—it is logic against which I wish to warn the House. It is not unlikely that people might easily forget—that because a province is going to get they might not realise how it is going to be got. The justification of the Bill, therefore, must be sought on the examination of the provisions of the Bill themselves. I must at once tell my Honourable friends opposite that any prospect of a pressure of public opinion on the provinces is not likely to be successful on the use of Niemeyer Award as a ground on which this Bill is to be supported, whether we accept individual provisions or not. It is in that way, speaking for myself only, at this stage that I propose to approach the questions involved in this Bill. My desire is not to occupy too much time of the House by arguing many of these myself, for my intention and deliberate intention today is to state those points which may not immediately appear on the face of the Bill or though they might appeal to different sections of the House, their cumulative effect may not be perceived. Therefore, while opinions are to be solicited, it is much more advantageous to look closely into the Bill to see what is in it irrespective of its propriety, so that those who would be made to pay if it was passed into law might be able to express their views, both as to its incidence and as to its wider effects. It is in that way that I shall approach this matter, not so much on the question of justifying or even adversely criticising one or other of these provisions. I am also mindful of the fact that it should not be unduly stressed that the provinces can be assisted only by the extractive method which is the purpose of this Bill. There are better ameliorative methods which this House has often pointed out, and which it is unnecessary for the moment to dilate upon. But let it be remembered that if this House lends itself or its vote to get some money which must be legitimately paid by the taxpayer, it will not relax any of its efforts to see that these extractive methods may even have to be abolished in order that the ameliorative methods may be rightly pursued from time to time.

We cannot be told for the first time today,—I do not know to whom it is a compliment, or whether it is not an indictment of the rule of some 150 years—the argument which I have taken down of the Honourable the Mover of this Bill. His argument struck me as if there was no such thing as a province in existence before the Congress accepted office. Where was this solicitude for the nation-building purposes for which money has to be

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provided? What did they govern this country for on their own confession except that they did not bother about, at least up to now, what they now frequently refer to as nation-building purposes? At least it is something that they have now realised that because other people are governing, other angles and methods of government have come into being. If that were not so, I cannot see how today, as a serious argument, eight speeches were read out before this House for enlightenment,—of eight Provincial Ministers in charge of finance, “Oh! but we have nation-building purposes for which we have no money, and please, Sir James Grigg, if you will carry this Bill we will see if something can be done for those poor things which have been starved for 150 years”. Is it suggested that the Government of this country was hitherto carried on without any desire and without any purpose and without any objective relating to the subjects which have now become uppermost? Therefore, there are two morals which I draw from the Honourable the Mover’s speech. The first moral that I draw from the speech is that for the first time in the history of the Government of this country it is being realised that there is such a thing as nation-building purposes, such as, education, health, relief of poverty, etc., that hitherto the rule was carried on for a different purpose. Thank God, at all events, though the argument may be used for one purpose of trying to catch the vote of the House, I think I can easily read all these things out to an enlightened British audience and tell them what the rulers were doing in the erstwhile period prior to this year. The second moral which I draw is that he proposes to follow what I call the extractive method rather than the ameliorative and commend that to our attention, forsooth, for the benefit of these nation-building purposes. Apart for the purpose for which those two arguments were used, I am glad they were used because we are made alive to the situation and we may not be led into either of those two grounds.

Coming to the provisions of the Bill itself, I wish to point out in the first instance, as Sir James Grigg put it, “I have told you something which is not in the Bill, which was in the report”. I have seen the report and I do not wish to go into every one of those provisions, but one must look at this Bill. If it were merely an amending Bill for the purpose of what is called avoiding tax dodging devices, I would want to know its true implication, having practised law for many years, and, in particular, in numerous cases under the Income-tax Act. It is a trite thing to say that if you are not within the provisions of the law—I think it is *brutum fulmen* to say that because you have escaped it there was a tax dodging device. The man has a right to say, “I am not obliged because I am not within the Act”. So let us not run away with these phrases which it is not uncommon to use to catch the unwary eye. What is the meaning of a tax dodging device? That is a thing which requires to be very carefully examined. If the object is that the man who is within the provision should be hit and you have failed to hit him, I am at one with you. But if you mean that the man who was not within it and whom you now wish to shoot,—I should be very careful lest I should fall into the trap of an act called the tax dodging device. For I think it is a perfectly legitimate thing in any country that so far as any statute is concerned, if you are not within it no amount of empty pretended abuse can make you pay a tax which you are otherwise ready to pay. In fact, I think it is to the credit of those who have read the Act after it was enacted, that they say where you have

failed, and it is no use therefore saying, "I am now going to prevent tax dodging devices". Therefore, let us first understand that people have escaped taxation by reason of the defect of language which it was even the intention of the original Act to hit. To that extent, I am entirely with you; but when you try to get beyond it, I am beginning to look a little more cautiously and there I will follow the provisions of the Bill even more cautiously than what I have indicated today. The next thing is when you talk of tax dodging devices being purely within the law, people dishonestly escape it because of the weakness of the administrative machinery. On that account my sympathy is entirely with those who wish to reorganize their administration, so that people who are within the law and ought to pay shall not escape dishonestly. Remember there is a very real distinction between the two. If your Act has failed to hit him it is not a dishonest evasion, but if you are within the Act and have fraudulently concealed your income or a part of it, so as to avoid taxation, that again is a different proposition. Therefore, in the very commencement we must distinguish between two parts of the Act. The first is where the Act is defective having failed to bring within it incomes which have been taxed and which it was their desire and intention to tax. Secondly, there, it is a matter of legal amendment, a permissible amendment. Where you come in with the administrative machinery, it is a permissible amendment and as the Honourable the Mover has himself said, it may be carried out largely by executive orders. Under the cover of this tax dodging device, there is a third thing which can be done and which, I see in the Act to a certain extent, is attempted to be done and it is this, to extend the Act to incomes which were not covered by the original Act. Now, that certainly is not what may be legitimately or properly called an Act for the purpose of avoiding tax dodging devices.

