

21st November 1938

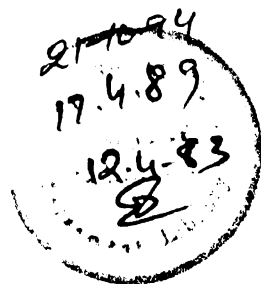
THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume VII, 1938

(10th November to 2nd December, 1938)

EIGHTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1938



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M437LAD

Legislative Assembly.

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LEGISLATIVE ASSEMBLY.

Monday, 21st November, 1938.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

MEMBER SWORN.

Mr. Arthur Brokenshaw, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

†1307—1332*.

RENTS PAID BY INDIAN AND EUROPEAN REFRESHMENT ROOMS ON RAILWAYS.

1333. *Mr. Abdul Qaiyum: Will the Honourable Member for Railways please state:

- (a) whether a uniform policy is adhered to on Indian Railways in the matter of charging economic rents from owners of European and Indian refreshment rooms;
- (b) whether contractors of European refreshment rooms are either charged no rent, or only a nominal rent; if so, the reason therefor;
- (c) whether contractors of Indian refreshment rooms are paying economic rents;
- (d) if so, the reasons for this dissimilarity in treatment; and
- (e) whether Government will take speedy steps to set this right?

The Honourable Sir Thomas Stewart: (a) to (e). I would refer the Honourable Member to the reply given to Mr. Satyamurti's starred question No. 1088 on the 16th September, 1938, and the supplementaries thereto.

Mr. Abdul Qaiyum: May I know if any change has taken place in this dissimilar treatment since the last answer was given?

The Honourable Sir Thomas Stewart: The situation is unchanged.

Mr. Abdul Qaiyum: May I know if it is a fact that present position is that Indian refreshment rooms are being charged economic rents while those in charge of European refreshment rooms are not paying any rents at all?

†These questions, which were on the Order Paper for the 19th November, 1938, have lapsed, the meeting fixed for that day having been cancelled.

The Honourable Sir Thomas Stewart: The position is this, that the information has been asked for and the complete information has not yet been received; and so I am not in a position to answer the question.

Mr. T. S. Avinashilingam Chettiar: May I know, apart from the complete information which has yet to come in, whether they have received any information that the European refreshment rooms are not paying economic rents?

The Honourable Sir Thomas Stewart: In the absence of complete information I have not examined the question.

Mr. S. Satyamurti: May I know the reasons for the delay in the receipt of the information, in view of the very serious allegation that European refreshment rooms are more or less subsidised by the State Railways, while Indians have to pay "economic rents", and why Government cannot examine the question to the extent of the information they have already got, and take effective steps to redress the inequality?

The Honourable Sir Thomas Stewart: Without acquiescing in the Honourable Member's suggestion that there is any discrimination or inequality, Government are perfectly prepared to examine the case so soon as they have the information; but it may be that the pre-occupations of the various administrations have prevented them from sending the information so far.

Mr. T. S. Avinashilingam Chettiar: Have Government received information from any administration so far?

The Honourable Sir Thomas Stewart: Certainly we have had replies from certain administrations.

Mr. T. S. Avinashilingam Chettiar: From what administrations?

The Honourable Sir Thomas Stewart: I am afraid, I cannot answer that off-hand.

Mr. Abdul Qaiyum: Without waiting for complete replies, why do not Government lay down a principle and apply that principle to persons irrespective of the fact whether they are Europeans or Indians?

The Honourable Sir Thomas Stewart: Government are reluctant to take any decisions until they know the relevant facts.

Mr. K. Santhanam: May I know, if pending the consideration of this question, no existing contracts will be prolonged or renewed?

The Honourable Sir Thomas Stewart: I should have to have notice of that. I do not know what our commitments are.

Mr. Lalchand Navalrai: Is there no record in the Railway Board which could give this information and help the Honourable Member in coming to a conclusion to break this distinction?

The Honourable Sir Thomas Stewart: That would be a very reasonable deduction from the fact that we have sent for the information from the railway administrations.

Mr. S. Satyamurti: Will Government remind the dilatory railway administrations, and ask them to expedite their replies so that a decision can be reached as early as possible?

The Honourable Sir Thomas Stewart: May I remind the Honourable Member that I promised him on the last occasion on which I answered questions that I will see that there was no inordinate delay?

Mr. Sri Prakasa: In view of the most uneconomic prices charged by these refreshment rooms for the food they supply, will Government see to it that they pay at least economic rents?

The Honourable Sir Thomas Stewart: That is indeed a hypothetical question.

INDIANISATION OF PORT TRUSTS.

1334 *Mr. Abdul Qaiyum: Will the Honourable Member for Communications please state:

- (a) the relative numbers of Indians and non-Indians on the Bombay, Calcutta and Madras Port Trusts;
- (b) the policy of Government in the matter of racial composition of such Trusts; and
- (c) what steps have been taken, or are proposed to be taken, in the matter of Indianisation of such bodies?

The Honourable Sir Thomas Stewart: (a) A statement is laid on the table.

	Indians.	Non-Indians.	Total.
Bombay	11	11	22
Calcutta	5	14	19
Madras	5	10	15

(b) and (c). The general policy of Government is to give due representation to all interests, whether Indian or non-Indian, concerned in the business of the Port. Enquiries are being made in regard to the adequacy of Indian representation in the Port Trust of Madras. I have no reason to suppose that in the others all interests are not adequately represented.

Mr. Abdul Qaiyum: Do Government accept the principle that the Indian element should preponderate in all these bodies?

The Honourable Sir Thomas Stewart: I have said that the general policy of Government is to give due representation to all interests whether Indian or non-Indian concerned in the business of the Port.

Mr. Mann Subedar: In view of the fact that in no major port in the world has any seat been given to any foreigner, may I know if Government have reconsidered the propriety of continuing a European majority in all these port trusts?

The Honourable Sir Thomas Stewart: The Honourable Member asked a somewhat similar question in the last Simla Session to which Mr. Clow made a final reply.

Mr. Mann Subedar: I did not ask this particular question. I am asking whether Government have reconsidered their policy: is the policy the same in the matter of the European majority, as it was a few years ago or has it changed today?

The Honourable Sir Thomas Stewart: The policy is precisely the same as I stated in the answer to parts (b) and (a) of the question.

Mr. Mann Subedar: May I ask whether Government have considered the logical consequence of their answer that due representation should be given to non-Indians, viz., that Japanese, German, Italian and other interests which are also interested in the major ports should be given representation?

The Honourable Sir Thomas Stewart: I hesitate to give any dogmatic reply: but I am not at all certain that there is any reason why a German or a Japanese should not be on a port trust.

Mr. S. Satyamurti: In regard to the Calcutta Port Trust, the Honourable Member said there were five Indians and 14 non-Indians. May I know whether the Government have examined and are satisfied that this proportion of five Indians to 14 non-Indians is giving adequate representation to all interests which ought to be represented on the port trust according to the Government?

The Honourable Sir Thomas Stewart: Yes.

Mr. S. Satyamurti: May I know what are the considerations on which Government have come to the conclusion that five Indians adequately represent all Indian interests which ought to be represented and that 14 Europeans are required to protect the European interests?

The Honourable Sir Thomas Stewart: The Honourable Member assumes that the 14 non-Indians represent trade interests. As a matter of fact a large number of these are *ex-officio* members representing, e.g., railways or the Collector of Customs or the Principal Port Officer.

Mr. S. Satyamurti: Confining himself to trade alone, will my Honourable friend tell me how many Indians are there who represent the Indian trade interests, and how many Europeans are there who represent the European trade interests?

The Honourable Sir Thomas Stewart: I regret that I am not in a position to give the numbers now.

Mr. N. M. Joshi: May I know, Sir, in view of the fact that the Royal Commission on Labour have recommended that labour should be represented on all Port Trusts in India and in view of the fact that labour is represented only at the Bombay and Karachi Port Trusts, whether the Government of India will take steps to see that labour is represented on the other Port Trusts also?

The Honourable Sir Thomas Stewart: I would refer my Honourable friend to the answer given to a similar question asked by him in the Simla Session.

Mr. T. S. Avinashilingam Chettiar: May I know, Sir, out of 14 in the Calcutta Port Trust, how many are *ex-officio*?

The Honourable Sir Thomas Stewart: As I said in answer to my friend, Mr. Satyamurti, I am not in a position at this moment to give the details of the representation as between *ex-officio* appointments and trade representation.

Mr. T. S. Avinashilingam Chettiar: Sir, this is really unfair. The question is about the number of Indians and non-Indians, and among the *ex-officio* there may be Indians also, and unless we know how many *ex-officio* members there are, the answer to this question is really misleading.

The Honourable Sir Thomas Stewart: I suggest, Sir, that the fault lies not in me, but in the form in which the question was put first of all.

Mr. Lalchand Navalkar: May I know, Sir, what is that due proportion which has been laid down for giving posts to Indians and Europeans?

The Honourable Sir Thomas Stewart: I never suggested for a minute that there was any racial proportion laid down.

Mr. Lalchand Navalkar: May I understand when it is said that due proportion has to be given it must be done on some basis, if so, what is the basis that the Honourable Member has laid down?

The Honourable Sir Thomas Stewart: The basis is the relative importance of the interests concerned.

Mr. T. S. Avinashilingam Chettiar: May I know, Sir, when this question of representation on the Calcutta Port Trust was last examined?

The Honourable Sir Thomas Stewart: I should require notice.

Mr. T. S. Avinashilingam Chettiar: May I know whether they examine this question from time to time, and if so, in what period?

The Honourable Sir Thomas Stewart: Yes, Sir, it was always within the consideration of the Government of India as to whether the representation is adequate and proper.

Mr. Abdul Qayum: May I know if the over-representation of non-Indians is due to the apprehension that their interests will not be safe in the hands of Indians?

The Honourable Sir Thomas Stewart: I think the Honourable Member has a question later on the paper.

INVOICE TYPISTS ON THE NORTH WESTERN RAILWAY.

1335. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether Invoice Typists are employed on the North Western Railway, and whether they type out Goods Receipts?

(b) Is it a fact that these men are detailed on duty for 8½ hours to 9½ hours per day—unlike other typists who perform duties from six to seven hours per day?

(c) Is it a fact that these Invoice Typists have made repeated requests for reduction in duty hours and given concrete examples of the employees contracting tuberculosis and other diseases as a result of excessive typing?

(d) If the reply to part (c) be in the affirmative, will the Honourable Member be pleased to state the reply sent by the Agent, North Western Railway, Lahore, to these memorialists?

(e) Is it proposed to reduce duty hours of the Invoice Typists? If not, why not?

(f) Do Government propose to direct an enquiry into the matter? If not, why not?

The Honourable Sir Thomas Stewart: (a) Yes, in goods sheds.

(b) The duty hours of Invoice Typists are nine hours a day with rest on Sunday, i.e., 54 hours a week, the same as other subordinate staff employed in goods sheds. The duty hours of typists employed in other offices are fixed as for other clerical staff employed there.

(c) Yes, but it has not been accepted by the North Western Railway Administration, on the advice of their Chief Medical Officer, that the contraction of tuberculosis and other diseases was the result of excessive typing.

(d) The memorials submitted by the Invoice Typists were rejected by the General Manager, North Western Railway, and the memorialists were informed accordingly.

(e) No, in view of the reply to part (b) above.

(f) No, as Government do not consider any enquiry necessary.

Mr. Lalchand Navalrai: With regard to part (b), may I know what is the average time for which the typists and other officers work, is it only for six or seven hours?

The Honourable Sir Thomas Stewart: I am prepared to accept the Honourable Member's suggestion that the hours of duty of other typists are from six to seven hours a day.

Mr. Lalchand Navalrai: May I, therefore, know why there is a difference here,—the typists are working in the same manner like other people or perhaps for a little while longer?

The Honourable Sir Thomas Stewart: I do not accept the suggestion that the work done by the two sets of typists is the same.

INVOICE TYPISTS ON THE NORTH WESTERN RAILWAY.

1336. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state:

- (a) the number of Invoice Typists on the North Western Railway;
- (b) the grade of pay in which they are employed;
- (c) whether they have any chances of promotion to the next higher grade; if so, whether any higher grade posts are reserved for them; if so, how many and in which offices; if not, why not; and
- (d) what action Government propose to take to ensure that the Invoice Typists are assured chances for promotion to higher grade; if not, why not?

The Honourable Sir Thomas Stewart:—(a) 46.

(b) Rs. 39—3—60 (old scale), Rs. 30—5—50—5/2—60 (new scale).

(c) In order to provide for promotion of grade I typists to a higher grade, two grade II posts have been provided on the Lahore Division, and the proposal to create six posts of grade II on the Karachi Division is under consideration of the North Western Railway Administration.

(d) Chances of promotion exist for qualified staff in all categories.

FINANCIAL EFFECT OF THE RECOMMENDATIONS OF THE WEDGWOOD COMMITTEE.

1337. *Mr. T. S. Avinashilingam Othettiar: Will the Honourable Member for Communications state:

- (a) whether they have finished consideration of the proposals of the Wedgwood Committee;
- (b) if so, whether they will consult the House on the more important questions before giving effect to them; and
- (c) what is the financial effect of the proposals already accepted?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable member to the reply given to starred question No. 1286 asked by Mr. Satyamurti on the 16th November, 1938.

(c) Government have not so far been able to assess the financial effects of the proposals of the Railway Enquiry Committee which have been accepted by them. In this connection I would refer the Honourable Member to the second part of the reply to part (b) of Mr. Asaf Ali's starred question No. 394 asked on the 21st February, 1938.

Mr. T. S. Avinashilingam Othettiar: May I know, Sir, whether Government accept the proposals of any Committee without knowing the financial effect of those proposals?

The Honourable Sir Thomas Stewart: Yes, Sir, that is inevitable, I think.

Mr. T. S. Avinashilingam Othettiar: May I know what are those inevitable proposals which must be accepted as inevitable without an examination of their financial effect?

The Honourable Sir Thomas Stewart: Sir, I never suggested that the acceptance of any proposals was inevitable.

Mr. T. S. Avinashalingam Chettiar: What was it that was inevitable?

The Honourable Sir Thomas Stewart: I said that it was inevitable that proposals must be accepted without any certainty as to their financial effect.

Mr. T. S. Avinashalingam Chettiar: Apart from the certainty, may I know whether Government estimate the financial effect of a proposal before they accept it?

The Honourable Sir Thomas Stewart: It has not been possible to do so.

Dr. Sir Ziauddin Ahmad: Have Government seen and examined the recommendations of the Public Accounts Committee on the Wedgwood Committee's Report?

The Honourable Sir Thomas Stewart: As I suggested to the Honourable Member on the last occasion when he asked that question, it does not arise out of the question to which I have given an answer.

Mr. S. Satyamurti: Sir, I submit it does arise, and I shall presently show how it does arise. The Public Accounts Committee has gone into the Wedgwood Committee's recommendations and has recommended, only the Finance Member dissenting, certain proposals to this House which have not yet been considered finally by this House, that certain action should or should not be taken on the recommendations of the Wedgwood Report. These questions are asked to find out whether they will consult the House on the more important questions before giving effect to the recommendations of the Wedgwood Committee. My friend is asking whether, in making up their minds on the recommendations of the Wedgwood Committee, they will take into consideration the recommendations of the Public Accounts Committee. I submit, Sir, it does arise, and I submit my friend must give an answer to it.

Dr. Sir Ziauddin Ahmad: May I add another reason as to how it does arise. The Honourable Member's predecessor has stated it on the floor of the House that the Public Accounts Committee had first suggested the formation of a Committee. It also laid down terms of reference. Therefore the Public Accounts Committee had every right to examine that Report, and it did examine it, and it did make certain recommendations. I want to know if Government have examined and seen those recommendations?