Then the next thing which I want to look into the Act for is what are the provisions where legally people are allowed not to pay the tax which, except for those specific provisions, they ought and would have paid. I will mention first this particular source of income which has escaped so that the House may again be cautious and not be led away by an idea "Some more money is coming. Take it", forgetting all the time that there are more legitimate and proper sources of taxation which ought to be tapped first to the extent to which it is within the power of this House. The first is a provision of the Government of India Act whereby the pensions and payments which are paid in England are exempt from taxation. Why are they exempt from taxation? I do not understand it at all. My friends must not be too enthusiastic that even for a year's time something more is to be given to provinces—robbing Peter to pay Paul—instead of getting the honest John to pay his share of the tax on the income which accrues here and I do not see why it should not have been made taxable. What effort have the Government of India made hitherto that they can come before this House and say "Oh, yes, it is quite necessary to get some more money, but you pay". My first question is "You pay what you should have paid but for specific exemptions". In other words, you were within the Act but for section 60 of the Income-tax Act itself—provisions which are so inordinately wide that it is time that they were fully considered in their effect and in their incidence:

"The Central Government may by notification in the Gazette of India make an exemption, reduction in rate or other modification in respect of income tax in favour of any class of income or in regard to the whole or part of any income of any class of persons."

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You might as well surrender yourself entirely into the hands of the Central Government. I think this House would require to be very very properly and definitely told as to the limit not merely of what we have now been told about the notifications which are issued but if the section can be tackled by way of amendment in the Bill itself, then it will certainly be my duty to limit its scope as much as one can do so reasonably. For, indeed, all that section comes to is this "Yes, there is the taxing Act but the Government may release anybody from taxes it likes". That is what it means.

Then we come along to the provisions of the Bill itself. The Bill in section 4 attempts to tax what was not hitherto liable to tax, the foreign income of an assessee. I will presently come to the pros and cons of its propriety or its utility but what I find in the provision is that whereas an assessee who is a domiciled Indian comes within it, an assessee who is not a domiciled Indian does not come within it. I fail to understand why. I do not see why a man who is an assessee here, because he is domiciled elsewhere, should escape taxation. If the principle is right that foreign income of an assessee is a proper source of taxation, there is no reason whatever of justice or equity that I can see why a person earning his income here should escape paying his income-tax on foreign income here. I know and I am aware that the basis of taxation in England and here has rightly been different, rightly not on any question of equity or ethics but from the point of view of the tax collector. In England naturally he gets hold of the domiciled Englishman as an assessee because most of them earn their income abroad, at least a large portion of it abroad. Therefore, if they merely said "accrues or arises or is received in England", it would not be. Therefore, I can well understand the basis of taxation,—you take the assessee who is the domiciled subject, no matter where he earns. Be it so, but when it comes to India you say "Well, that does not matter. Indians who are trading in Malaya, in Japan, perhaps in East Africa and South Africa, why are they escaping paying tax on all these incomes. Let us make them pay". If you make them pay, then let every non-domiciled person who is an assessee also pay and we shall be very glad of that. I think it would be a very nice good chunk according to the Honourable the Mover of this motion—in fact a much larger one than what he would get if he were to throttle every one of his tax dodging devices. I promise him that if he would tax every assessee in India on the foreign income irrespective of the question of domicile, he will get a very substantial income indeed. Therefore, it is a provision which we have got to consider. You cannot simply say, "Oh, yes. Let us assess all the foreign income which is now escaping". I will say that opinion will have to be gathered in this country from those who might have to pay and those who might benefit by the payment if made, so that both might have their say as to what is to be done with reference to foreign income. There is this also as regards the domiciled Indians to be considered. Having regard to the present quota of exchanges and restrictions on the ability to tax any profit even if made in any foreign country, one must be very careful before you begin to tax the income merely because it is made at the other end and I dare say the questions both of computing the income and, even though the income is made at the other end, to what extent they are able to get it back into this country even if they wished to do

it, are points which seem to have escaped the Mover to a certain extent.

4 P.M. It must have—because I tell you he might have an eye on

Japan. I am aware he is even I think more fully aware that it is not quite so easy, even if you should make a profit, to get it out of that country in order that tax might be paid on it for the purposes of the revenue in this country. I am not, therefore, suggesting that this may not be a very legitimate source of income. But, as I said and I repeat it again, my purpose in this is to point out the points that lie in this Bill so that the case of persons to be hit or likely to be hit and the gain or loss may be considered. Sir, by the month of August we shall be in a position to judge to what extent any of its provisions should be accepted, rejected, or modified.

In the same connection, though the section is further away in the Act, I must refer to the double taxation relief. It is a curious commentary, firstly, that you omit the non-domiciled assessee here and you also give him double taxation relief. I think generosity could not go very much further, but it is generosity at the expense of a very very poor but highly taxed country that cannot bear to be taxed at all. (Hear, hear.) You may laugh at Mr. Badri Dutt Pande's speech but the pith of his remarks was, "we cannot afford to be taxed further unless we must be". In other words, you must look for every other source of taxation which is legitimate and considered legitimate in every other civilized country, and take that before you come to our poor men, or even to our supposed rich men, for the purpose of even our nation-building programmes. Therefore, these are the four points which I want everyone to bear in mind very carefully—at all events, those who will give us their opinions: the provisions of the Government of India Act, section 60 of the present Act, the omission of the non-domiciled foreigner-assessee under the present Act, and the double taxation relief,—for you must remember that there is an infinitely larger quantity of money in these four than in all these tax dodging devices of my Honourable friend. Therefore, while he holds out to me the bait of a possible crore of rupees, of which fifty lakhs will go to the provinces, I may just as well hold out the bait of a multiple of that one crore, if he will only take my advice on this point. Therefore, I want that public opinion should pay very close attention to the four points that I have mentioned. Equally it should pay very close attention to the reasons which are supposed to be given for the purpose of inducing us to support this Bill. If it was merely a question of administrative machinery that is dealt with, if it was a question of supplying a lacuna, that would be a different matter, but if you go beyond that, I should be very careful before I accede to any of the proposals. And that brings me to the Definitions—*wide* proposed clause (6A):

"(6A) 'dividend' includes any profit, advantage or gain intended to be paid, credited or distributed to its shareholders by a company notwithstanding that the company concerned may have capitalised the amounts out of which such payment, credit or distribution is made"

It is unnecessary to read the rest of it.

Now, I wish to sound a note of warnings here too. You can define anything as anything else,—as the Government of India Act has defined an Englishman as an Indian for the purpose of his advantage but not for the purpose of his disadvantage. But you cannot have definition merely because you have defined it that it carries with it and within it its own

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justification. You must remember that the company as an institution for the development of modern industry is indeed one of the biggest ingenious devices which I think the British mind has discovered. But you must also remember that, with the growth of that business in that form, there has also grown up a great deal of law founded on common sense and founded on business requirements; and while it is easy to define A as B, we must note its implication before we can assent to any such definition. I am not one of those—whether it is for the Englishman or for the Indian—I am not one of those who are prepared immediately to abolish all their fundamental notions of company law, the distinction between the capital of a company and its divisible profits, and to entirely give the go-by to that merely in order that I may satisfy my Honourable friend so that he may get a little more money. I will want to understand the matter fully, as the public will want to understand the matter fully. It may be that he can give you some astounding instances—I know of one such case and that is probably what he has in view, one of the Ahmedabad millowners that he is trying to hit and that is one of many numerous cases. I do not mind any individual having to pay tax or not. What I do mind is this,—whether your definition, that is to say, your method of dealing with what are called divisible profits and profits from what is called capital and what may be capitalized as part of the divisible profits but not divided, all that requires much more careful attention than the one or two Honourable supporters of the Honourable the Mover have given to it. They live within a narrower circle of suction, they believe in nothing else, it is a good suction vacuum pipe that wants to get all it can from all sources,—but that is not the way in which a lawyer or a statesman, standing here from the point of view of considering all its effects on society and on industry, can be prepared to look at it; and I, therefore, want you to be very very careful about that definition in “6A”.

I have already called your attention to section 4 to the extent to which it is necessary for the purpose of eliciting opinion. I have every sympathy with the Mover when he comes to the private limited company. On that, his provisions may to a large extent find support and without any compunction whatever, because I quite agree that wherever there is a private limited company, which is for the protection of say six individuals, that they may not be liable for debts beyond the capital of the company, therefore, having done it for their own benefit, if they wish to utilise that also for the purpose of further evasion of liabilities, it is a matter on which my friend is entitled to my sympathy; and understanding the growth of company law, I have more sympathy so far as the extension of these provisions is concerned than one might have thought, because there is no logic between the two. A public company stands on a different footing from a private limited company where the undistributed profits have attracted also the scrutinising attention of the Honourable the Mover.

Having dealt with all this, I wish to point out to you something with regard to double taxation relief also. During the years between 1932 and 1936 for which I have got some figures, that relief in the case of companies registered in India has amounted to a sum of Rs. 5,88,57,000.

Then I come next to what is called the slab system. Sir, the way in which these things are put forward is extremely clever; I wish my friend

had been a lawyer instead of being a Finance Member. He says, "two-thirds of your people escape"—as if that was the whole of the Bill!—The whole pretence of the thing is that he is very clever indeed—as if the whole of the Bill was the slab system! If that was so, probably I would agree. I have not the same objection that the man who has the lesser income should escape more lightly than the one who has the larger income, that he should pay more, but by changing a single bobble he must not believe that I am going to accept the other bobble along with it. Of that, we should be very careful. So far as the slab system is concerned, speaking for myself I think he has all my sympathy and support. On that I have not the slightest doubt.

Then, we get to compulsory return. On that, notwithstanding the reasons given for it, I should certainly be hesitating and cautious. What we have heard from Mr. Som shows that the honourable spies exist in the Income-tax Department. I know a great deal about them in the city of Bombay in any case. But whether they exist or they do not, to make a provision of the kind that is intended is a different matter. I have seen the figures of people who have been got at the second time and the third time because a notice has not been issued to them. What you have got to consider really here is an entirely small matter. My friend cannot help returning the returns. They cannot escape anybody and I will not escape them either. There is no difficulty about it. The man who may escape them is the man who is on the border line between taxation and non-liability to taxation. There are cases of small tradesmen and the like where it depends on how you assess or compute your profits. I think it is rather an uncalled for verdict put upon that large class of people who are just on the border line of being taxed or escaping taxation, whose profits, after all, cannot be measured in any very scientific way, that they should be compelled to make a return on the penalties that are provided in the Act. Therefore, I hope that we would not be led away by our enthusiasm of collecting money by saying: "Oh, the fellow is liable to pay, why should he not do so?" But let us remember the individual man and the class of men who is going to be hit by these provisions. Therefore, as regards these provisions I think a great deal more attention should be paid than what might appear at first sight. It is like the ticketless traveller. You were told that if only he could be punished and sent to jail, nobody would travel without a ticket. That bait the House did not take. I believe there are many other baits and the House is becoming more and more cautious to understand whether they should take them and swallow them or whether they should throw them back again.