The Honourable Sir Thomas Stewart: Assuming for a moment that the question does arise, from the speech just delivered, it seems to me that the matter is somewhat complicated, and I must ask for notice.

Mr. T. S. Avinashalingam Chettiar: May I know what has been the financial effect of the recommendations of the Wedgwood Committee so far accepted by Government?

The Honourable Sir Thomas Stewart: I think the Honourable Member has a question later on that subject.

Mr. S. Satyamurti: Sir, I want to pursue this matter. May I know if it is the policy of the Railway Board to accept far reaching proposals even without making an attempt at assessing the financial implications thereof, and the extra expenditure?

The Honourable Sir Thomas Stewart: Sir, as a statement of general policy, that would not be true.

Mr. S. Satyamurti: What were the special considerations which induced the Government to accept some of the proposals of the Wedgwood Committee, without even examining the financial implications thereof?

The Honourable Sir Thomas Stewart: No one for a moment admitted that there was no examination of the financial implications.

Mr. S. Satyamurti: Then what is the result of that examination, with regard to those proposals which have been given effect to, or what are the financial implications thereof?

The Honourable Sir Thomas Stewart: No proposal has been adopted unless it was the opinion of the Government of India or of the Railway Department that economies would thereby be effected, but it is a different thing to say that the economies would be X-number of rupees or Y-number of rupees.

Mr. S. Satyamurti: May I take it, therefore, that no proposal was accepted which would add a single pie to the railway budget on the expenditure side, and all the proposals which have been accepted, either reduce the expenditure, or increase the revenue?

The Honourable Sir Thomas Stewart: No, Sir, I am not prepared to give a categorical reply to that question, which covers a very large number of proposals.

Mr. F. E. James: Is it not a fact that all the recommendations of the Wedgwood Committee were fully discussed with the Central Advisory Council for Railways on which both the Houses are represented?

The Honourable Sir Thomas Stewart: That is my very strong recollection.

Mr. S. Satyamurti: And what was the conclusion of that Council?

The Honourable Sir Thomas Stewart: Well, there were a very large number of propositions put before them, on each of which there was a different conclusion, and I am afraid I am not prepared at this moment to say what were the conclusions on those 70 or 80 odd subjects that were discussed.

Mr. S. Satyamurti: May I know if my Honourable friend realises that the Public Accounts Committee is a committee appointed by this House under statutory rules, and this Wedgwood Committee was appointed on the recommendation of the Public Accounts Committee and its recommendations ought to be considered by the Government before taking action on them?

The Honourable Sir Thomas Stewart: That is the Honourable Member's view.

Mr. S. Satyamurti: What is the Government's view?

The Honourable Sir Thomas Stewart: The Honourable Member is asking for an expression of opinion.

Mr. K. Santhanam: May I know whether the recommendations of the Central Advisory Council, all or any of them, have been accepted by the Government?

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

Dr. Sir Ziauddin Ahmad: Do I understand correctly that Government are not prepared even to examine and consider the recommendations of the Public Accounts Committee?

The Honourable Sir Thomas Stewart: The Honourable Member's understanding is entirely wrong.

Dr. Sir Ziauddin Ahmad: Do I understand that Government are going to examine them—either will examine them or will not examine them?

The Honourable Sir Thomas Stewart: I am not responsible for the Honourable Member's understanding.

Mr. Deputy President (Mr. Akhil Chandra Datta): Next question.

POLITICAL PENSIONS PAID TO FOREIGN REFUGEES.

1338. ***Mr. T. S. Avinashilingam Chettiar:** Will the Foreign Secretary state:

- (a) whether the matter of political pensions to foreign refugees has been re-examined;
- (b) if so, what is the number of those paid now, as compared with the previous year, and the amounts paid as compared with the previous year; and
- (c) whether most of them belong to Afghanistan?

Sir Aubrey Metcalfe: (a) Yes.

(b) In 1937, 131 refugees were paid pensions totalling approximately Rs. 2 lakhs. In the current year these figures have been reduced respectively to 126 and Rs. 1,90,000 approximately.

(c) They all belong to Afghanistan.

Prof. N. G. Ranga: Is any effort being made to reduce this expenditure?

Sir Aubrey Metcalfe: Every effort is being made and a reduction has already been effected.

Mr. T. S. Avinashilingam Chettiar: The reduction was Rs. 8,000—is it so, or more?

Sir Aubrey Metcalfe: The difference between Rs. 2 lakhs and Rs. 1,90,000 is Rs. 10,000.

Mr. S. Satyamurti: Are these payments based on any treaty made with Afghanistan, or are they based on any obligation of the Government of India towards the Government of Afghanistan?

Sir Aubrey Metcalfe: They are certainly not based on treaties.

Mr. S. Satyamurti: May I know what is the liability under which these pensions are being paid? Are they voluntary on the part of the Government of India, or do they get any *quid pro quo*, beyond any understanding or agreement with the Afghan Government?

Sir Aubrey Metcalfe: I have answered frequently before and tried to explain that these payments are made because the Government of India consider that it is in their own interests to make them.

Mr. T. S. Avinashilingam Chettiar: May I know whether this was one of those subjects which were discussed by the Honourable Member when he went to Kabul?

Sir Aubrey Metcalfe: No.

Mr. S. Satyamurti: May I know whether these pensions are being paid for the peace and tranquillity of India?

Sir Aubrey Metcalfe: Yes, I think I can say that that is so.

Mr. Abdul Qayum: Has any attempt been made or has any effort been made so far by negotiation with the Afghan Government to repatriate some of these people?

Sir Aubrey Metcalfe: Yes, certainly. Several efforts of that kind have been made and we hope to have some success in that direction.

ABSENCE OF ALARM SIGNALS IN CARRIAGES ON THE MURTIZAPUR-ELLICHPUR RAILWAY LINE, ETC.

1339. *Mr. Govind V. Deshmukh: (a) Will the Honourable Member for Railways please state if it is a fact that no railway carriages on the Murtizapur-Ellichpur line are fitted with alarm chains, or any alarm signals? If so, how do Government account for it?

(b) What, if any, are the safety measures provided on this and Murtizapur-Yeotmal Railway branch lines for passengers in females' compartments?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply given to Dr. B. S. Moonje's starred question No. 856 on the 25th September, 1929.

(b) The compartment reserved for women is in the centre of the coaching rake, adjacent to the upper class carriage, and only one carriage apart from the guard's brakevan. The windows of this compartment are barred and it is not considered that any other special measures are necessary for safety.

Mr. Govind V. Deshmukh: I do not know what the answer to part (a) of the question is? Does the Honourable Member recollect anything of that?

The Honourable Sir Thomas Stewart: The answer to part (a) is:

"I would refer the Honourable Member to the reply given to Dr. B. S. Moohje's starred question No. 856 on the 25th September 1929."

Mr. T. S. Avinashilingam Chettiar: This is a reply of 1929. May we have that answer, Sir?

Mr. Deputy President (Mr. Abhil Chandra Datta): The Honourable Member may read out that answer because it was given long ago.

The Honourable Sir Thomas Stewart: I will certainly acquiesce in your suggestion. Dr. Moonje asked:

"(a) Are Government aware that alarm chains are not provided in the trains on the Yeotmal, Murtizapur and Murtizapur-Elichpur lines of the Central Provinces Railways?"

"(b) Do Government propose to bring the matter to the notice of the Administration of the Central Provinces Railways and to see that provision is made at an early date for such means of communications as are required under section 62 of the Indian Railways Act?"

Mr. P. R. Rau, as he then was, replied:

"(a) Yes.

"(b) The provision of such means of communication on these narrow gauge railways is not considered necessary, the speed of trains being low and the stations near each other."

Mr. K. Santhanam: May I know if the new carriages built for those lines contain these alarm chains or not?

The Honourable Sir Thomas Stewart: The Honourable Member will realise my difficulty when I say that I am not aware that any carriages are being built.

Mr. K. Santhanam: May I know if carriages are never scrapped on this line? Are they perpetual, or is the line being scrapped?

The Honourable Sir Thomas Stewart: If the Honourable Member is interested in the reconstruction programme for the rolling stock on that line, I should be glad if he will give me notice of that question.

Prof. N. G. Ranga: Is the speed of the trains running on these lines the same as it was in 1929, or has it been increased?

The Honourable Sir Thomas Stewart: I am afraid I cannot inform the Honourable Member whether the trains running now are identically those that were in existence in 1929.

Prof. N. G. Ranga: Has any effort been made by Government to ascertain whether the conditions that prevailed in 1929 have changed for the worse and therefore whether there is any need at all today under the present circumstances to introduce these alarm chains or not?

The Honourable Sir Thomas Stewart: Government have no reason to believe that the conditions have materially altered.

Prof. N. G. Ranga: May I know what steps Government have taken to satisfy themselves that these chains are not needed in these days?

The Honourable Sir Thomas Stewart: Surely, the matter should be looked at the other way round—what evidence is there that the safety conditions have deteriorated since 1929.

Mr. Govind V. Deshmukh: Our statement that the conditions are most unsatisfactory is sufficient, because the passengers have to travel at night time over a long distance without sufficient light.

The Honourable Sir Thomas Stewart: I should be very happy if the Honourable Member will give me specific instances of misfortunes to passengers travelling in these trains and I certainly will have the matter investigated.

CORRESPONDENCE RE VISIT OF MAHATMA GANDHI TO THE TRIBAL AREAS.

1340. *Mr. S. Satyamurti: Will the Secretary for External Affairs please state:

- (a) whether his attention has been drawn to a recent statement of Mahatma Gandhi that "he knew that he would not be allowed to visit the tribal areas";
- (b) whether there has been any correspondence between the Government of the North-West Frontier Province and the Government of India about the visit of Mahatma Gandhi to the tribal areas; and
- (c) whether Government have refused permission?

Sir Aubrey Metcalfe: (a) The Government have seen the statement in the Press:

(b) and (c). No.

Mr. S. Satyamurti: May I know whether Government have examined the statement of Mahatma Gandhi, which has since been amplified in several speeches of his, widely reported in the Indian press, which I am sure my Honourable friend has seen, and may I know what is the Government's reaction to it? I want to know specifically whether Government will permit Mahatma Gandhi to visit the tribal areas.

Sir Aubrey Metcalfe: As I have already explained, Mahatma Gandhi has made no such request and Government cannot give an answer to a hypothetical question.

Mr. S. Satyamurti: Mahatma Gandhi is a man who means what he speaks and who speaks what he means. In view of the fact that he has said more than once in public speeches that he knew that he would not be allowed to visit the tribal areas, may I know whether Government have examined the position, and will themselves take steps to make it easy for him to enter the tribal areas, where he may achieve success which the Government have failed to secure?

Sir Aubrey Metcalfe: Government cannot grant a request which has not been made. They do not know the conditions upon which the Mahatma might wish to go to the tribal areas.

Mr. S. Satyamurti: In the interests of the safety of India and of economy, and in view of the fact that Government have not so far succeeded, will they voluntarily invite Mahatma Gandhi, with a view to his visiting the tribal areas and helping the Government in restoring peace and harmony in those areas?

Sir Aubrey Metcalfe: No, Sir.

Mr. S. Satyamurti: Why not?

Sir Aubrey Metcalfe: Because Government do not know whether the Mahatma wishes to go or not. I have nothing to add to the statement I have already made.

Mr. S. Satyamurti: Has not the Honourable Member read the speech of Mahatma Gandhi in which he has said this in so many words:

"I have met the tribesmen and their leaders as man to man. I know how to deal with them, but unfortunately I would not be permitted to visit the tribal areas."

In view of that, will my Honourable friend examine this question?

Sir Aubrey Metcalfe: If he has already met the tribal leaders and is able to deal with them, what necessity is there for him to enter the tribal territory?

Mr. S. Satyamurti: As I am asked this question, I shall place myself in my Honourable friend's place and answer. If I were in the Honourable Member's place, I would certainly let Mahatma Gandhi visit the tribal areas, deal with the tribesmen and their leaders and allow him to produce better results than what Government have done.

Mr. Abdul Qayyum: Is it not a fact that under instructions from the Political Department, the Political Officers in charge of the Kohat Pass asked the people there not to accord a reception to Mahatma Gandhi when he passed through that place.

Sir Aubrey Metcalfe: I have no information on that point and I do not see how it arises out of this question.

Mr. S. Satyamurti: May I know whether the Government of the N. W. F. P. have addressed the Government of India on any matter concerning the tribal areas or the visit of Mahatma Gandhi to tribal areas in recent months?

Sir Aubrey Metcalfe: I have already answered that question in the negative.

Mr. S. Satyamurti: I want to know whether, apart from correspondence which means exchange of letters, there has been any letter addressed by the N. W. F. P. Government to the Government of India with regard to the matter mentioned in clause (b).

Sir Aubrey Metcalfe: No.

Mr. Abdul Qaiyum: Has the Honourable Member seen the speech of the Prime Minister of the N. W. F. P. that he was finding it very difficult to administer the Province owing to the state of lawlessness in the tribal areas, because they had no say in the policy of the tribal areas?

Sir Aubrey Metcalfe: That has no possible connection with the question before the House.

LOSS ON THE WORKING OF THE TELEGRAPH DEPARTMENT.

1341. *Mr. S. Satyamurti: Will the Honourable Member for Communications please state:

- (a) the loss on the working of the Telegraphs Department during the last financial year;
- (b) the main items under which the loss was incurred; and
- (c) whether any steps have been taken, or are proposed to be taken, to minimise that loss in the first instance, and ultimately to avoid it, and if so, what they are?

The Honourable Sir Thomas Stewart: (a) Rs. 16,89,000.

(b) The Telegraph Branch of the Indian Posts and Telegraphs Department is treated as one unit and no account of receipts and expenditure by separate items is maintained. But estimates have been made from time to time of the loss due to conveyance of press traffic at the concessional rates. The loss on this account is estimated to have been about Rs. 8½ lakhs in 1937-38.

(c) Steps have been taken to reduce the loss. The loss on the working of the Branch for the year 1937-38 is the lowest in the last eleven years with the exception of the year 1934-35 when the five per cent. cut in pay was in force and the full contribution to the depreciation fund was not made. It is not possible to describe all the steps taken to reduce the loss within the limits of a reply to a question but among the principal measures are the conversion of departmental telegraph offices into combined offices involving the employment of men on lower rates of pay, stoppage of recruitment to the general service telegraphists' cadre with a view to its ultimate abolition, introduction of a circle service cadre on a lower scale of pay, increased use of highspeed machine telegraphy requiring lesser numbers of staff to work, revision of the standards adopted for determining the strength of staff to be sanctioned and the introduction of special classes of traffic on special rates.

Mr. S. Satyamurti: I am impressed by the impressive list given in answer to clause (c); but may I know whether Government have considered or will consider the retrenchment in the scales of pay of the Telegraph Department which are admittedly higher than those of the Postal Department?

The Honourable Sir Thomas Stewart: I am under the impression that there has been a revision of the scales of pay of the Telegraph Department but this, of course, will only be applicable to new entrants.

Mr. S. Satyamurti: In view of the fact that, as compared with the Postal Department, the Telegraph Department, on the figures of estimate which the department has made, causes more loss to Government than the Postal Department but at the same time, the scales of salaries in the Telegraph Department in certain branches are higher, may I know if Government will consider specifically lowering the salaries, with a view to make the budget on the telegraph side a balanced one?

The Honourable Sir Thomas Stewart: No, Sir, I can see no reason for approximating the pay on the telegraph side to the pay on the postal side for the reason that the work in one department is entirely different in character from the work in the other.

Dr. Sir Ziauddin Ahmad: Is not the loss mainly due to the transfer of service from telegraph to the telephone?

The Honourable Sir Thomas Stewart: No, Sir. I do not think that that deduction can be drawn.