Then, the provisions of the Bill deal with the question of business and in that connection my friends are so varying that I do not wish to say anything. But here I wish to say a few words—and I should conclude within a few minutes—on the observations made by my Honourable friend, Mr. Aikman. I think he got up in the House to point out lest we should make some mistake about our need for foreign capital. He was very anxious to teach us that we are all misleading ourselves and that if we could only give him all forms of exemption from taxation he will be kind enough to invest his money here. So far as I am concerned, I do not want you to be kind at all. I know this that your investment in the country brings in so much more return that it is only that which attracts you here and not this particular method of attraction either of kindness or of relief. Therefore, I am not at all sure even on the larger

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issue, for which there is not enough time to examine, whether we need foreign capital or whether we will drive away foreign capital if we begin to tax as other countries are doing or if they were to be taxed if this question of domicile or the question of relief from double taxation were not there. As to how much you should take is another proposition, but I may at once tell the House that none of us, whether we are misleading ourselves or rightly leading ourselves, are afraid that capital which is otherwise coming into this country is going to fly away because of the system of taxation. Of that I am not a bit afraid, and if that does happen, I think there is every prospect that, though it may appear to be an evil, it will be a great blessing in disguise. All that I mean to say is this that our friends should bear a fair share of what they get out of their investment in this country which, with very great deference to the provisions which I have pointed out, they have hitherto escaped by at least four provisions to which I have already called attention. There may be some others lurking here and there into which I shall look more closely before I go to the Select Committee meetings. But talking of business, I quite agree that in so far as the allowances under the head "business" are concerned, they require close examination from the point of view of industry. I think the Honourable Mr. Buss said that he was quite content that depreciation if it reaches the cost price of the original machinery or the building, whichever it was, should not be further allowed. I do not wish to enter into any dispute with him on that heading, because I quite agree with him that if the percentage of depreciation is such that, within a less number of years than the actual extinction of property or its becoming utterly useless for that purpose, you will pay enough to replace it, I think there is everything to be said for a system of depreciation based on that footing. But knowing as I do, the percentage allowed for depreciation is nothing like what is imagined. I would like to calculate before I take the bait which is given. The proviso will never come into effect and the amount of depreciation will never be equal to the cost. You may never reach it. Therefore, do not run away with a provision which looks very nice but which will never become effective. I, therefore, desire that close attention should be paid to this. There are many baits thrown out. I admit that it is a very tempting thing. They say: "Look here, you are not going to ask for more if you get the whole of the equivalent of your cost." It looks as if it is some favour which is being conferred on you. But you must examine it a little earlier before you get to the last. It is there that I call your attention to the manner in which the industries may be affected by these provisions. In addition to that, there is the whole Chapter which requires looking into.

Then, I wish to refer to Chapter VB which is intended to be added and which relates to special provisions relating to avoidance of liability to income tax and super tax by transfers of assets abroad. I may only say this that it requires some scrutiny. It looks very attractive in the sense that if a man has, in fact, done that there is no reason why he should pay, but the language of it so far as I understand it is wider than the purpose or its justification can ever enable you or any Legislature to accept it.

Then, there are two small matters with reference to the identity of the wife and husband and certain other incomes or sources of income being transferred. The old Act, it is said, did not work well. I deny that. I

think the old Act in so far as it laid down that any transfer which was not *bona fide* should not be regarded for the purpose of income-tax worked well. In fact, I know an instance of a multi-millionaire who tried to dodge and failed even though he paid me the fee to get him escaped. I say this only for the purpose of pointing out that it worked well. But to lay down this that you cannot make a *bona fide* trust for the benefit of your infant children or any other dependants except at the risk of having to pay all your life income-tax, notwithstanding the fact that it is not a part of your income and cannot be so under law, is not a proposition to which I can subscribe at all. I, therefore, say this that the reasons that are given for the Bill do not attract us at all and we will have to examine the provisions of the Bill itself. Secondly, as regards the limited purpose, if there is any amendment which prevents a man escaping who ought not to have escaped only in the sense that he was intended to be within the Act, we will agree to that. As regards any tax dodging devices by way of your machinery, that is your look out and that has nothing to do with the law here. As regards any new sources of taxation, I shall be careful to see that in itself it is just that it is borne by every assessee. I shall also see, as regards any tax on income which ought to have been paid in this country if it has otherwise escaped by reason of any legal provision, that that legal provision is abrogated before you get only to an Indian and that too a poor Indian for the purpose of taxing in order to pay the provinces. Sir, these are some of the provisions which require to be carefully looked into, and I have no doubt that we shall meet in extreme good humour having pondered over the different possible results of the Bill before the House.

The Honourable Sir James Grigg: Sir, the Honourable Member from the United Provinces, Mr. Badri Dutt Pande, made a large number of complaints about this Bill, but the most extraordinary one was that there was no romance, no poetry in this Bill. Indeed there was not intended to be any romance in the Bill; the only possible connection it had with romance was with those who introduced romance into their income-tax returns.

Now, Sir, that we have disposed of the question of rushing the Bill through without a proper examination of its provisions, I can come to deal with some of the specific points raised on it. The Leader of the Opposition has paid me a compliment this afternoon—the first compliment he has ever paid me in his life—and if he will allow me, I will return it. I am filled with admiration at his skill and he at any rate cannot say “I never throw dust in a juryman’s eyes”. His compliment was mixed up with a warning to all those nice, innocent colleagues and compatriots of his who are living in the provinces. He warned them “don’t you trust that fellow Grigg. He is leading you all up the garden”. I can only find encouragement in the fact that he found it necessary to warn them. I am encouraged to believe that after all the provinces and other people in India will not be blind permanently.

As regards the Avoidance provisions of this Bill, I will come back to the distinction which the Leader of the Opposition drew between what compendiously I may call avoidance and evasion. I will come back to that presently, but I would like here and now to warn the House against him. He is being very busy with his warnings and I will also give the House a warning or two. I am only called upon to repeat the warning which I gave six or eight months ago, and that is to point out that

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his line in regard to the avoidance clauses of this Bill is clearly going to be the very well known one of which I have actual experience in the British House of Commons going back to the year 1922. "Oh! yes, this is a very good provision in principle. I have nothing whatever to say against the principle. But it is couched in unnecessarily wide terms, there is this transaction and there is that transaction. They are perfectly legitimate. We must put in provisos to exempt them". But, by the time you have put in these provisos, and all the other provisos which the Leader of the Opposition will want, the value of the legislation will be nil. However, he has warned us what to expect from him. He has warned his various colleagues to be deaf to my blandishments. I assure him that I am not going to be blind to his artfulness.