Mr. S. Satyamurti: Of the 16 lakhs loss which the Honourable Member mentioned as the likely loss on the estimates on the telegraph side, he put down 8 lakhs as loss on traffic in press telegrams. May I know what are the other main categories under which the other half of the loss or nearly half the loss is incurred?

The Honourable Sir Thomas Stewart: I am afraid that, as indicated by me in reply to part (b) I could not go into details on that subject.

Dr. Sir Ziauddin Ahmad: In the late lamented Standing Finance Committee, it was pointed out several times that the Telephone Budget was a fictitious one and it would certainly lead to loss on the telegraph side and it did occur.

The Honourable Sir Thomas Stewart: I should require notice of a matter which relates to ancient history.

INTRODUCTION OF NEW EXPERIMENT OF THE CHIEF ACCOUNTS OFFICERS OF RAILWAYS BEING RESPONSIBLE TO THE GENERAL MANAGERS.

1342. *Mr. S. Satyamurti: Will the Honourable Member for Railways please state:

(a) in which two railways it is intended to introduce the new experiment of the Chief Accounts Officer of the Railways in the first instance being responsible to the General Manager, retaining his right of access to the Financial Commissioner and to the Railway Board through the Financial Commissioner;

(b) whether, in the railways so selected, the audit officers do not belong to the Auditor General's Department; and

- (c) whether in choosing the railways in which this experiment is to be tried, the Railway Board are prepared to choose one railway at least in which the Chief Accounts Officer belongs to the Auditor General's Department; if not, why not?

The Honourable Sir Thomas Stewart: (a) The North Western and Great Indian Peninsula Railways.

(b) From part (c) of his question, I presume that by 'Audit Officers' the Honourable Member means 'The Chief Accounts Officers'. If so, the Chief Accounts Officer on neither Railway is at present an officer of the Indian Audit and Accounts Service, though the Chief Accounts Officer on the North Western Railway formerly belonged to that Service.

(c) Whether the Chief Accounts Officer for the time being on a particular Railway is an officer of the Indian Audit and Accounts Service or of the Indian Railway Accounts Service is a fortuitous circumstance, the relevance of which to this experiment Government find somewhat difficult to appreciate. In any case, they do not consider that it would be a determining factor in selecting the Railways on which the experiment should be conducted.

Mr. S. Satyamurti: What were the criteria on which these two railways were selected for the experiment being tried?

The Honourable Sir Thomas Stewart: I think, Sir, because they were large and important Railways.

Mr. S. Satyamurti: In view of the fact that it is an experiment, admittedly so, and has got to be reported on by the Auditor General as well as the Chief Accounts Officer and the Financial Commissioner as early as possible to the Government and next year to the Public Accounts Committee, may I know how the Government of India have come to the conclusion that the fact of the Chief Accounts Officer on both the Railways not belonging to the Auditor General's Department is not relevant at all?

The Honourable Sir Thomas Stewart: No, Sir, I cannot myself distinguish between a member of the Indian Audit and Accounts Service and a member of the Indian Railway Accounts Service.

Mr. S. Satyamurti: Are both of them responsible to, and controlled by, the Auditor General?

The Honourable Sir Thomas Stewart: That, I suggest, is quite irrelevant.

Mr. S. Satyamurti: I am asking, as a matter of information. I want to know whether the Chief Accounts Officers who belong to the Indian Audit and Accounts Service are on the same footing as the members of the Railway Accounts Service in so far as control by, and responsibility to, the Auditor General is concerned.

The Honourable Sir Thomas Stewart: I still think that it is entirely irrelevant.

Mr. S. Satyamurti: My friend, if he will pardon me, has not read the paragraphs of the Public Accounts Committee's Report dealing with this experiment. I suggest that it is wholly relevant. The Auditor General was wholly unwilling to try the experiment. He was persuaded to agree to this, on the ground that he would keep a close watch on it and he would report, and I am suggesting that the officer concerned, at least one man trained in his Department and responsible to him is very important, so that the experiment may be tried under equal conditions. May I know why it happened on both the Railways selected that the Chief Accounts Officers do not belong to the Indian Audit and Accounts Service?

The Honourable Sir Thomas Stewart: So far as I can see, the Honourable Member's point is based on the assumption that a member of the Indian Audit and Accounts Service is likely to be more compliant than an officer belonging to the Indian Railway Accounts Service. I should be extraordinarily reluctant to believe that our experiment would be vitiated by any such weakness of character, which I hope does not exist in the Indian Audit and Accounts Service.

Mr. S. Satyamurti: My Honourable friend's reluctance notwithstanding, may I know whether it is not a fact that there is a suspicion of the Audit Department by the Agents of Railways, and that the experiment is sought to be tried in order to dominate even the audit and accounts service by the Railway Agents? May I know whether, without taking any hint from his colleague, the Honourable the Finance Member, my friend as Railway Member does or does not see any difference between the two? In any case, will the question be examined in consultation with Sir Ernest Burdon who has now returned?

The Honourable Sir James Grigg: May I intervene and assure the Honourable Member that these two Railways were chosen by me without any knowledge as to whether the accounts officers did or did not belong to the audit. They were chosen by me on general grounds—because of the general character of the Railways and as they were likely to show up the points for and against the experiment most clearly.

Mr. S. Satyamurti: I see the Railway Department has nothing to do with it. I thank my Honourable friend, Sir Thomas Stewart, for having borne somebody else's corpse all this time. May I ask the Honourable the Finance Member as to why he is ignoring the very relevant consideration that in regard to the question of the Chief Accounts Officer belonging or not belonging to the Indian Audit and Accounts Department the Auditor General must have a voice in this matter and we want to see how his Department hits off with the Railway Department?

The Honourable Sir James Grigg: I do not agree. The Auditor General is an outside spectator of this experiment. He is not concerned with the success or otherwise of the experiment except in so far as he has got to report to the Public Accounts Committee on it. He has no motive, I hope and believe, for proving it a success or a failure. His only function is, as an agent of the Public Accounts Committee, to observe the experiment and he can observe the experiment perfectly whether the Chief Accounts Officers are members or past members of his own service or not.

Mr. S. Satyamurti: In view of the fact that the majority of the Public Accounts Committee agreed on the assurance of the Finance Member of the experiment being tried on the distinct understanding that the control of the Audit Department over the Chief Accounts Officer will not be mitigated to the least extent, will my Honourable friend consider the whole position and choose one Railway in which a member of the Indian Audit and Accounts Service is the Chief Accounts Officer?

The Honourable Sir James Grigg: The Honourable Member is lumping together two things which are quite distinct. There is the control of the Chief Accounts Officer, which means the control of the financial authorities, and not of the Audit Department at all. The Audit Department has no such control: the auditing authority has no control over the finances of the Railways: and when the Honourable Member lumps together the control of the Chief Accounts Officer and the control of the Auditing Department, he is lumping together two incompatible things one of which does not exist.

Mr. Brojendra Narayan Chaudhury: On a point of order, Sir. Today is not the Honourable the Finance Member's day for putting questions to him and to be answered by him. This appears, therefore, to be a running discussion. Can this be allowed during question hour?

Mr. S. Satyamurti: In view of the fact that the main feature of the experiment is that the Chief Accounts Officer ought to have direct access to the Financial Commissioner even over the head of the Agent on important accounting matters and matters involving finance, does not my Honourable friend realise that the question of the Chief Accounts Officer should be considered very carefully, with a view to the experiment being tried successfully?

The Honourable Sir James Grigg: Perfectly. The Chief Accounts Officer is of great importance in the matter but the Chief Accounts Officer has no right of access to the Auditor General and will have none and the fact that he is a member of the audit and accounts service or not is quite irrelevant for this purpose. There is a vital person, the Financial Commissioner, who has control over the Chief Accounts Officer and that control will be just the same whether the man is an ex-member of the audit service or not.

Mr. Deputy President (Mr. Akhil Chandra Datta): Next question.

INADEQUATE REPRESENTATION OF INDIANS IN PORT TRUSTS.

1243. Mr. S. Satyamurti: Will the Honourable Member for Communications please state:

- (a) whether his attention has been drawn to the fact that in respect of several major ports the composition of major port trusts is such that predominant representation is given to Europeans and very inadequate representation to Indians;
- (b) whether he is aware that Indian interests have grown considerably since that composition was laid down by Statute; and

- (c) whether Government propose to take legislative steps to amend the constitution of these major port trusts, so as to give adequate representation to Indian interests; if not, why not?

The Honourable Sir Thomas Stewart: (a)—(c). I would invite the attention of the Honourable Member to the answer given in this House to his question No. 953 asked on the 18th September, 1938, and also to the supplementary questions and answers arising therefrom. There is nothing I can add to the answers already given.

Mr. S. Satyamurti: With regard to the answer to clause (c) of the question, may I know—with regard to Madras—whether the Government of India's inquiries of the Government of Madras are with a view to introducing legislation later on?

The Honourable Sir Thomas Stewart: The Honourable Member is going one step too far.

Mr. T. S. Avinashilingam Chettiar: May I know whether legislation will be necessary if they want to make any change?

The Honourable Sir Thomas Stewart: My impression is that a change in the representation must be carried out by legislation.

Mr. Manu Subedar: May I know whether Government are considering the question of bringing in a consolidating Bill which will govern the constitution of all the port trusts on the same lines and increasing at the same time the Indian representation?

The Honourable Sir Thomas Stewart: No, Sir, Government have under contemplation no such Bill.

CONSULTATION OF THE GOVERNMENT OF INDIA IN RESPECT OF THE FOREIGN POLICY OF THE GOVERNMENT OF GREAT BRITAIN.

1344. ***Mr. S. Satyamurti:** Will the Secretary for External Affairs please state:

- (a) whether, as a rule, the Government of India are consulted in respect of the foreign policy of the Government of Great Britain, as the Dominions are being consulted;
- (b) if so, the manner and the method of that consultation;
- (c) whether the Government of India, in giving their opinions, consult public opinion of India; if so, how; and
- (d) whether the Government of India propose to consult this House, or the leaders of parties therein, or a special committee, before giving their opinion on the foreign policy of the Government of Great Britain; if not, why not?

Sir Aubrey Metcalfe: (a) and (b). The degree and nature of the consultation which takes place depend upon the circumstances of individual cases. I am unable to give any information as to the procedure adopted which is necessarily confidential in character.

(c) The Government of India, in any views they express to His Majesty's Government, take full account of Indian public opinion.

(d) The answer is in the negative.

Mr. S. Satyamurti: With reference to the answers to clauses (a) and (b) of the question, may I know, whether, apart from the details of the consultation which my Honourable friend has claimed are confidential, what is the specific answer to this question, *viz.*, whether Government are being consulted in matters of foreign policy on the same basis as the Dominions are being consulted: and I am asking that only with reference to the statement by the British Prime Minister in the House of Commons with regard to the Czechoslovakian crisis, for example, that the Dominions were being consulted and were giving opinions to His Majesty's Government on that matter?

Sir Aubrey Metcalfe: I regret I am unable to add anything to what I have already stated owing to the confidential nature of any consultation which took place.

Mr. S. Satyamurti: I am asking my Honourable friend not to disclose the confidential consultations: I am asking him whether the Government of India, looking at the reports available to us and the proceedings of the House of Commons, are satisfied that they are consulted in just the same manner as the Dominions? I am not asking about the subject-matter of the consultations but the manner: is that the same as that in the case of the self-governing Dominions?

Sir Aubrey Metcalfe: I regret I cannot understand the distinction and I am unable to add anything to what I have already said.

Mr. S. Satyamurti: May I ask whether the Government of India were consulted at all about the Czechoslovakian crisis, and the attitude which the British Government took with respect to that matter at various stages?

Sir Aubrey Metcalfe: I regret I am not prepared to answer that question.

Mr. S. Satyamurti: Why does not my Honourable friend want to answer that question?

Sir Aubrey Metcalfe: Because the matter is confidential, as I have already said.

Mr. M. S. Aney: Before His Majesty's Government took any decision in regard to the question of the Czechoslovakian affair, was this Government consulted at all?

Sir Aubrey Metcalfe: I have already stated that I am unable to answer the question. It is no use asking me again. The matter is confidential and I can add nothing to what I have already said.

Mr. Deputy President (Mr. Akhil Chandra Datta): May I point out that the question does not seek information about the confidential communication, but the question is whether, as a matter of fact, the Government of India were consulted or not.

Sir Aubrey Metcalfe: To that, I shall require notice.

Mr. S. Satyamurti: I ask your ruling, Sir, on that point. My Honourable friend refused to answer the question, with regard to the Czechoslovakian crisis which happened in the last week of September. I know my Honourable friend's memory is far too sharp for him to seriously ask for notice of this question. I am asking now whether, as a matter of fact, the Government of India were consulted on the Czechoslovakian crisis by His Majesty's Government. I expect he knows that.

Sir Aubrey Metcalfe: I repeat that I shall require notice. I am within my rights to ask for notice.

Pandit Krishna Kant Malaviya: May I ask whether His Majesty's Government did not think it proper to consult the Government of India as it is the subordinate Government?

Sir Aubrey Metcalfe: That, Sir, is an insinuation and not a request for information.

Maulvi Abdur Rasheed Chaudhury: May I know whether the Government of India were consulted in formulating the present policy of Britain with regard to Palestine?

Sir Aubrey Metcalfe: That, Sir, does not arise out of this. It is not a matter of foreign policy.

Mr. S. Satyamurti: I am now asking about the policy of non-intervention in Spain, the Anglo-Italian Agreement, and the proposed transfer of some Colonies to Germany. May I know whether the Government of India were consulted by His Majesty's Government with regard to any of these matters; or am I to take it that the Honourable Member is not prepared to answer any of these questions?

Sir Aubrey Metcalfe: I have nothing to add to what I have already said.

Maulana Zafar Ali Khan: I want an assurance, as laconic as possible, whether India is a dependency or whether it is a part of the Commonwealth? Are we to be treated as equal partners of this Commonwealth or as mere dependants?

Sir Aubrey Metcalfe: The answer will be found in the Government of India Act which the Honourable Member can study.

Mr. Abdul Qaiyum: Sir, the Honourable the Foreign Secretary in answer to a question relating to Palestine remarked that Palestine could not come under the category of foreign affairs. As far as I know, Palestine is not a part of the British Empire. Being a mandated territory, it does not constitute a part of the British Empire and therefore it does fall under the category of foreign affairs. Therefore, the Honourable the Foreign Secretary should answer that question. I want your ruling on this point.

Mr. Deputy President (Mr. Akhil Chandra Datta): His answer is that he does not recollect it, and, therefore, he wants notice.

Sir Aubrey Metcalfe: What I said and I still maintain is that His Majesty's Government's policy in Palestine is not foreign policy since Palestine is a mandated territory.

Mr. Abdul Qayyum: It is precisely on this point that I want the ruling of the Chair. Being a mandated territory, it does not become part of the British Empire, and, therefore, it does come under foreign affairs.

Mr. Deputy President (Mr. Akhil Chandra Datta): Is the Honourable Member prepared to answer that question?

Sir Aubrey Metcalfe: The question was addressed to you, Sir.

Mr. S. Satyamurti: Sir, we should like to have your ruling on this point. I submit that Palestine is not yet part of the British Empire, and I hope it will never be. Palestine is under the League of Nations and the League of Nations deals not with the domestic affairs of any country, but only with the foreign affairs of the countries concerned. I submit, therefore, that the question about Palestine does arise under clause (a) of this question. My Honourable friend may refuse to answer it, but he cannot say that it does not arise.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member may answer that question or not, but I do think that this question does arise.

Maulvi Abdur Rasheed Chaudhury: May I ask, Sir, whether the Government of India were consulted in formulating the present policy of Britain with regard to Palestine?

Sir Aubrey Metcalfe: I am not prepared to give a reply. It is not in the public interest to do so.

Mr. Abdul Qayyum: What is the public interest and what are we here for? Is the Foreign Secretary to lay down the law that this is not in the public interest? I really challenge his opinion. I request the Chair to give a ruling that this sort of attitude on the part of the Members of Government should be discouraged. Otherwise the entire proceedings will be reduced to a farce if they take shelter behind public opinion, and what they think is public opinion. If public interest is to be given due weight, then these Honourable Members should not sit there.

✓ **Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair has already ruled that this is a relevant question, but if the Honourable Member of the Government does not answer it, the Chair cannot compel him.

Mr. S. Satyamurti: With reference to clauses (c) and (d) of the question, may I know what are the means or the methods by which Government ascertain public opinion in these matters and, secondly, if I am allowed to put two questions together, the reasons why the Government of India do not propose to consult this House or the Leaders of Parties therein, with regard to the advice which they should give to His Majesty's Government with regard to their foreign policy?

Sir Aubrey Metcalfe: The Government of India must take their own responsibility for the views which they express.

Mr. S. Satyamurti: I know that. But my Honourable friend said in answer to clause (c) of the question that they did take into account the public opinion of the country. I am asking now what are the means or the methods by which they ascertain the public opinion in the country.

Mr. K. Ahmed: Sir, no question can be put on foreign affairs relating to various countries. My learned friend illegally and irregularly is putting all these questions. The Government Member has already answered that these matters relate to His Majesty's Government. My learned friend knows that these questions cannot be put down. They are not allowed by the Rules and Standing Orders.

Mr. S. Satyamurti: May I repeat my question? May I know the means or the methods by which Government ascertain public opinion in the country on these matters, and the reasons why they will not consult this House or the Leaders of Parties therein?

Sir Aubrey Metcalfe: I have already explained that the Government of India must take their own responsibility for the views that they express.

Mr. S. Satyamurti: But how do they ascertain public opinion?

Sir Aubrey Metcalfe: They are able to read the press and they do so.

Mr. Manu Subedar: May I inquire, in spite of the fact that the Government of India are ultimately responsible for the foreign policy, whether the Government will institute the salutary practice of consulting the Party Leaders in this House on some of the major questions relating to foreign affairs?

Sir Aubrey Metcalfe: No. I have already stated that in reply to part (d) of the question.

Mr. K. Ahmed: May I raise a point of order?

Mr. Deputy President (Mr. Akhil Chandra Datta): On which question does the Honourable Member want to raise the point of order?

Mr. K. Ahmed: I wish to raise the point of order on the observations made by the Deputy Leader of the Congress Party. He is unconstitutional and it does not behove a Parliamentarian like him

Mr. Deputy President (Mr. Akhil Chandra Datta): Order, order: that is not a matter for discussion now. Next question.

TRAINING OF INDIANS AS AIR PILOTS.

1345. ***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable Member for Communications state:

- (a) what arrangements are made in this country for the training of air pilots;

- (b) to how many private associations is subsidy given for this purpose;
- (c) whether Government can state the number of Indians trained as air pilots in India; and
- (d) whether any arrangements are in contemplation to enlarge the facilities for training in this matter?

The Honourable Sir Thomas Stewart: (a) and (b). There are flying clubs at seven centres in British India, *viz.*, Karachi, Bombay, Madras, Calcutta, Cawnpore, Delhi and Lahore, all of which receive a subsidy from Government, and three in Indian States, *viz.*, Jodhpur, Hyderabad and Jaipur. All of these give primary instruction in flying and a few of them also undertake training of commercial pilots. There is, besides, a Training School in Delhi which undertakes instruction in aeronautics. This is not subsidised by Government. Government also make grants of scholarships and financial assistance to Indians for advanced training in aviation.

(c) The number of Indians trained in British India as air pilots up to the end of October, 1938, was 555.

(d) The problem of improving training facilities within the funds which can be spared receives constant attention from Government.

Mr. T. S. Avinashilingam Chettiar: Are there any schemes to extend 12 Noon. the training given to Indian pilots in this country?

The Honourable Sir Thomas Stewart: I know of no such scheme.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government are satisfied that 555 is a satisfactory number of trained pilots in this country?

The Honourable Sir Thomas Stewart: I have no reason to believe that it was otherwise.

Mr. K. Santhanam: May I know if any pilots are trained for the Indian air force in India?

The Honourable Sir Thomas Stewart: I must refer my Honourable friend to the Defence Secretary.

Mr. T. S. Avinashilingam Chettiar: Having in view the defence of this country may I know whether this number is sufficient reserve for this country in times of defence?

The Honourable Sir Thomas Stewart: I am afraid I do not understand what the Honourable Member means by reserve. If he means reserve for the purpose of army air craft, I am afraid I am not in a position to answer his question.

Mr. P. R. Damzen: Do Government consider that the Aeronautical Training Institute in New Delhi under the management of Captain Eadon is a suitable place for training of air pilots?

The Honourable Sir Thomas Stewart: Yes, Sir.

Mr. P. R. Damsen: Then, why is it not subsidised?

The Honourable Sir Thomas Stewart: Sir, the Honourable Member's suggestion is an extraordinary one. If one admits that an institution is a satisfactory institution, that I think does not constitute a claim for subsidy.

(b) WRITTEN ANSWERS.

CLASSIFICATION OF ARMENIANS EMPLOYED ON THE EAST INDIAN RAILWAY AS ANGLO-INDIANS.

1346. *Mr. P. R. Damsen: Will the Honourable Member for Communications please state:

- (a) whether it is a fact that Armenians who have been employed on the Railway, particularly on the East Indian Railway and with special reference to Asansol, are classified by the railway authorities under the heading of Anglo-Indians; and
- (b) the number of Armenians who are employed at Asansol, and if these are not included in the list of Anglo-Indian employees, under what head they are classified?

The Honourable Sir Thomas Stewart: With your permission, Sir, I propose to reply to starred questions Nos. 1346, 1364 and 1365 together.

I am obtaining information which I will lay on the table of the House in due course.

FINANCIAL EFFECT OF THE RECOMMENDATIONS OF THE WEDGWOOD COMMITTEE.

1347. *Mr. T. S. Avinashlingam Chettiar: Will the Honourable the Communications Member state:

- (a) what has been the financial effect of the recommendations of the Wedgwood Committee so far accepted by Government;
- (b) whether the Standing Railway Finance Committee was previously consulted in the matter of proposals involving fresh expenditure; and
- (c) with regard to how many of the recommendations involving fresh expenditure, the assent of the Standing Railway Finance Committee has been obtained?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I have just given to part (c) of his starred question No. 1337.

(b) Any expenditure proposal arising out of the Report in regard to which the Standing Finance Committee for Railways would be consulted in the ordinary course is referred to them.

(c) The proposals relating to the creation of one senior scale post on each of the Great Indian Peninsula and Eastern Bengal Railways, and the provision of eleven rail cars on the North Western Railway were placed before the Standing Finance Committee for approval. The proposal regarding the

running of a motor service between Lyallpore and Jhang on the North Western Railway was mentioned informally to the Standing Finance Committee.

EDUCATIONAL FACILITIES FOR THE CHILDREN OF STAFF OF CERTAIN COMMUNITIES ON THE ASSAM-BENGAL RAILWAY.

1348. *Mr. Brojendra Narayan Chaudhury: (a) Will the Honourable the Railway Member please state whether it is a fact that on the Assam Bengal Railway every Anglo-Indian and European employee is given a grant-in-aid when he has got his children reading in school?

(b) What is the amount of this grant-in-aid for each child?

(c) What is the educational expense *per capita* of Indian employees sanctioned by the Railway?

(d) Is it a fact that Goanese, who are Portuguese subjects, and Indian Christians possessing European surnames are treated as Anglo-Indians and enjoy the privileges which the latter are entitled to, *viz.*, educational grant-in-aid, membership of European Institute, better type of quarter, membership of Auxiliary Force, better scales of pay?

The Honourable Sir Thomas Stewart: With your permission, Sir, I propose to reply to questions Nos. 1348, 1349, 1350 and 1351 together.

The matters referred to are within the competence of the Agent and General Manager, Assam Bengal Railway, which is Company-managed. I am, however, sending copies of the questions to the Agent and General Manager to examine the allegations of discrimination made in these questions and to take whatever steps may be necessary to give effect to the policy of the Government in the matters.

DIFFERENT SCALES OF PAY FOR INDIANS AND ANGLO-INDIANS IN CERTAIN DEPARTMENTS OF THE ASSAM-BENGAL RAILWAY.

†1349. *Mr. Brojendra Narayan Chaudhury: (a) Will the Honourable the Railway Member please state if it is a fact that there exist two scales of pay, *viz.*, Anglo-Indian grade, and Indian grade in the Traffic and Loco running departments on the Assam Bengal Railway?

(b) If so, do Government propose to take action for its early abolition?

GRANTS-IN-AID TO EUROPEAN AND INDIAN INSTITUTES AND NOMINATIONS TO CERTAIN COMMITTEES ON THE ASSAM-BENGAL RAILWAY.

†1350. *Mr. Brojendra Narayan Chaudhury: (a) Will the Honourable the Railway Member please state if it is a fact that European Institutes on the Assam Bengal Railway get higher grant-in-aid than Indian Institutes?

(b) Is it a fact that all the members of the school committee, staff welfare committee, are nominated and not elected?

(c) Is it a fact that not a single member of the school committee is a graduate? Will Government please state whether the number of graduate railway employees is very small?

(d) Will Government be pleased to state what factors are taken into consideration for such nomination?

(e) Is it a fact that only official position and not education and culture are the guiding factors of such nomination?

†For answer to this question, see answer to question No. 1349.

ANGLO-INDIAN EMPLOYEES ON THE ASSAM BENGAL RAILWAY.

†1351. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state whether Government propose to ask the Assam Bengal Railway to enquire whether all the employees, calling themselves Anglo-Indians, and classed as such for discriminatory treatment regarding pay, education, etc., are really Anglo-Indian or not?

THROUGH BOOKING FROM CERTAIN RAILWAY STATIONS IN INDIA TO COLOMBO

1352. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable Member for Railways be pleased to state if through booking of passengers is allowed from any station on the East Indian Railway to Colombo?

(b) Is through booking of parcels and luggage from Howrah to Colombo allowed?

(c) Is through booking of passengers, luggage and parcels allowed from Madras to Colombo?

(d) If through booking of parcels from Howrah to Colombo is not allowed, what arrangements have been in vogue for the despatch of Railway parcels from Howrah to Colombo direct, or from any other station on the East Indian Railway, or Bengal Nagpur Railway, at Howrah?

(e) What arrangements for despatch of parcels and luggage are in vogue from Bombay to Colombo, Delhi to Colombo and Peshawar to Colombo?

(f) Is here any arrangement for through booking of passengers between the aforesaid stations and Colombo?

The Honourable Sir Thomas Stewart: (a) to (f). Through booking arrangements with the Ceylon Government Railway have been made only by the South Indian Railway and from Bangalore on the Madras and Southern Mahratta Railway. No traffic can, therefore, be booked to Colombo from any other stations referred to in the Honourable Member's question, except Madras.

CONDONATION OF BREAKS IN THE SERVICES OF RAILWAYS STAFF ON RE-EMPLOYMENT.

1353. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Honourable Member for Railways aware of the fact that there is a letter No. 5443-F, dated the 2nd March, 1935, of the Railway Board, purporting to the automatic condonation of breaks in the services of Railway staff on re-employment? If so, will the Honourable Member be pleased to read out that letter on the floor of the House?

(b) Will the Honourable Member be pleased to state if all employees, who had been re-employed after the period of retrenchment, have been given the benefit of automatic condonation of breaks in services in accordance with the aforesaid letter? If not, will he be pleased to lay on the table a statement showing the names of such employees who have not got this benefit, and on account of which they have been deprived of their gratuity?

(c) Is it a fact that Government have sanctioned gratuity to railway staff having breaks in service of four months and above? If so, will he be pleased to state the cases of employees who have not been given gratuity despite such sanction? Why has this discrimination been made?

(d) Will the Honourable Member be pleased to state whose is the last word in the matter of giving effect to the aforesaid letter of condonation of the Railway Board?

The Honourable Sir Thomas Stewart: (a) Presumably the Honourable Member is referring to Board's letter No. 5448-F., dated 2nd March, 1932. If so, a copy of the letter will be found in the Library of the House. The relevant portion reads as follows:

"In regard to the staff who have been retrenched under the economy campaign, the Governor General in Council has decided that a break in service of an employee who has been retrenched otherwise than on grounds of inefficiency, will be automatically condoned on re-employment."

(b) The reply to the first part of the question is in the affirmative but the orders relate only to staff retrenched during the economy campaign of 1931-32 otherwise than for inefficiency, and condonation cannot be effective until the gratuity paid at the time of retrenchment has been refunded.

As regards the second part, Government are not aware of any such case.

(c) Yes, depending on the merits of each case. In view of the reply to second part of (b) above, the later parts of the question do not arise.

(d) As the cases referred to involve only the application of a definite rule with reference to facts and not any exercise of discretion, the question of whose is to be the last word does not arise.

ATTACHMENT OF A THROUGH INTERMEDIATE AND THIRD CLASS BOGIE TO THE PUNJAB MAIL AT KALKA FOR HOWRAH.

1354. *Mr. Amarendra Nath Chattopadhyaya: Will the Honourable Member for Railways be pleased to state if he is aware of the fact that for the convenience of passengers from Kalka to Calcutta by the Punjab Mail, a bogie consisting of one first and one second class compartment, is attached to the Simla Mail and Kalka-Delhi Mail, respectively, to be detached at Ambala and to be attached to the Punjab Mail at Ambala via Saharanpur? If so, is the Honourable Member prepared to arrange for attaching a bogie of combined intermediate and third class compartments also in any of the aforesaid two trains to be attached to the Punjab Mail for the convenience of passengers from Kalka, without requiring them to change their train at Ambala? If not, will the Honourable Member state the reasons for such inability?

The Honourable Sir Thomas Stewart: During the summer months, i.e., from the 1st April to the 31st October, a bogie composite first and second class carriage is provided to run through from Kalka by 14 Down Simla Mail. This carriage is sent on from Ambala Cantonment, via Saharanpur, to Howrah by the 6 Down Punjab-Calcutta Mail. There is no similar service via Saharanpur on the Kalka-Delhi Mail. The suggestion for a bogie intermediate and third class carriage from Kalka to Howrah, via Saharanpur, cannot be accepted, as third class passengers are not carried from Saharanpur to Howrah by the Punjab Mail.

TRANSFER OF CERTAIN CLERKS OF THE ACCOUNTS OFFICE, TELEGRAPH STORES AND WORKSHOPS, ALIPORE, CALCUTTA.

1355. *Mr. Amarendra Nath Chattopadhyaya: (a) Will the Honourable Member for Communications be pleased to state if it is a fact that certain clerks of the office of the Accounts Officer, Telegraph Stores and Workshops, Alipore, Calcutta, transferred from the Audit Department in May, 1931, are to be repatriated in the Posts and Telegraphs Audit Office at Calcutta under the orders of the Government of India, Finance Department? If so, how many clerks have been repatriated in the course of these 7½ years? If none is repatriated as yet, will Government state what action is being taken in the matter?

(b) Is it a fact that these clerks would have had better prospects in respect of their promotion and confirmation, had they been in the Audit Office? If so, how many men will be immediate losers as a result of their retention in the Executive Office?

(c) Is it a fact that these clerks made representations for early repatriation in the Audit Department? If so, what action has been taken in the matter?

The Honourable Sir Thomas Stewart: (a) It is a fact that when the Audit Office, Telegraph Stores and Workshops, Alipore, was reorganised in 1931, some staff on audit office scales of pay was retained and it was ordered that this staff should be taken back by the Accountant-General, Posts and Telegraphs, for absorption in the Audit Department as opportunities arise. Two of these clerks have since been taken back. The last part of the question does not arise.