Now, Sir, coming to the general line of debate during these three days: one complaint against me was that I had suddenly acquired great affection for the provinces and the Leader of the Opposition says that this is the first time that that simple consideration has ever come to any Englishman in India. That, of course, is inaccurate. If he likes, I can produce him speeches made by my predecessor but one showing a certain lively concern for the provinces particularly as he remitted very large provincial contributions. However that is by the way. The main line of the debate is "You suddenly acquire affection for the provinces and desire to get them money, a beggarly crore. You can get much more by making this a Bill of pains and penalties against the British officials, British capital and British interests generally".

Mr. Bhulabhai J. Desai: Who are escaping.

The Honourable Sir James Grigg: No, but we will argue that on individual cases. This is a specious case and it is not one which the Government can possibly accept, and later on I shall have something to say about this particular kind of argument. Anyhow the Deputy President provided a quantitative answer to this kind of argument. He said that the Bill would yield not one crore, but five crores. Well, Sir, he knows a great deal more about the habits of his countrymen in regard to taxation than I know. All I can say to him is if this modest Bill will in fact yield five crores, then the rich in India are not paying their due share of taxation and the Bill does not come one day before its time. I am only using the quantitative argument, to compare this figure of five crores, on the authority of the Deputy President, with the figure of three crores which the President of the Federation of Indian Chambers of Commerce and Industry recited in his annual address, a figure which I have already shown to be 100 per cent. too high and, even to get down to 100 per cent. too high, you have to adopt the assumption that we are willing to put into operation what I consider to be the preposterously unfair suggestion which is the main constituent of his complaint.

Sir, the Deputy President and Mr. Manu Subedar, both of them made a certain amount of dissertation on the weight of taxation and the incidence of taxation. I propose, in this more peaceful part of my remarks, to deal with this a little. Mr. Manu Subedar, I think, would admit that he was a little unreasonable in demanding that there should have been an enquiry into the incidence of taxation before this Bill had been brought forward. The facts in regard to the incidence of taxation are known pretty well in outline and he indeed has drawn attention to them. In the interview with the Press which I quoted in my earlier speech he himself

stressed the fact that he had always been one of those who was definitely in favour of throwing more weight in India on direct taxation. Let me develop that a bit and I will do so in very broad outlines. The two indirect taxes in India are in the main the customs and excise duties and the salt duty, and the main direct tax is of course the income-tax. Now, the yield this year from customs and excise duties is about 55 crores and that does not take into account the actual protective taxation which is a burden on the consumer but which yields no revenue to the Exchequer, because it is in effect a subsidy to the producer. I gave some illustrative figures on this subject a year or so ago in regard to cotton piece goods and sugar, and I personally do not think it would be at all an extravagant estimate to suggest that if we take our customs and excise duties and actually calculate their real burden on the people of India, they are not represented by 55 crores, but by a figure probably nearer double that. Then the other item of indirect taxation is the salt duty which yields about $7\frac{1}{2}$ crores a year. So it is $7\frac{1}{2}$ crores for salt, 55 crores for Customs and Excise and another 50 crores or so for the weight of protective taxation which goes into the pockets of the producer and not into the exchequer. And then as opposed to those sums which come to very nearly 120 crores, you get direct taxation by way of income-tax, 15 crores. In other words, in this country which is a country of the poor and where it is desirable, as far as possible, to tax according to capacity to pay, indirect taxation represents eight times as much as direct taxation. I will take another criterion, and that is, I will compare income-tax in relation to national income in the United Kingdom and in India. I am speaking in round figures and without having immediately verified the present yield, but I know that the figures are sufficiently accurate for the purposes of a broad comparison. Income-tax and super tax in the United Kingdom yield somewhere about 320 millions a year; the national income is somewhere about 4,000 millions sterling a year; so that the income-tax and super tax between them in England represent 8 per cent. of the national income. If you add death duties which yield something like 90 or 100 millions in addition, the figure of direct taxation to national income would certainly be of the order of 10 per cent. In India, the Honourable Member, whose accuracy I challenged on account of the fact that a great many of his estimates were much too high, gave us the figure of national income of India as 2,500 crores. I propose in this matter, in the interest of honesty and fairness, to challenge that estimate on the basis that it is probably, at the present level of prices, too high, I should think that a lower estimate which was given recently of 1,600 crores is nearer the mark. Anyhow, in the interests of not overloading the comparison, I will take the lower figure.

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): My figure was of pre-depression days.

The Honourable Sir James Grigg: There is not much difference in this matter between us. Take 1,600 crores as the national income and 15 crores is the yield of income-tax on our national income.

Mr. K. Santhanam: Should you not add up land revenue to this in order to get direct taxation?

The Honourable Sir James Grigg: Land revenue is very largely in the nature of rent. So that, yield of income-tax in relation to national income in this country is less than 1 per cent. Now let us take the Deputy President's fear,—I would say hope,—that this Bill will add 5 crores to the amount of income-tax collected in this country.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, may I say that it was not my estimate? It was the estimate of the *Statesman*.

The Honourable Sir James Grigg: I am sorry if I have done the Honourable Member an injustice, but I thought he quoted it with some approval. My recollection is,—I hope I am not doing him an injustice,—that he quoted that estimate with approval and acceptance. We will take 5 crores as the figure. That only brings the yield to about $1\frac{1}{2}$ per cent of the total national income. So I think Honourable Members will agree and admit,—after they have considered it with the care which the Leader of the Opposition wishes to give and with the suspicion which he has announced his intention of giving,—that the new Bill is very far from being an intolerable drain upon the national wealth.

Sir, the Leader of the Opposition animadverted about the existing section 60, sub-section (1) of the Income-tax Act under which the Executive have power to give and have given certain exemptions. As a matter of principle I may say at once that I entirely agree with him. I think it is definitely wrong either that the Executive should be given power to loose or to bind in matters of taxation; but certain exemptions have already been given under this Bill and certain notifications have already been issued. The Leader of the Opposition, of course, has made it clear that he wants the whole of the existing notifications to go. I said in my opening speech that the most important of the notifications would go when this Bill becomes operative in substantially the present form.

Mr. Bhulabhai J. Desai: If it does.

The Honourable Sir James Grigg: If and when. But I quite obviously cannot go the whole way that the Leader of the Opposition wants me to go. I will, however, make him an offer here and now that I will quite definitely agree to giving up this power for the future with the saving of the existing notifications, except the one to which I have referred. Incidentally, in order to avoid any misapprehension in regard to the removal of the notification regarding leave pay, I would like to make it clear that I would not regard the conditions under which I was prepared to cancel the notification in regard to leave pay as being met if the House decides to insert in the Bill provision abolishing double income tax relief.

There are two other minor points raised by Mr. Santhanam which I may now deal with. He suggested that I should give him or circulate to the Members of the House before the consideration of this Bill comes along something in the form of a polyglot Bible in which on one side of the page you have the Old Testament and on the other side of the page you have the New Testament, and that in the margin you should give the references to the Report of the Income-tax Committee. I will certainly undertake to supply a polyglot Bible of that sort to the Select Committee and, when we come to a detailed consideration of the Bill in this House, to Members of the House as well. Then, Sir, there is one

point of detail in regard to double income tax relief. Mr. Santhanam raised a point which I am not quite sure that I understand even now except that I understood it sufficiently well to know that he was wrong. I think the Honourable Member thought that it was possible, in the kind of case he quoted, for India to give more relief than the United Kingdom gives. Is that the point?

Mr. K. Santhanam: The only point that I raised was that under the present system the relief liable to be given by India is just an excess over half the British income tax. Our liability should be restricted to the difference between half the British rate and the actual amount paid in India.

The Honourable Sir James Grigg: Then I was quite right; the Honourable Member was wrong. The United Kingdom certainly gives relief at half the United Kingdom rate of tax, and India gives the alternative of either the balance of the United Kingdom rate or half the Indian rate, whichever is the lower, so that it is not possible for India to give a higher relief than the United Kingdom gives. So much for that small point of detail.

I now come to the admirable dissertation, if I may presume to call it so, from the Leader of the Opposition, on the difference between avoidance and evasion, and I will deal with both those processes. Lest the Honourable the Leader of the Opposition should think that I have become too much of a sucking dove, I will tell him that, admirable as his description of this process was, it was not a complete one. He said that it was legitimate to bring in avoidance clauses or amendments if you had intended to hit a particular kind of transaction in the original Bill and had failed to carry out your intention. Certainly this is a kind of case in which avoidance legislation is required. He then referred to evasion as justifying legislation, embodying penal measures in cases where under the existing Act it was a crime or an illegality to take a certain course of action, but the administrative system was not sufficiently equipped with penalties to get at that class of cases. That is what I call evasion, and I will come back to that, but his description of avoidance was not exhaustive. It may be that new forms of commercial activity grow up after the original legislation has been passed, and it may be that legislation which has been designed for a simpler day can become out of date with a more complicated subdivision of industry and with developments in company activities. It is not entirely unknown that definitely artificial forms of company enterprise can be invented in order to take advantage of these loopholes in the taxing legislation. Sir, I do not want to, and I never intended to pass any moral judgment on what we are now calling legal avoidance. *Ex-Lord* Chancellors as well as the Leader of the Opposition have passed judgment on this, and I think it was Lord Sankey who said that in matters of taxation persons are entitled without any moral condemnation so to arrange their affairs as not to attract the burden of taxation, and if Lord Chancellors and Leaders of Oppositions have said that, far be it from me to attempt to pass any moral condemnation on that kind of case; it is not for me to condemn, where the law has acquitted, though I gather that in another connection accusations of that sort have been passed in the House. What I do say is that in the class of case that I am considering, and in addition to the class of case which the Leader of the Opposition was considering the

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Government and the Legislature are entitled to extend the scope of their taxing legislation so as to bring these transactions within the net of the taxation if they think that it is not out of consonance with the broader equities that they should do so. And, Sir, I referred in my first speech to a loss of super-tax amounting to 2½ crores on a particular case. I was speaking colloquially in that case, and when I referred to a loss I meant no more than that if this present Bill had been then in operation, the tax bill, in respect of that particular enterprise, would have been 2½ crores higher

Mr. Bhulabhai J. Desai: Even so not, because there might be another device.

The Honourable Sir James Grigg: I have said as much as I want to say for the present. On this question of legal avoidance, it is quite clear that when we come to the Select Committee, I am going to be made to say a good deal more.

I now come to the other kind of evasion, and I will deal with that in relation to the proposal for going back 6 years for purposes of opening assessments. The Honourable Member from one of the Madras constituencies, Mr. Ayyangar, gave a thrilling description of himself as an assessee wrangling with the Income-tax Officer over his books and being penalised for not paying his tax in time. His suggestion was,—I hope I am not doing him an injustice,—that even an honest assessee has to be dishonest and has to fake his books in order to get a fair assessment. I am sure that that picture is a little exaggerated. After all, if the honest assessee has been honest and still permitted himself to fake his books, surely it is not a very grave measure of tyranny on the part of the Income-tax Officer to be a little suspicious. Sir, in this case I do set myself up to pass moral condemnation on opinions of that kind. At the same time, I am bound to admit that the Income-tax Inquiry Committee did find that there was a good deal of mutual suspicion and antagonism between the income tax authorities and the taxpayer. Mr. Ayyangar went on from that to say that if you give the Income-tax Officer the right to re-open assessment for 6 years that suspicion and antagonism will be increased and that it will only put into the hands of the Income-tax Officer another weapon for tyranny and for forcing the honest taxpayer into further stretches or depths of dishonesty. But, Sir, I think this is exactly here that the Honourable Member has gone wrong. One of the Indian Income-tax officials went recently to England, and while he was on leave he studied the working of the Income-tax Department there. I am informed that he was very much impressed by the smoothness with which the assessment work was carried on and by the complete absence of any distrust or antagonism and suspicion between the inspectors of taxes and the taxpayer, though in England the rates of tax are very much higher than in India even when this Bill is passed, and one reason for this smooth working is that the right to impose adequate penalties, to go back for a number of years when fraud and under-statement of profit is discovered, enables the income-tax officials in England to treat a taxpayer as honest until he is proved dishonest. The complaint of the Honourable Member is that in India the income-tax official treats the taxpayer as dishonest, and that the taxpayer is forced to dishonesty in order to prove himself honest. Perhaps an illustration will show what I