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

(c) Yes, recently. The matter is under consideration, and it is hoped that orders will issue shortly.

REPRESENTATION FOR CONFIRMATION FROM THE TEMPORARY CLERKS OF THE ACCOUNTS OFFICE, TELEGRAPHS STORES AND WORKSHOPS, ALIPORE, CALCUTTA

1356. *Mr. Amarendra Nath Chattopadhyaya: Will the Honourable Member for Communications be pleased to state if it is a fact that a large number of temporary clerks working in the office of the Accounts Officer, Telegraph Stores and Workshops, Alipore, for years together on the same pay have made representations to the Director General, Posts and Telegraphs, for their confirmation? If so, what action is being taken in the matter?

The Honourable Sir Thomas Stewart: Representations have been received from four out of thirteen temporary clerks working in the office of the Accounts Officer, Telegraph Stores and Workshops, Alipore, who were appointed on fixed pay. The matter is under consideration.

GRIEVANCES OF RAILWAY COOLIES AT ALLAHABAD.

1357. *Mr. Badri Dutt Pande: (a) Will the Honourable Member for Railways be pleased to state if he has seen the note in the *Leader* of the 22nd October, 1938, page 18, under the caption "Railway Coolies Agitation", complaining of *begar* being taken from Railway coolies at Allahabad, saying that "About fifty coolies have to offer their services every day almost free for the parcel work", and that coolies visited the bungalow of Railway officers shouting "*Begar lena band karo*" (Stop the *begar*)?

(b) Have Government taken any action on the alleged grievances of the Railway coolies? If so, what?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The coolies are not railway employees. They are licensed by a contractor to carry passengers' luggage and railway parcels. The settlement of any alleged grievance of these coolies is, therefore, a matter entirely between them and the contractor.

OPENING OF A RAILWAY STATION BETWEEN KASHIPUR AND RAMNAGAR.

1358. *Mr. Badri Dutt Pande: Will the Honourable Member for Railways be pleased to state if any railway station has been opened, or is to be opened, between Kashipur and Ramnagar on the Rohilkund and Kumaon Railway?

The Honourable Sir Thomas Stewart: A station will shortly be opened between Kashipur and Ramnagar.

AYYALUR TRAIN DISASTER ON THE SOUTH INDIAN RAILWAY.

1359. *Srimati K. Radha Bai Subbarayan: Will the Honourable Member for Railways be pleased to state:

- (a) whether the inquiry into the South Indian Railway train disaster at Ayyalur has been concluded, and what are the findings arrived at as to the cause of the disaster;
- (b) whether and when the report will be published;
- (c) what the total extent of casualties, dead and injured, is; and
- (d) how many, if any, are maimed for life?

The Honourable Sir Thomas Stewart: (a) The Senior Government Inspector's enquiry has been concluded. The cause of the accident as given in his report is the breaching of the embankment at mile 255/15-16 as a result of phenomenal rainfall in the catchment area of the small stream at mile 255/10.

(b) The report will be included in the Railway Board's publication of reports by Senior Government Inspectors on accidents for the half-year ending 30th September, 1938.

(c) 33 dead and 81 injured.

(d) This information cannot now be obtained, as 72 of those injured have since gone to their homes.

APPOINTMENT OF APPRENTICE PERMANENT WAY INSPECTORS ON THE EAST INDIAN RAILWAY.

1360. *Babu Kailash Behari Lal: Will the Honourable Member for Railways be pleased to state:

- (a) if his attention has been drawn to a letter published in the *Searchlight*, dated the 27th October, 1938, under the caption 'Beharees in East Indian Railway services';
- (b) if it is a fact that applications for the posts of Apprentice Permanent Way Inspectors were invited and about 5,000 applications were received, out of which about 100 candidates were granted interviews;
- (c) if it is a fact that out of the 100 candidates interviewed, only one was a Bihari, who was a Bachelor of Civil Engineering of the Patna University and had one year's practical training on the East Indian Railway with very good report of his work;
- (d) if it is a fact that appointments have been made on communal basis and, out of eleven persons appointed, five are Anglo-Indians, three Muslims and three Hindus; and
- (e) what are the qualifications of the persons appointed?

The Honourable Sir Thomas Stewart: (a) I have seen the article referred to by the Honourable Member.

(b)—(d). Government have no information, but I have no reason to doubt the accuracy of the Honourable Member's statement.

(e) Government have no information regarding the qualifications possessed by the persons appointed. But for the qualifications required under the rules for such posts, I would refer the Honourable Member to the Rules for the recruitment and training of non-gazetted staff on State-managed Railways, a copy of which is in the Library of the House.

INSTALLATION OF A BROADCASTING STATION AT PATNA.

1361. *Babu Kailash Behari Lal: Will the Honourable Member for Communications be pleased to state:

- (a) if the Government of Bihar are still in correspondence with the Central Government on the question of installation of a Broadcasting Station at Patna; and
- (b) what is the amount that Government have spent on the setting up of new stations in the current year, and in which Provinces?

The Honourable Sir Thomas Stewart: (a) There has been correspondence on the subject between the two Governments. The Bihar Government are aware of the position that in the present financial condition the Government of India are unable to undertake any fresh liability for a broadcasting station in Patna.

(b) A statement giving the information is laid on the table.

Statement showing the amount spent out of the Broadcasting Capital Fund of Rs. 40 lakhs on the setting up of new stations during the period 1st April 1938 to 31st October, 1938.

Province.	Amount spent.
	Rs.
Delhi	15,438
Madras	80,986
Bombay	58,748
Bengal	1,80,158
United Provinces	32,329
Punjab	9,830
Cost of installation staff for executing the work in all the provinces	80,891
Total	4,08,380

APPLICATION OF THE ALLOTMENT FROM THE ROAD FUND TOWARDS THE EXECUTION OF ROAD SCHEMES IN BIHAR.

1362. *Babu Kailash Behari Lal: Will the Honourable Member for Communications be pleased to state:

- if the different Provinces have submitted any report on the progress of work done out of the allotment from the Road Fund;
- what is the amount at the credit of the Bihar Government in the Road Fund; and
- how much the Bihar Government have drawn and applied towards the execution of the schemes during the current year?

The Honourable Sir Thomas Stewart: (a) No, but quarterly statements of the expenditure against sanctioned schemes have been received from Accounts Officers.

(b) The unspent balance of the Provincial Government on 1st October, 1938, was Rs. 15.22 lakhs out of which Rs. 8.64 lakhs is held by the Governor General in Council under paragraph 3 (2) of the Resolution on road development adopted by this Assembly on the 10th February, 1937.

(c) A sum of Rs. 50,000 out of the balance with the Provincial Government has been spent on approved schemes during the first six months of the current year.

PERSONS RECEIVING POLITICAL PENSIONS FOR RENDERING SERVICE ABROAD.

1363. *Babu Kailash Behari Lal: Will the Foreign Secretary be pleased to state how many persons are in receipt of political pensions for rendering service abroad, and who they are?

Sir Aubrey Metcalfe: It is not understood to what persons the question refers. In the absence of this information Government are unable to give a reply.

COMMUNAL COMPOSITION OF PERSONS RECRUITED IN THE GENERAL MANAGER'S OFFICE ON THE EASTERN BENGAL RAILWAY.

1364. ***Mr. Muhammad Nauman:** (a) Will the Honourable Member for Railways be pleased to lay on the table a detailed statement before the House, showing the total number of men recruited in General Manager's office, specially in Personnel Branch and Welfare Office, Eastern Bengal Railway, community by community, from 18th December, 1934 to 30th September, 1938?

(b) If there is a marked deficiency in Muslim quota in the General Manager's office, specially in Personnel Branch and Welfare Office, how is it proposed to make up the deficiency in Muslim quota in the entire system?

(c) What is the existing strength of the total staff employed in the Welfare Office, and out of them how many are Muslims?

POST OF DRAWING OFFICE SUPERINTENDENT IN THE CHIEF ENGINEER'S OFFICE, EASTERN BENGAL RAILWAY.

†1365. ***Mr. Muhammad Nauman:** (a) Is the Honourable Member for Railways aware of the fact that Drawing Office Superintendent in the Chief Engineer's Office, Eastern Bengal Railway, sanctioned by the Railway Board, was filled by the Superintendent, Drawing Office?

(b) Will the Honourable Member state if this post was at all advertised? If not, why not?

SITUATION IN THE TRIBAL AREAS IN WAZIRISTAN.

1366. ***Mr. Lalchand Navakrai:** (a) Will the Foreign Secretary be pleased to state the present situation in the tribal areas in Waziristan and other neighbouring borders?

(b) Has there been any agreement between these tribal people and Government to end these feuds, or how far have mutual approaches been made to that end?

Sir Aubrey Metcalfe: (a) As regards the present situation in Waziristan, the Honourable Member is referred to the reply given to part (a) of question No. 1180, asked by Mr. Abdul Qaiyum on the 10th November, 1938. The situation in the other tribal areas is normal.

(b) The Honourable Member is referred to the reply given to part (d) of the same question.

EXPENDITURE ON MILITARY OPERATIONS ON THE FRONTIER.

1367. ***Mr. T. S. Avinashilingam Chettiar:** Will the Foreign Secretary state:-

(a) what has been the expenditure in the actions in the Frontier since the beginning of the year;

(b) the objects of continuing these military operations; and

(c) how far the objects have been attained?

Sir Aubrey Metcalfe: (a) The Honourable Member is referred to the reply given to part (a) of question No. 1184, asked by Sardar Mangal Singh on the 10th November, 1938.

†For answer to this question, see answer to question No. 1346.

(b) The object of these operations was given in paragraph 14 of the official despatch issued on 24th November, 1987, on the operations in Waziristan namely "to restore peaceful conditions throughout the area" of Waziristan.

(c) This object has not yet been attained.

Syed Ghulam Bhik Nairang (East Punjab: Muhammadan): Sir, I rise to call your attention to the fact that the Id is expected to fall on the 24th November, but there is just a possibility that it may fall on the 25th instant. On account of this uncertainty, we, the Members of the Muslim League Party, are anxious that you, Sir, with the concurrence of the House, may be pleased to direct that the House should not sit on Friday, the 25th November also. Some of us will have to go to our homes and it may not be possible for them to return in time to attend the meeting if it is held on 25th November.

Mr. Deputy President (Mr. Akhil Chandra Datta): May I know the opinion of the different parties?

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): We have no objection, but I submit we should sit on Saturday, the 26th.

An Honourable Member: What about Saturday, the 26th November?

The Honourable Sir James Grigg (Finance Member): I am afraid there was a slight misunderstanding about Saturdays. My understanding is that the House was only committed to the Saturday, which has just passed. As regards Saturday, the 26th November, I would deprecate our not sitting on that day.

Mr. Deputy President (Mr. Akhil Chandra Dutta): The Chair takes it that the House agrees that there should be no meeting of the Assembly on Friday, the 25th November. As regards the 26th November, the Honourable the President has ordered already that the House should sit on that day. As regards the other question, namely, the House not sitting on Friday, the 25th November, the Secretary of the Assembly has drawn the Chair's attention to the fact that the Honourable the President has already ordered that the House should sit on that day. It may not be quite proper on the part of the Deputy President to reverse that decision. The matter will be referred to the Honourable the President and the information that all Parties are agreed on this will also be communicated to him.

THE INDIAN INCOME-TAX (AMENDMENT) BILL—*contd.*

Mr. Deputy President (Mr. Akhil Chandra Datta): The House will now resume further discussion on the motion:

"That the Bill further to amend the Indian Income-tax Act, 1922, as reported by the Select Committee, be taken into consideration."

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, on Thursday last, I was discussing the question of double taxation

[Dr. P. N. Banerjee.]

relief. I was urging that the so-called reciprocal arrangement should be ended. It may be argued that it is a settled fact. But nothing can be regarded as settled so long as it is not settled rightly. An inequitable arrangement can never be regarded as a settled fact.

A reciprocal arrangement implies two conditions. The first is that both the parties to the arrangement give their consent freely and willingly. The second condition is that the advantages derived from the arrangement by the two parties are equal or nearly equal. Both these conditions are absent from this so-called reciprocal arrangement. It has been in existence for the last 14 or 15 years, but the people of India never gave their consent to this arrangement. The Government of India, as it is at present constituted, does not represent the people of India. If the people of India were asked to decide this matter through their representatives, I am sure the answer would be definitely in the negative. If the Honourable the Finance Member has any doubt about this matter, I would ask him to refer the question to the elected portion of this Assembly for ratification.

So long as this so-called reciprocal arrangement is not sanctioned by the representatives of the people its character will remain the same as that of a "forced benevolence" of the despotic monarchs of England in the Middle Ages. Just as these despots of old sought to justify their exactions by calling them "benevolences", so also our Rulers seek to justify this inequitable arrangement by giving it the name "reciprocity".

As for the second condition, I have already shown that the advantages are not at all equal. In fact, the advantage derived by England from this arrangement is 20, or 30, perhaps 40 times greater than the advantage derived by India. Can any man in his senses call this a reciprocity unless his vision is distorted by race prejudice?

I come now to the political aspect of the question. It is known to everybody that this measure has caused the greatest amount of dissatisfaction throughout the country. And is it right and proper on the part of the Government to intensify the discontent which already exists in the land? Would it not be wise on the part of the Government to try to remove the root-causes of this discontent? If the Government were sincere in their desire to secure the goodwill of the people, here is an opportunity. Let the Government take courage in both hands and urge on the authorities in England to put an end to this iniquitous and unfair arrangement.

Sir, in conclusion, I endorse fully the appeal which was addressed by the Honourable the Leader of the Opposition to all sections of the House to discuss this matter in a calm atmosphere. I hope the Finance Member will show the same coolness of temper and the same spirit of sweet reasonableness as he showed during the deliberations of the Bill in the Select Committee, and we, on our side, will assure him that there will be no display of heat or passion or any sort of obstructiveness. It is true that we often express ourselves strongly, but we do so because we feel

very keenly. We have nothing but goodwill for the Finance Member or for any other European, whether in India or in England, but our sole desire is to serve our country according to the light that is in us. If the Finance Member will show the proper spirit in regard to the consideration of this measure, I assure him of the fullest measure of co-operation from this side of the House, the only condition being that we are not asked to sacrifice the interests of the country.

Mr. A. Aikman (Bengal: European): Mr. Deputy President, it is now over three years since the Income-tax Inquiry Committee commenced its labours and it is nearly two years since we received their very full report. We are now considering the results of the work of that Committee, the work of those who were entrusted with the preparation of the Bill in its original form and the very hard work of the Members of the Select Committee. In introducing the Bill, the Finance Member made the point that one of the provisions which he considered the most important was that which related to the legal avoidance of tax. A study of the Bill shows that the clauses relating to this subject have been considerably altered in the Select Committee and, in my opinion, I think considerably improved. Everyone in this House will be with me when I say that, although legal avoidance may be open only to a few, it is something that we should aim at eliminating to the best of our ability, and so, though it may be that some of these clauses appear to be not of urgent necessity, we should remember that, if we close the door to the more obvious methods of avoidance, there is little doubt that search will be made for others and it is, therefore, probably wise to deal now with any that can be anticipated.

We, Sir, welcome the new definition of "dividend". That contained in the original Bill was likely to work harshly and unfairly and to result in taxing as income something that the Courts have always said was not income. The new definition will exempt from taxation those capitalisations which, for want of a better term, I will describe as honest straightforward capitalisation, but will tax those which were designed with a view to tax avoidance. I would commend this definition to the House. But, I feel that a slight exception will have to be made which has not been anticipated and that provision must be made for a certain class of shares which exist to a great extent in this country, namely, redeemable preference shares.

Now, Sir, there has been for many years considerable discontent with the working of the Department of Income-tax and this is not confined to the assessable public but it is shared by the Department itself and I think there will be a general welcome for the new class of income-tax officials as tending towards a fairer treatment and more speedy handling of income-tax matters. Government have undertaken to put forward proposals for the formation of a further appellate authority and this, in principle, will receive the support of my Group. We also welcome the proposal to appoint not more than three Commissioners of Income-tax to deal with cases of a special kind. This also should tend to the more accurate handling of those types of assessment which are out of the ordinary and the result will probably be congenial to assesses and Government alike.

[Mr. A. Aikman.]

The proposals in the Bill regarding depreciation allowances were exceptionally severe and have been a subject of considerable modification in Select Committee. They were more fully explained in very lucid language by my Honourable friend, the Leader of the Opposition, and I do not propose to enter into any further exposition of them at all. But, I do consider that before we come to these clauses Government should give us some indication of the lines on which they propose to work in fixing the rates at which future depreciation will be allowed. We have at present rates which are acceptable to the commercial community and these rates are based on the original cost of the assets of the assessee and, I think, I am safe in saying, that the original cost basis worked fairly well. However, a change to the written down value has been proposed and the Select Committee have not objected but have modified the original proposals in a way as to considerably soften the blow. I would refer, Sir, to the comment in the Inquiry Report where it was recognised that higher percentages would be necessary to give corresponding results to those now in vogue. I am at the same time a little apprehensive that a further comment in the Report may influence Government unduly in that some of the existing rates appear to be too high. Now, Sir, they may be too high as compared with those in the United Kingdom, but I feel that the life of an asset in this country should not be based on the life of a like asset in the United Kingdom. We have to remember that assets in this country depreciate at a very much quicker rate, principally on account of climatic conditions and to some extent by the handling of the assets by less expert labour. Therefore, as I have said, I think Government should give us some indication of the lines on which they propose to fix rates, and I suggest that these rates should be so fixed that an asset should be written down to not more than ten per cent. of its original cost at the end of its present assumed life. We are not entirely satisfied that the amendments that have been made to section 28A of the Act are acceptable. The curious structure of limited liability enterprise in India does not make it advisable to extend the provisions of this section to all companies. In the existing Act legislation of a like nature was confined to those companies which are substantially in the hands of a few persons—those companies which are very little removed from partnership, and we are rather inclined to continue on these lines. A clause has been inserted which has the effect that it will be advisable for an employee to be dismissed instead of being allowed to retire. No employer wants to dismiss his long service employee, but if he does not do so, any lump sum which he wishes to give to him in lieu of a pension will have to be taxed. Another point, though not a principle of taxation but, nevertheless, of some importance, refers to the qualifications of those persons who may attend before an income-tax authority on behalf of an assessee. The difficulty of interpreting income-tax law continues to produce additions to the profession of income-tax practitioners and the provisions regulating the qualifications of the persons who may represent assesses before the authorities have been considerably improved in the Select Committee. I should like, however, to see an additional class of persons become entitled to appear, namely, bank accountants or bank officials. There are many banks who collect dividends on behalf of their customers, but, as I read the Bill, no officer of a bank may appear before an income-tax officer even to give an explanation. I would like to see this provided for.

A further matter which I would like to emphasise very strongly and which cannot be done by any Act or legislation is the necessity for doing away with the permanently hostile attitude of the income-tax officers towards assesses. I submit that these officers fail in great way in their duty. A part of their duty may be to make assessments in accordance with law, but the law of income-tax is highly technical and extremely complicated. Seldom, if ever, is assistance given to assesses but every opportunity is taken to benefit by the assessee's ignorance. By reason of its complexity the interpretation of income-tax law lends itself to different opinions. But no opportunity is lost to apply the letter of the law or the spirit of the law respectively as each suits the revenues best. That is my experience. I hope in the reorganisation of the department which we are promised, attention will be given to this matter and that it will be impressed on income-tax officers that they owe a very considerable duty to the public.

There is one point in the Select Committee Report which I would like to be clarified as far as I am concerned. The opinion that the Government of India should approach His Majesty's Government to amend the Government of India Act so as to make pensions payable out of Indian revenues chargeable to Indian income-tax was a majority opinion and I would like to make it clear that I was not one of that majority

Mr. S. Satiyamurti (Madras City: Non-Muhammadan Urban): Why not?

Mr. A. Aikman: I was not.

Mr. S. Satiyamurti: You did not say so then.

Mr. A. Aikman: There were two main points of controversy mentioned by my Honourable friend, the Leader of the Opposition—clause 4 and clause 53 (section 49 of the Act). As regards the first, involving methods under which domiciled and non-domiciled residents have been taxed, I listened very carefully to the speech of my Honourable friend, the Leader of the Opposition. The picture which he painted may have appealed to many; but so far as I was able to judge it was not quite complete. I observe from the amendment paper, however, one of my Honourable friend's colleagues has submitted amendments to this clause, and if those are accepted by this House the proviso which has been so fully discussed and criticised will become superfluous. The subject of double income-tax relief was also referred to at great length by my Honourable friend. This measure which has gone far to maintain credit in various countries which entered into the convention was made by my Honourable friend's manner of handling the facts and figures to appear as a gross injustice. I am not prepared to say that the existing method of dealing with the difficulty of double income-tax relief is the best, and that it is not possible to arrive at some formula under which part of the present hardships could be eliminated; but I am afraid that I shall have to see a great deal further than I do at present before I can think of supporting the appeal which he made to me and my colleagues in this connection.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. Deputy President, let me first start by thanking the Department or Departments that were responsible for putting up the papers both to the Select Committee and to this House in connection with this very intricate legislation. They were put up in a way which made our task much easier, than it otherwise would have been, and I would like to convey once again, on behalf of myself, and I am sure on behalf of many others, our grateful thanks and I trust their example will be followed, when other legislation of this importance is brought before this House. I would also allude once again,—and I believe I will not be out of order in doing so—to the very happy relations, which existed between all parties in the Select Committee. I may describe it as a happy family which carried out its work with good humour and without the slightest sign of ill-feeling, for which I think the Honourable the Finance Member was greatly responsible and I hope and trust that that good humour and that good feeling will continue throughout this debate, and that we shall be able to come to sound and wise conclusions.

There were several clauses of the Bill on which we could see eye to eye with Government, but on several others we found ourselves on opposite benches, if I may so describe it. My Honourable friend, the Leader of the Opposition, has very lucidly pointed out and explained the clauses on which we were in agreement. But the principal clauses on which we disagreed were clauses 4, 5, 17 and 53. Clause 53 is the one which deals with the present section 49. Sir, I will first devote my attention to clauses 4 and 5. Now, Sir, I do not think it is necessary at this stage to explain what they intend to do, in short, they make a revolutionary change in the system of income-tax in India. They provide that all income derived outside British India by domiciled residents of India, that is Indians, shall be taxed as if the income accrued in India; for non-domiciled people resident in India, that is, our friends, the Europeans, specially our friends of the European Group, they shall not be taxed on income which arises outside British India on shares, securities and rents if such income is not brought into British India. That, in short, is clause 4.

Clause 5 goes a little further and exempts all companies whose control is wholly outside India. I am making no comments. Now, Sir, a Bill was introduced in this House by the predecessor of the present Finance Member, Sir George Schuster, and here I am sure, many of his friends would like to congratulate him on his being elected a Member of the British Parliament

Mr. S. Satyamurti: Following Mr. Neville Chamberlain.

Sir Cowasji Jehangir: Sir George Schuster introduced a Bill in this House in 1931, the discussion on which continued off and on for five months. The principle of that Bill was exactly the same as the principles provided for in clauses 4 and 5 of the Bill before us.

An Honourable Member: Then throw out the Bill.

Sir Cowasji Jehangir: Yes, that Bill was thrown out. It was not sent to a Select Committee. Now, Sir, when Sir George Schuster brought that Bill before us, the objects and reasons were clearly laid down. On the present occasion the Honourable Member has satisfied himself by

referring us to the Income-tax Inquiry Committee of 1936. When you go to look at the Income-tax Inquiry Committee's Report for its revolutionary suggestions with regard to clauses 4 and 5, you find very few reasons. I, therefore, take it, that the main objects the Government have in introducing these principles provided for in clauses 4 and 5 are to prevent the flight of capital out of British India and to add to the revenues of British India.

(At this stage, Mr. K. Ahmed muttered something which was inaudible at the Reporters' Table.)

Sir Cowasji Jehangir: Mr. Deputy President, it will be wise for my Honourable friend, who is muttering to himself and smelling something out of a bottle, to keep his mouth closed.

Sir, when the last Bill was before us, many Honourable Members read out long extracts from the opinions then supplied. I do not propose to follow their example. I only propose to read out to you with regard to clauses 4 and 5 one opinion, the opinion of the Bengal Chamber of Commerce. I do not propose on this occasion to express any opinion of my own. I will content myself by giving the House the opinions expressed by prominent Members of the House in 1931 and 1932.

Mr. S. Satyamurti: Who represents the Bengal Chamber of Commerce here?

Sir Cowasji Jehangir: The Bengal Chamber of Commerce reported as follows: and as this is the only opinion I am going to read out; I trust, the House will bear with me when I read it out in full:

"The proposals contained in clause 4 of the Bill, if put into effect, will fundamentally change the basis of income-tax in this country. The aim no doubt is to provide a possible new source of revenue; but how much is likely to be obtained from this new source is a matter on which there is a wide difference of opinion since no satisfactory statistics are available. Some suggest that the new revenue may amount to as much as a crore and a half from the taxation of Indians"—*mark the words please, 'on Indians',*—"on the basis of their total world income, instead of as now, on their British Indian income only, *plus* remittances from income accrued or arising without British India. Others say that no more than 40 or 50 lakhs per annum can be expected. Even if it is assumed that the larger estimate of new revenue will be available,—and this is at best doubtful,—it has to be considered whether it is wise in these circumstances to agree at this time to proposals for so radical a change in the whole system of taxation. There are many who think that before the Government of India seeks to draw in new sources of revenue, they should make certain that all the existing sources are being properly tapped. Another great difference between a comparison of taxation in this country and in the United Kingdom is the fact that the United Kingdom is in a position to enforce arrangements for reciprocal double income-tax relief with many countries with which the United Kingdom residents are liable to have important trading connections. This position is not enjoyed by India. In England too so large a proportion of the total national income is derived directly or indirectly from her foreign trade that the adoption of remittances as a basis of assessment would give rise to serious inequities as between one class of residents and another, namely, between domiciled residents whose total income is derived from trading in the United Kingdom and domiciled residents whose income is derived either, in whole or in part, from investments overseas. The condition of British India is entirely different. Only a very small section of her nationals take any part in foreign trade except in one or two cases (Burma and Ceylon). She is not in a position freely to negotiate agreements with other countries so as to avoid or reduce the possibilities of double taxation, and, finally, she can neither offer the credit facilities that London can nor greatly influence other countries to give special treatment to her nationals. The Chamber adheres to the attitude which it adopted towards the Income-tax Inquiry Report in 1937 when the view was expressed that the adoption of the accrual basis would result in British India receiving a greater amount of the tax from the scrupulously honest taxpayer. The Chamber's opinion

[Sir Cowasji Jehangir]

was that the change from the remittance to the accrual basis would merely invite fraudulent evasion and legal avoidance on a much greater scale than is at present possible. Income-tax officers, it was pointed out, will be faced with very considerable difficulties in determining what, if any, foreign income accrues to assessee, and will be without any means whatever of establishing the correct amount of the foreign income accruing, if the assessee chooses to suppress the facts. The dishonest taxpayer will have little difficulty in concealing the amount of his profits from sales of goods and speculations abroad, except such as are proved to have been remitted to India, so that the result of the proposed change will merely be to discriminate against the honest assessee. The person who is less scrupulously careful in making his return, will in practice be assessed as at present on his remittances to this country. On these grounds it is submitted that the change from the remittance to the accrual basis is justified, neither in practice, nor in principle. In the opinion of the Chamber, there is nothing in the argument that under the present system encouragement is given to the investment of money abroad; there has been no shortage of capital for Indian industry up to the present and there is, in any case, every reason why the investment of money abroad should be given immunity from taxation by countries which have no concern with either the capital or the income.

The Chamber's conclusion therefore is that the basis of income-tax should remain as at present in so far as income derived from outside British India is concerned, i.e., that remittances only should be included for the purposes of assessment to British Indian income-tax."

Now, Sir, I have already stated that I do not propose on this occasion to give any opinion of my own. I am going to content myself by giving you very short extracts from speeches made in 1931 and 1932 by prominent Members of this House, which will answer many of the arguments put forward by Government and support many of the arguments made on this side of the House on the present occasion. In the first place, I will take the question of double income-tax; that is to say, the people of India who will have to pay double income-tax due to the proposed change. My first quotation will be a question I asked the then Finance Member and his reply; it was while he was making his speech asking that this House should send the Bill to a Select Committee. I asked:

"What about Indians trading in East Africa or South Africa?"

I asked that question with regard to double income-tax:

The Honourable Sir George Schuster: As a matter of fact, they are already, under our existing income-tax law, liable on business profits which are remitted to this country. It is quite true that under the present Bill, if it becomes an Act, they would be liable to tax on profits whether they are remitted to this country or not; and I suggest to the House that there is no unfairness involved in that result.

Sir Cowasji Jehangir: Would they not be liable also to income-tax in the country in which they are carrying on their trade?

The Honourable Sir George Schuster: I think my Honourable friend is raising a number of points which I hope he will have ample opportunity to raise in Select Committee.

Sir Cowasji Jehangir: But the answer is very simple: it must be in the affirmative; that there will be double taxation.

The Honourable Sir George Schuster: Then it will be left to the ingenuity of my Honourable friend to devise some means to avoid such a harsh operation of this measure, and I am sure it will not be beyond his ingenuity to suggest some amendment which we shall be able to accept."

By that answer he accepted the argument that there will be double income-tax in certain cases which the Indians will have to pay, and his only real response was that he would accept some amendment in the Select Committee that would obviate such an oppressive measure. We have been to the Select Committee in the present instance and there is

no provision in the Bill, which will obviate this hardship to a large number of Indians. I will give you another quotation from the speech of Mr. Shanmukham Chetty as he then was, now Sir Shanmukham Chetty, Diwan of Cochin, who was the Deputy President of the Assembly. He said:

"But, Sir, my Honourable friend did not inform this House that England, which has an income-tax law similar to the present Bill, has entered into reciprocity arrangements with other countries by which this double taxation is avoided and I would ask my Honourable friend whether it is not a ~~condition~~ precedent to the placing of such a measure on the Statute-book that such reciprocity arrangements should be arrived at between the Government of India and the foreign Governments. So long as such reciprocity arrangements have not been entered into, I contend that the operation of double taxation would be a very serious injustice to the Indian subjects."

Then he referred to the report of the Financial Committee of the League of Nations. That report said:

"The basis of taxation should be economic allegiance, that is, only those who owe economic allegiance rather than political allegiance to the country should be subjected to its tax laws."

The last quotation on this point will be from a speech by Mr. Studd who was a prominent Member of the European Group in those days. Mr. Studd said:

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): They might have changed their opinion now after such a long interval, just like Dr. Sir Ziauddin Ahmad and many others.

Mr. Gowanji Jehangir: My Honourable friend has stopped smelling his bottle and his tongue is beginning to wag!

Mr. Studd said:

"Let us not be under any misapprehension on this subject. It is not the rich capitalist who is going to suffer most. He can in some instances get a refund and avoid having to pay a double tax. But there are hundreds and thousands of small traders trading in various parts of the world not one of whom is going to have any chance whatever of avoiding double taxation. And I submit that in times like these with the tremendous depression that exists, when trading concerns are facing steadily reducing profits and steadily increasing rates of income-tax,—which I would remind Honourable Members are assessed for one year on the profits of the previous year which means that probably for this year the trader is assessed on a sum which he has no possible hope of earning,—to put an additional burden of this sort on a community who are already feeling the effects of the depression which now exists is, I submit, grossly unfair."