mean. Suppose a taxpayer in England cheats the department for ten years and then is found out. He has to pay taxes and penalties for six years. The penalty is fixed according to the degree of his guilt. He is very much worse off than if he had made correct returns and paid on them throughout. The man in India on the present basis would, even if he had been found out and penalised, still be better off and his cheating would have paid him. Therefore in India every trader's accounts are scrutinised with care, even with suspicion, because a very large number of people know if they understate their profits and even if the Income-tax Officer finds them out once in every two or three years, that they can still get away with paying less tax than if they had made correct returns. I gather that one of the traders' complaints is that books are examined every year and they are examined and kept for a considerable time and petti-fogging questions are asked which ought to have been gathered from the examination in the previous year. I maintain that under this new procedure it will certainly harass the dishonest man much more. I maintain that in the course of a very short time it will do a great deal to remove the atmosphere of suspicion and antagonism between the taxpayer and the Income-tax Officer. I do not pretend that the dispelling of this atmosphere will take place immediately, but I believe it will take place, with good will on both sides, in an astonishingly short space of time.

Another question on which there seems to be a good deal of misunderstanding was that of compulsory returns. It is not only in the United Kingdom that this system of placing upon the taxpayer the legal obligation to make a return exists. The system was introduced into Ceylon and, I understand, works perfectly well there. So that it cannot be said that this is a system which is suitable for western countries and not for eastern countries. Anyhow Mr. Joshi pretty completely debunked the illiteracy argument by asking how many who have an income of Rs. 167 a month are illiterate. Mr. Som was talking about the frightful oppression even on the existing basis of making people render a return. It is necessary to have a sense of proportion in this kind of thing. The total number of people in India who are directly assessed, that is, those who do not get the tax automatically deducted when they get their salaries, is 180,000 out of, shall we say, 270 millions. In other words, this frightful oppression and hardship in having to render a return applies to one in 1,500 of the population. Sir, let me say at once that—and this is one of the provisions of the Bill which at any rate we will be able to discuss scientifically without any heat or bias of any kind—at least I hope so, the Leader of the Opposition shakes his head, I am very sorry about it . . .

Mr. Bhulabhai J. Desai: Without any heat. Why not, I say.

The Honourable Sir James Grigg: There is no intention of penalising people who have failed to make a return through ignorance. On the other hand, there is no reason why a person who has failed to make a return should not pay as much tax as if he had not been so ignorant. In order to put such a person in a position no better than that in which he would have been if he had made a correct return he ought to pay a little more tax than that which was actually due, because Government had been standing out of the money for a greater or smaller interval of time, and if they had had the money they would have got interest on it. On the other hand, no one in this House will sympathise at all with the man

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who has a fairly large income and who has deliberately kept out of the way of the Income-tax Officers and has avoided tax for several years. It has been found in practice that some persons go to very great lengths in order to avoid service of notice. This increases the work of the department and frequently it enables assesseees to avoid tax on the technical plea that no notice has been properly served on him.

I am prepared here and now to give the House a categorical assurance that clear executive instructions will be given to see that the penalty imposed fits the offence, and particularly that in the case of small or illiterate assesseees the new provisions do not work harshly. I should perhaps explain that this provision for compulsory returns does not affect the great majority of the taxpayers who are already assessed. There is no question of making a complete change in principle as Mr. Som seems to suggest. The Income-tax Department will continue to send return forms to all existing assesseees and to everybody whom they think is liable to pay tax. If the clauses which provide for penalties for failure to make a return are read with the clause which gives the right of appeal against the "best judgment" form of assessment, which is a new provision in the Bill, I think it will be clear that the amendments proposed will give greater justice and not less to the illiterate assessee whose failure is due to ignorance, and at the same time it will give the department much greater power against the person whose failure to make a return is wilful. Several Members have suggested that the provision for imposition of a penalty upon an exempt person who had failed to comply with individual notice was harsh and unnecessary. There is no question, of course, of imposing a penalty on an exempt person who has not received an individual notice. As for the others, the provision for penalty in that case is simply to prevent obstruction, and unless the man gives particulars of his income it is very difficult for an Income-tax Officer to know whether the man is exempt or not. However, the provision for a penalty on exempt persons who have failed to make a return is really not of very great importance. That is not the person whom we are trying to get at, and if in Committee a modification of the clause in respect of this point is pressed, that is, non-imposition of penalty in the case of a small taxpayer who is ultimately found to be exempt, I have no doubt that we can very quickly arrive at an agreement on that point.

We come to some of the more controversial parts of the speech of the Leader of the Opposition. He waxed sarcastic about the exemption of the non-domiciled person from being taxed in respect of his foreign income on an accrual basis. I wonder if he has refreshed his memory as to what happened in the past on this subject. My predecessor introduced a Bill more or less on the lines of the clause which I have inserted in this Bill. His Noble friend the Baronet from Bombay made on this Bill exactly the same point as has been made now, namely, that it amounts to discrimination against Indians and in favour of British. My predecessor immediately offered to remodel the Bill on the basis of taxing on the accrual basis for all residents. I personally think it was a little rash of him because it is quite possible to point out some very ridiculous results from a provision of that sort but anyhow the Baronet from Bombay . . .

Mr. Bhulabhai J. Desai: He is absent today.