That is what Mr. Studd said about double income-tax. I will now go to the second point, double income-tax relief. On that point, Mr. Studd said:

"Therefore, while eventually the investor might be able to get a refund, he would certainly have to suffer a great deal of hardship and go through a great deal of trouble and delay before he got his refund. That is only dealing with one case. If you take a number of countries with whom reciprocal arrangements exist it is extremely small. The Honourable the Finance Member says that it is perfectly easy for any one who wants to invest money abroad to find somewhere either where he does not have to pay income-tax or where there is a reciprocal arrangement and he can get his money back. But why should we have to submit to regulations of that sort? Why should any one be dictated to as to where he should invest his money? It does seem to me that reciprocal arrangements ought to be made first and then after that it will be time enough to consider bringing in a measure of this sort."

[Sir Cowasji Jehangir.]

I find that Mr. Heathcote expressed the same opinion on the subject. Now, I will come to the question of the flight of capital and that was dealt with by Mr. Studd in an exceptional manner and I will read out a few lines from his speech which will completely satisfy Honourable Members, that the claim, to stop the flight of capital by means of this Bill, should not carry the weight that the Honourable the Finance Member desires it to carry. This is what Mr. Studd said :

"But in any case no case to my mind was put up even then to show the amount of capital which was actually going out of the country or to give us any proof that it was actually going in order to avoid income-tax. In my opinion the question of avoiding income tax was only a very minor one and if it has had any effect on encouraging the flight of capital from India, it is only a very small one; in fact the Honourable the Finance Member himself was not able to put the case very strongly; the best he could say for it was that in the absence of other causes this would act most strongly. I do not think that that is a very strong argument in favour of the Bill. I do not think I need spend much time in stating what really were the major causes for the flight of capital. They must be very well-known to most Members of this House; but obviously the first and the most important one was the question of capital security. Political and economic unrest in the country made people nervous, naturally nervous, about the security of their capital, and if there is any risk of losing your capital, the amount of return that you are going to get on it has to take a very second place. The second reason for the flight of capital was the question of the exchange ratio. In the first place, there were a number of speculators who thought that they could send their money out of the country at 1s. 6d.; that the ratio would then come down, and that they could bring it back at 1s. 4d. or 1s. 2d. or even at a shilling. In a case of that sort, the question of whether it had to pay income-tax or not was a very minor consideration if they were going to make as much as two pence or four pence or even six pence in the rupee as profit on the exchange. Then there was another class of people who were also nervous about the ratio, but with them it was not a case of speculation; it was a case of being generally afraid that the ratio would come down; they felt that they had better get their money out of the country before it did."

I think that puts the question of the flight of capital shortly and very clearly. Now, Sir, I will come to the fourth point,—what is the difference between the law in England and the law provided for in this Bill in clauses 4 and 5? There, I will first quote Mr. Chetty (now Sir Shanmukham Chetty):

"Under the English law, if a business is carried on entirely abroad, then it comes under the classification of foreign possessions and the income derived from such business is exempt from British income tax and I find no such provision in the present Bill and I would therefore submit that on a very fundamental point there is a great difference between English law and the practice on this point in the Indian law as sought to be amended by my Honourable friend (*meaning the Finance Member*)."

On this point, Mr. Mody (now Sir Homi Mody) also spoke. As he will have an opportunity of speaking in this House, I will not quote him on these two points, because he said very much the same thing as Sir Shanmukham Chetty.

Now, I will come to a very important point and that is the exception that is being made in the Bill for non-domiciled residents. In trying to explain that point, I will only quote the opinions expressed by Sir George Schuster and two Members of the European Group who sat on these very benches in 1931 and 1932. Sir George Schuster said :

"After having said that much, I fully recognise that the case of India is rather a special case. There is in India a community which is resident but not domiciled in the technical sense, which lives in India under very special conditions. I refer to all that class of officials and businessmen who spend the greater part of

their working lives in India and yet are not in the technical sense domiciled in India. I freely admit that in the case of the United Kingdom there is no parallel to that particular class and that, I fully recognise, does give a point to some of the objections which have been raised to this provision."

The next quotation is from Mr. Heathcote. Dealing with the position 1 P.M. of his community in India, he said as follows:

"Dealing with the Bill itself and particularly with clause 4 (c), which is the clause which allows the resident who is not domiciled in India to avoid the effect of this Bill, I think that it may assist matters if I try to make our position clear. If it had been the opinion of members on the other side of the House that this Bill should be made law as it stands, British trading interests in India would not have refused benefits which would thereby accrue to them. But in the very difficult times through which we are passing we have decided that we would not support the Government in forcing this clause through if there was a clear feeling on the other side that with this discrimination it should not be passed."

I will now quote Mr. Arthur Moore. Now, Sir, just listen to this. This is what Mr. Arthur Moore, the present Editor of the *Statesman* spoke about the position of Europeans in India:

"It is quite true—and that is the argument used by the Honourable the Finance Member for the Bill—that under the English Income-tax Act an Indian in England would have this privileged position, that is to say, that a person who is resident but not domiciled in England is not taxed in England on his investments abroad. In England under the law that privilege exists. Hitherto in India no such privilege has existed. The European community has had no privilege. Now, Sir, when the Bill was first produced in the melancholy month of March a year ago and we saw this astonishing provision, we were naturally deeply concerned regarding it, and our opposition to the Bill began from the day we saw it and, therefore, could certainly not then have been based upon the fact that it damages our interests in any financial sense, because so far from damaging our financial interests it confers upon us a privilege. What did concern us very much was that at the present time when we are asking through the Round Table Conference for complete equality with our Indian fellow-subjects in all commercial matters, we should have a privilege unloaded on us. Obviously that is going to damage our case. (Laughter from the Nationalist Benches.) My friend I think sees the point. Obviously it is going to damage us very much in our Round Table Conference discussions if we have foisted on us by Government a privilege for which we had never asked. Therefore, as I say, we opposed this Bill from the beginning and when it contained a privilege in our favour."

Sir, I do not think any Member of the European Group could have expressed himself more clearly on the position as it existed in 1932. Much water has flown under the bridge since those days, and perhaps the position of the European Group has changed. Comment is fruitless. Well, Sir, I will now content myself by giving two or three extracts from speeches of a general character, and the one I will begin with is Sir Homi Mody's. He explained very clearly the position. With his permission I will quote this extract from his speech on the general discussion:

"The Honourable the Finance Member, both in the Statement of Objects and Reasons and in what he stated to the House this morning, has tried to make out that this Bill is going to affect only a limited class of capitalists, only too anxious to take their investments out of this country, and therefore not the least entitled to the least sympathy at the hands of this House. I warn my Honourable friends on this side of the House not to be taken in by that plea. It is not merely the so-called limited capitalist class which makes investments in foreign bonds and in British securities that is going to be affected if this Bill becomes law, but there are thousands and thousands of small traders in various parts of India, not by any means confined to the Bombay Presidency, who have traded for generation upon generation with places outside British India long before the Income-tax Act was even thought of, who will suffer by this Bill. Their position is going to be affected very seriously."

[Sir Cowasji Jehangir.]

Does that remind my Honourable friend, the Finance Member, of some of the telegrams that he has criticized? "Thousands and thousands" — that was the remark made by a responsible Member of this House who sat in 1931 and who is here to defend his position today.

The Honourable Sir James Grigg (Finance Member): The telegrams that I read suggested that lakhs and lakhs of hand-loom weavers would be thrown out of employment.

Sir Cowasji Jehangir: I will just give you a quotation from the speech of my Honourable friend, Dr. Ziauddin (now Sir Ziauddin) Ahmad. This is what my Honourable friend said:

"Coming to the general grounds. I shall first tell a little anecdote. Two persons were fighting and a third man came along and gave them a very noble advice 'Please don't fight', but actually he got hold of the less favoured man and tied his hands and thus gave the opportunity to the other man to beat the less favoured man all the time. This is practically what the Finance Member is doing in this case. He has really given very noble advice that we ought to check the flight of Indian capital, but in actual practice he has crippled his less favoured friend the Indians."

In a long speech he wound up by this anecdote giving the general objections to the Bill of 1931-32. I have got two more quotations from Sir George Schuster and Mr. Heathcote which I am not going to trouble you with; I shall make use of them on another occasion. Now, Sir, so much for clauses 4 and 5. As I have said before, I express no opinions; I shall propose to do so when the clauses come before the House. My Honourable friend, Mr. James, says, I have not quoted Gladstone. Unfortunately, Mr. James was not a Member of the House in those days, but I may add that an Honourable Member of the present European Group, who was a Member of this House in 1931-32 is Mr. Ramsay Scott, and he voted against the Bill. He did not speak. Now, I will come very shortly to clause 17 which deals with trusts. It is provided by this Bill that trusts will have to be irrevocable, that is to say, both the corpus and the income shall have to pass to the beneficiary before the responsibility of paying income-tax passes, and it is further provided that you cannot make irrevocable trusts, namely, part with your income and corpus even to your wife with the responsibility of the income-tax passing on to her. Well, Sir, this is a very drastic change, especially for India, as conditions at present prevail; and I do not propose to deal with this clause any further, since my Honourable friend, the Leader of the Opposition, has already spoken about it and we shall have opportunities of discussing it.

Now, I will come to clause 53 dealing with section 49 of the Act. That is the section which gives effect to reciprocal arrangements between England and India with regard to income-tax. Now, Sir, it affects all residents in India. Any resident in India who pays double income-tax, English income-tax and Indian income-tax, can get relief under this section. But now that the domiciled Europeans in this country are claiming, as they never claimed in 1931, special privileges, as I have explained while talking on clause 4, is there anything to be surprised at, if some of my friends try and understand the incidence of the burden that this clause imposes upon India? The Members of the European Group themselves are making a distinction between domicile and non-domicile. They claim, as I have said, such privileges as non-domiciled people may be entitled to in England. Then, surely, you cannot blame my Congress friends for looking more deeply into this clause of reciprocal arrangements between

England and India as to how it affects domiciled and non-domiciled residents in India. We find in actual practice that, while the non-domiciled residents of India get the full advantage of this reciprocal arrangement, the domiciled residents of India do not get one-twentieth or one-thirtieth part. I do not know exactly what is the damage done to Indian revenues by this clause. I was given to understand it was 130 lakhs and my Honourable friend, the Finance Member, said that it was 60 lakhs. Taking it to be 130 lakhs, 128 lakhs goes into the pockets of non-domiciled residents and two lakhs into the pockets of domiciled residents. The same proportion goes from the contribution made by the British exchequer. If the Europeans today desire us to consider them as non-domiciled and now maintain that, although they live the best part of their lives in this country, they do not claim the same privileges as the domiciled people in India, then surely they cannot expect to get the same treatment and the same privileges under clause 53 of the Bill. If they had maintained the same attitude as they had done in 1931, which was a very correct attitude as I have explained from the speeches made by Honourable Members themselves who sat on the European Group Benches in those days, I could have understood them saying that they still maintain and claim the privileges of domiciled residents in India. They can say that they pass the best part of their lives in this country and they go back home to retire and die and that they are here to work as Indians for the benefit and advantage of India. Therefore, if there is a clause in the Bill by which they benefit more than any other section of the residents in India, surely we cannot grudge them that benefit. But once they say that they claim the privileges of non-domiciled residents in India, they have given up their case. It is peculiar, Sir, that when that matter was being discussed in the Round Table Conference, of which I was a member, the European Group in this country should have taken up the correct attitude as they did. The Round Table Conference is over and the Government of India Act is an established fact. Much water has flown under the bridge since then. But do not let them be swayed by the fact that the Government of India Act is an accomplished fact today. It may be upset and their contention of today will go considerably against them. It is now nearly a quarter past one and I do not want to delay this House any longer. Whatever other remarks I may have to make, I will make them on the clauses. I have contented myself by expressing the opinions of others and not those of my own. I have also quoted the opinions of the Members of the European Group and I did so deliberately so as not to be misunderstood. I have also quoted the opinions of other prominent Members of the House in 1931, whose arguments were supported throughout the last two days and were also supported by Dr. Banerjee this morning. When the occasion arises and I have to express my own opinions, I will not hesitate to do so lest I may be misunderstood by scheming people who do not understand that a man can speak his own mind freely and that without fear. I deliberately did not give any opinions of my own, because I knew that there are Honourable Members in this House, who would misrepresent any views that I may express as being one interested. I have heard that remark before in the days of old, when I spoke on income-tax matters and I expect to hear the same remark again. But I am not a bit afraid of that, nor am I afraid of rumours being started all over Delhi as to what individual Members of this House are doing with regard to the opposition to this Bill. We shall oppose without being the slightest bit nervous as to what any Honourable Member of this House may say on this side of the House or that side of the House.

Mr. S. Satyamurti: You are lucky in being in the centre.

Sir Cowasji Jehangir: In 1931-32, the European Group stood shoulder to shoulder with Indians and I have still hopes,—I live in hopes—that they will stand shoulder to shoulder when the best interests of India and Indians are concerned.

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. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, just a quarter of a century ago, a tired *Don* at Cambridge, at the end of a long series of lectures on political science, told a class of students, even more tired than himself, that the man was still to be born who was fond of paying taxes. He little knew that, not more than a few hundred yards away from where he was standing, there was a young man studying, not political science, but mathematics and preparing not to be a *Don*, but to be an administrator of men—what is euphemistically called a Civil Servant—who had already been born and who was anxious and eager to pay taxes. Sir, I think my country is fortunate in having that young man, still as young and fresh as ever, while his contemporaries like myself are rapidly going downhill, as its Finance Member today. He at least does not hesitate to say quite candidly, both in public and in private, that he is hopelessly undertaxed and that he should be really taxed, much more than he is at present. The pity of it is that the time at which this Bill has been introduced in this House is such that long before its clauses come into effect he will have left us, and so he himself will not be taxed at the rate he thinks he should be taxed.

The Honourable Sir James Grigg: The Honourable Member may rest assured that I am going to a country where I will be taxed much higher than here.

Mr. Sri Prakasa: What do I gain by it? I should like to make a sporting offer to him, and it is this. He should hand over to the Congress Party all the money that he thinks he should have paid to the public exchequer both because of the affection that the rank and file of the Congress bear to him, and also because of the assistance, which, he himself has admitted, was given to him by the Leader of the Party in the Select Committee. Sir, as I read the report of the Select Committee, I find that this Bill is not a financial Bill at all. It is a moral Bill. The object of this Bill is to raise the morality of our people. I know that jurisprudence teaches us that one of the main objects of punishment is to raise the moral nature of the community, and after I heard the fervid eloquence of the Honourable the Finance Member, I felt that the spirit of my country could very well go up to him and, adapting the language of Jesus Christ, exclaim:

“And I say unto you, thou art Percy:

thou art James also; thou art

the rock on which I shall build my morality.”

Now, Sir, my Honourable friend, Dr. Dalal, whom I am sorry not to find here. . . .

An Honourable Member: He is here.

Mr. Sri Prakasa: My Honourable friend, Dr. Dalal, not to be outdone by his master, has offered to put in the field an army of Bachelors in Law who would see to it that we, in this country, keep to the strict and narrow path of righteousness, as sharp as the razor's edge. My Honourable friend, Dr. Dalal, who is a happy cross between cerebral surgery and Gladstonian eloquence, forgot that what the country needs is not Bachelors in Law,—of them we have plenty,—but bachelors in fact; for if only we had bachelors in fact, men who could be real sex-dodgers, there would be no tax-dodgers left at all.