The Honourable Sir James Grigg: I am not condemning him. I am only using him as an illustration. The Baronet from Bombay did not accept that offer. In fact, he said it was an absolute outrage that it should have been made and was surprised that a man should have so little confidence in a Bill that he brought that he should have changed it radically in principle without notice in that way, and I am willing to bet the Leader of the Opposition that a good many of his friends would not be prepared to accept the complete residence basis. Even the Leader of the Opposition is always talking about the irresponsibility of the Government. He also cannot afford to be irresponsible. He not only represents his own affairs but is speaking for a large number of other people. There was one point which the Leader of the Opposition raised in this connection and which he said I had overlooked—that is the question of taxing income on an accrual basis in cases where exchange restrictions render it impossible for the income to be remitted to India. That had not been overlooked. It is not provided for in the Statute because I recollect perfectly that when a similar case arose in Great Britain we found means of dealing with that by administrative measures which did not involve legislation. However, that question is one on which the Honourable Member will find me not particularly obscurantist.

Then we come to the question of repealing double income tax relief. The Leader of the Opposition has been taking his tone from the Federation of Indian Chambers of Commerce and Industry.

Mr. Bhulabhai J. Desai: It is my own tone.

The Honourable Sir James Grigg: I think the Leader of the Opposition went even further than he intended. He first complained that certain forms of income are not taxed here. Then he complained bitterly that double income tax relief was not given to them, which seems to me absurd. If he will forgive me for saying so, the Leader of the Opposition has evidently been taking a leaf or shall I say—I wish to be as non-controversial as I can—he has been studying the example of one of the totalitarian countries and the device is this. You borrow abroad. When you get a change of regime anti-foreign legislation is passed and that depreciates the value of the securities held by the people who have lent you money. You then send emissaries round to buy them up at half price or even less and then you claim credit for not having repudiated completely—an extremely clever and cheap device, but I am bound to say I do not think it is in the long term interests of a country's credit.

I said that the Leader of the Opposition had read the observations of the Indian Chambers of Commerce on this subject of income tax and the House will remember that in my first speech I made some reply to the presidential inaugural address. There has been a second inaugural now and the president has attempted to answer my remarks. I do not think it is necessary to spend too much time over this because Honourable Members can judge of the quality of the presidential answer when I tell them that for his calculations on the matter of the taxing of pensions paid in the United Kingdom to be correct, it is necessary that the average, not the highest, pension should be at least a lakh a year and that is the sort of length to which controversialists of big business are forced in their search for arguments against a measure designed to make them contribute a little more to the service of their country. The worst of it is that this is not an

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isolated instance. Whenever one tries in India to induce the very rich to contribute to the running of a country to an extent more commensurate with the profits they get from it, whenever one points out that it might be reasonable not to give them an entirely free hand to exploit the people by higher protection, subsidies and quotas and so on, their defence mechanism invariably is—I am not speaking in heat, I beg the House to believe that I am really advancing a very serious argument—the working up of racial prejudice by tales of British exploitation and saying that if only you would tax the Britisher out of existence India would be completely prosperous and completely happy. Sir, lest the House should think that I am biased in this matter I would like to read them one or two extracts from one whom they regard as an infinitely greater authority than I am on this, that is, the late President of the Indian National Congress. (*An Honourable Member*: “Who is he?”) Pandit Jawahar Lal. He says:

“These millowners in India were only kept in check in the past by foreign competition, especially that of Lancashire. Whenever this competition ceased, as during the World War, cloth prices soared up in India to extraordinary heights and vast sums were made by the Indian mills. The swadeshi and foreign-cloth boycott movements later on also helped these mills greatly but the presence of *khadi* made a difference and prices could not go up as high as they might otherwise have done. Indeed the mills exploited the *khadi* sentiment of the people (and so did Japan) by manufacturing coarse cloths which were almost indistinguishable from the hand-spun and hand-woven article.”

Now, I come to another:

“I do not know if there are any such differences in the basic conceptions of the East and West. Perhaps there are. But an obvious difference in the recent past has been that the Indian capitalist and landlord have ignored far more the interests of their workers and tenants than their Western prototypes.”

There is another one in which the Pandit is discussing the alignment of political parties in India. He says:

“The industrial leaders also stand apart from them because there is some clash between the demands of rising industry and the semi-feudal elements. Industrialists, not daring to indulge in direct action or other risky methods, try to keep on good terms with both nationalism and the Government. They do not pay much attention to the liberal or communal groups. Industrial advance and profits are their governing motives.”

~ Sir, speaking in all seriousness, I cannot escape feeling that these are the people who have definitely made relations between Great Britain and India far worse than they need have been. I believe seriously that these people have made the introduction of self-government in India more difficult than it need have been. I believe that these are the people who because of their unreasonableness are the strength of the case for the service and commercial safeguards in the Government of India Act. Well, Sir, if these people wish to spend their one and a half lakhs of fighting fund in disseminating propaganda of this sort, they must do it, but I am sure that they are fighting a losing battle. They may stir up enough prejudice to win this round, they may win the next round, but the end is quite certain. Democracy has been introduced into this country; and no plutocracy has ever stood against the march of a whole people. I apologize for repeating a quotation which I have used before in this House, *viz*:

“They can fool all the people some of the time,
They can fool some of the people all the time,
But they cannot fool all of the people all the time.”

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Remember that yourself!

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

"That the Bill further to amend the Indian Income-tax Act, 1922, be referred to a Select Committee consisting of Mr. Bhulabhai J. Desai, Mr. S. Satyamurti, Qazi Muhammad Ahmad Kazmi, Mr. B. B. Varma, Mr. S. P. Chambers, Mr. J. F. Sheehy, Mr. N. M. Joshi, Sir Cowasji Jehangir, Mr. H. A. Sathar H. Essak Sait, Mr. A. Aikman, Sir Muhammad Yamin Khan, Pandit Krishna Kant Malaviya and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

The Assembly then adjourned *sine die*.