The Honourable Sir James Grigg: You don't really believe that.

Mr. Sri Prakasa: I say, Sir, that bachelors alone can be that, because we all know to our cost that it is difficult to be a celibate in married life. If only we could be sex-dodgers there would be no men born to be tax-dodgers at all.

The Honourable Sir James Grigg: After 30 years delay, yes.

Mr. Sri Prakasa: As I read the provisions of this Bill, I have come to the conclusion that income-tax is the only decent tax and I long for the day when that will be the only tax. If only we could have a provision and in that respect the Select Committee's report disappoints me, that income-tax would be the only tax and that it will be a heavy tax, and that we shall not be taxed in any other way and that the local authorities, the Provincial Governments and the Central Government will all make arrangements to divide that tax among themselves and we shall be saved the attentions of the tax gatherers at every step, whether at the Customs House or at the octroi barrier, whether as *patwaris* or cess-collectors, then I think we should be living in a happy country and be at peace indeed. Sir, my Honourable friend waxed very eloquent over the dishonesty that he thinks prevails in this country. But I should like him to consider why we, in India, should so dislike paying taxes to this Government? There must be reasons for it. My Honourable friend, Mr. Vencatachalam Chetty, said the other day that in England also there were many tax-dodgers and that tax-dodging was almost a fine art with them and that there were many people willing to teach how income-tax could be dodged. I believe their main recommendation is, take a "pleasure trip to Jersey" at the time tax returns have to be made up! Any way, if, on the one hand, there are people in England who, like normal human beings, dislike paying taxes, on the other hand, we cannot forget the great incident that occurred, either during the war or soon after that, when, on an appeal by the then Government, hundreds and thousands of people formed queues in order to pay their taxes in advance.

The Honourable Sir James Grigg: That was in January, 1932. I was the Chairman of the Board of Inland Revenue at the time.

Mr. Sri Prakasa: I am very glad that my Honourable friend had something to do with that, and he has something to do with this Bill here also. Look at the difference in his conduct on the two occasions. There he sends out an appeal in the name of his country's need asking people to pay up the taxes. I understand from him that he was the Chairman of the Board and he drafted that appeal. Here he drafts a Bill full of threats. There he was all cajoling, beseeching and praying, but here it is all threatening,

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and every clause here has a penalty attached to it. It almost seems that this is an amendment to the Criminal Law rather than an amendment to the Income-tax Act.

Sir, if my Honourable friend adopted the same attitude towards our people that he did towards his own, and if he would also appeal to us that we should help him in his task and if he also assured us that our money is not going to be spent on flood-lit gardens, squares and statues in New Delhi, but for our own good as money is spent in his country, then, I am sure, Sir, things will be put on a very different colour. The chief reason why we hate paying taxes is because we hate this Government, and because we know that all this money that is paid to this Government is going to be wasted and not spent in a manner that would bring prosperity to our country.

(Interruption by Mr. K. Ahmed.)

My Honourable friend, Mr. Kabir-ud-Din Ahmed, is trying to say something. Sir, I know that my Honourable friend gave a tip to the artist who made the great picture in the advertisement of Michelin tyres, but he can give no tips to me!

So far, Sir, as I read this Bill, I find that its foundations are laid in three factors. The material factor, of course, is the desire for more money. The psychological factor is that the Honourable Member distrusts our people; and the method he wants to adopt for the achievement of his end is giving more power to his officials. Now, the desire for more money is quite natural. Governments, like individuals, like to increase their revenues. But what we want to know is that the money which will be raised from us will be well spent. If my Honourable friend would only spend all the money that he collects in taxes for our good, I am sure that we, on this side, and even Sir Cowasji Jehangir who is always ready with his money, will be glad to give heaps of money to the Honourable Member opposite so that all that may be spent for us.

The Honourable Sir James Grigg: What about coming to the Bill?

Mr. Sri Prakasa: I will. Let me first come to the waste. It is because there is this waste in all these departments that so many of us feel suspicious of this Bill.

The distrust of the people, Sir, is very unfortunate; and when we are told that a people get the Government they deserve, I might just as well tell the Government that a Government also get the people it deserves. It is a mutually deserving association.

The Honourable Sir James Grigg: You flatter yourself.

Mr. Sri Prakasa: No, I am not flattering myself. I am trying to flatter my Honourable friend opposite so that he may be able to see some reason in what I say.

Now, this Bill gives more and more power to the official and I am going to concentrate on that factor of the Bill because I hate officials. I hate all officials. And, Sir, the Indianised variety I hate more. They are Indians in nothing except their colour. And so, Sir, when this Income-tax Department which, of course, they will say is manned by Indians mostly, comes to grief, it is because men there think that they are not servants of the

people but servants of someone else. It is no use your coming to me and saying: "Well, these men are Indians, they are your countrymen; if they are going wrong, you are responsible." Sir, a man's loyalty is to the salt that he eats, not to the colour of his skin. I will tell you a story to illustrate my point. In London a number of us Indian students lived in a house which was a vegetarian house. We had an English servant. She was rude to visitors. The visitors who were English complained. It was no use my telling them: "She is your own countrywoman". We had to send her away because the master is responsible for the servant's conduct. And, therefore, if the income-tax officers in the service go wrong, this Government is responsible and not our country which has given them birth.

An Honourable Member: Send them away.

Mr. Sri Prakasa: Send them away? Sack the lot. What is their attitude? Their attitude is this that they would get on more quickly in their service if they brought more money; and I can give you an illustration within my own knowledge where a friend of mine was taxed a very heavy sum and when people showed the Income-tax Officer the law and said that he was doing wrong, he replied: "I am here to look after my own service and not to oblige your master." The High Court ultimately reduced the tax by about twenty thousand rupees. Well, if this is the attitude of Government servants in your department, things must be very wrong indeed.

My Honourable friend—and I mean "friend" in no conventional sense; and I hope he will allow me to include myself among his friends—my Honourable friend knows very little of my country. He has not been here very long. Even while here, he has passed all his life in Simla and New Delhi where he only meets a particular variety of my countrymen.

Mr. K. Ahmed: Why don't you mix with them in their parties?

Mr. Sri Prakasa: Therefore, Sir, he sees that all the wrong is on our side and there is no wrong on his side.

The Honourable Sir James Grigg: You are in a position to know that that is not so—that I do not see that.

Mr. Sri Prakasa: Well, I do think that you see more of the mote in other people's eyes than the beam in your own.

The Honourable Sir James Grigg: I say you are in a position to know that that is not so.

Mr. Sri Prakasa: Well, I am not talking of the one or two cases where the Honourable Member did his best to put things right. But those were individual cases in which the persons concerned were able to bring matters to his notice. I am grateful for what he did. I know he means well and tries to improve matters. But what about the lakhs and lakhs of income-tax givers? Unless my Honourable friend could, by some magic, do something to improve the morals of his own servants, I do not think his department is going to be popular in the country. Things are so bad that if we take advantage of our position in this Assembly to ask questions or criticise people, we are liable to be victimised in our own districts. I have said before and I repeat it now that the Honourable Members opposite who may be back-benchers here and cooing like doves are very much front-benchers in their districts roaring like lions . . .

The Honourable Sir James Grigg: While you go about braying like asses.

Mr. Sri Prakasa: The braying at the present moment is being done by me—I realise that. Where here it is cajoling, there it is bullying. My Honourable friend opposite has talked a great deal about honesty and dishonesty. Sir, an Englishman is not strong in philosophy, but every Indian is; and let me tell him that honesty and dishonesty are at best relative terms. When my Honourable friends opposite vote for themselves large salaries we think it is dishonest, though they think it is all right. But when we dodge a little tax and we think of it as perfectly right and proper, they say it is dishonesty. Honestly, if I were not afraid of being exposed, I should like to travel always without tickets on railways and pay no taxes at all. What I am afraid of is a seven column streamer in the *Hindustan Times*: "M. L. A. caught without ticket. The Assembly humourist on his trip at last!" And so I always purchase a ticket and pay my taxes. As dear old Bernard Shaw has put it very pithily: "when a man kills a tiger, he calls it sport; when the tiger kills a man, he calls it ferocity". When an official kills us, it is law and order. When my Honourable friend, the Law Member, purloins the letter of my friend, Krishna Das, Private Secretary to Mahatma Gandhi, he thinks it is according to law and order. But if we put a little finger against any official however dishonest and tyrannical, and if we happen to peep at any remarks that in a jovial mood the Finance Member might have written on his files, he thinks that it is atrocious and that we must be sent to a glorious paradise in the Andamans.

Coming to the Bill, I was given to understand by my Honourable friend that the Bill is going to introduce a slab system instead of the step system, and that out of three lakhs of taxpayers, 260,000 are going to get some relief; and that out of the remaining 40,000 so much will be got that it will make up for the loss of the tax from the 260,000 and also bring in a crore or so more into the public exchequer. I should be glad really to be a witness of the bleeding process of these 40,000 people. We should be given facts and figures to verify these expectations. But the Members of the Congress Party are quite right when they mention in their Note of Dissent that this thing should have been made more clear. My Honourable friend in his opening speech said that the implications of this change were to be found in many of the clauses of the Bill, because many clauses of the Bill would not be there if the slab system were not to be introduced in place of the step system. I take him at his word of course, but where was the harm in introducing two definitions of the 'slab' and 'step' systems respectively, and inserting a clause saying that the tax will be levied according to the slab system and not according to the step system. In fact I have ventured to give amendments to that effect, and I do not know whether my Honourable friend will accept them. Of course, there are many things that may be taken for granted; for instance, the Bill takes for granted that the world will go on swimming in space round the sun and that the fatal first of April will always come for the Income-tax Officer to send his calls on every 365th day. But if those things are important—and I take it that this fact is the very basis of the Bill—then there should be no harm in specifically mentioning that point.

Then, Sir, I myself think that there should be a maximum income, that no one should be allowed to have more than a particular income and, therefore, I am no friend of the very rich. I think money is a burden for the individual and is demoralising if it is more than a certain amount. . . .

An Honourable Member: What is your maximum?

Mr. Sri Prakasa: My maximum would be about Rs. 18,000 a year or Rs. 1,500 a month, that is all. But however that may be, what I find is that as the clauses of the Bill are framed, the weight will fall on the poorer man

The Honourable Sir James Grigg: It is not so.

Mr. Sri Prakasa: Poorer in the comparative sense. Trouble to them will come not legally but in fact. Big men have their agents, their solicitors, their lawyers and others to go and appear for them before the various persons; but the comparatively humble man cannot do that. In a country like ours where there are only 3,00,000 of people paying any income-tax at all in a population of over 20 crores the incidence of wealth is very very low. In that sense every income-tax payer is rich. But what I mean is that the humbler tax-payers have to look after their affairs themselves: and if my Honourable friend would only remain in my country for one year as a non-official he would know what troubles the officials can put on non-officials. Even Europeans are not exempt, though they do enjoy a certain amount of privilege and are sheltered people in our country. Even my friend, Mr. Aikman, complained, and I was rather surprised because I had thought that his white skin would save him from the attentions of the Government official. Evidently that is not so and what happens to us? A time is given when we are to appear and we are asked not to go away till we are allowed to do so. We have to cool our heels all the time outside the offices in the cold or the sun. The income-tax officer takes his own time. Then there are a host of other people with whom I am sorry my Honourable friend is not familiar because with the best will in the world, sheltered as his own life has been in this country, he cannot possibly be familiar with them. There are a number of sharks round every Government office, in the form of *chaprassis*, clerks and others. The *chaprassis* in New Delhi are an exception to the rule, because here I have met such nice and courteous treatment at their hands that I was surprised, for I had never imagined before that a Government *chaprassi* could possibly be courteous. Outside, in the districts, the *chaprassis*, clerks and others are not like that; and, as soon as you get out of the income-tax office, they jump upon you and want all sorts of payments for I do not know what services. And if you are not willing to make all those payments, well, your case gets delayed and you are put to extra difficulty. I ask my friend in all seriousness to take some steps to prevent all this from going on in the districts. If he can do that, he would have been perhaps the most successful administrator in India and earned the blessings of all. Here, we are not afraid even of him. We talk quite freely across the House and in the lobby to him, but dare we do that to men under him who are in power in the districts?

The Honourable Sir James Grigg: Do you mean the *Chaprassis*?

Mr. Sri Prakasa: I will tell you another story. There is a distinguished journalist in our country whose name I must not take, and from whom I myself learnt my first lessons in journalism. He started journalism at a fairly early age, and, at the start, he, in his home town, published a weekly paper. He attacked the Secretary of State

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roundly, week after week in his paper: no trouble came to him. One day he wrote against the local police inspector for something that he had done. That evening, unfortunately for himself, he had been invited to a friend's house; and as he was coming out late in the evening, and turned a dark corner, thick and fast came blows of *lathis* and canes upon him, and an anonymous letter was slipped into his hands saying: "Beware when next you talk about the police inspector". And so this esteemed friend of mine, almost on the very first day of my taking up the study of journalism under him, said to me: "If you want to be a journalist, take a tip from me. If you so like, attack the Secretary of State, nothing can happen to you; if you want to attack the Viceroy you can still do so with impunity; if you want to say something against the Governor of your own province, be a little more careful; but when you come to the *thanedar* be very very careful indeed!

Mr. K. Ahmed: This is income-tax and not *thanedar*.

Mr. Sri Prakasa: And, Sir, no one has spoken the truth about our Government servants with greater precision than Mr. Justice Young of the Punjab High Court. He said that our people join Government services in order to get a lift in the social scale so that they may be able to show themselves off before their own people and feel superior to them all. A *chaprasi* is superior to his brother who tills the field; a Deputy Collector is superior to his brother who keeps a shop, and so on, grade by grade. Therefore, Sir, what should be done is not to give more powers to the officials in the districts, but to see that whatever powers they have, are properly, equitably, courteously and justly exercised. If, by some wave of the magician's wand, my friend opposite can change the psychology of our people in that respect, he will have earned the blessings of us all.

Now, Sir, it is no wish of mine to dilate upon the more legally important clauses of the Bill. That I must leave to other hands. Sir, there is a talk in the Bill of world income. I do not know what "world income" is. Only those who are representatives of British Imperialism, and who hold the world in fee, can know what 'world income' is. So far as I am concerned, Sir, I belong to that class about whom the Poet said:

"Happy is the man whose wish and care
A few paternal acres bound
Content to breathe his native air
In his own ground."

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Very appropriate to you.

Mr. Sri Prakasa: Sir, I come from Benares where the people go on thinking not of the present world income, but of the other world income all the time! So much about the world income.

Then, there is the clause about the double income-tax relief of which we have heard much, and which I do not understand at all. What I am told is that there will be a *quid pro quo* of about a crore and a half for a lakh and a half. That reminds me of another story.

Mr. K. Ahmed: You are really a story teller.

Mr. Sri Prakasa: There was a young bride, Sir, who came to her husband's house for the first time. Among us Hindus there is a custom, specially in those families which observe *purdah*, that a bride when she first comes to the House is unveiled, friends and relatives come and see her face for the first and perhaps the last time. On that occasion, they make presents to the bride. So this new bride came; and the Deputy Commissioner of the District wanted to be very friendly and came with his wife to see the face of the new bride and gave her Rs. 4 as a present. Then, Sir, the father-in-law was very much touched and said to himself and everyone else: 'This Magistrate is a paragon of perfection; he keeps good relations with Indian friends.' He was wondering how he could pay back in gratitude to this District Magistrate. And so he asked 'What can we do for you'. The District Magistrate said: 'Oh, is that your trouble? Why not see the face of my own wife for the first time and make presents to her'. And not only did the father-in-law but the whole of the bridal procession made a present of Rs. 4 each for the pleasure of casting their eyes for the first time on the beautiful face of the District Magistrate's wife. So, instead of Rs. 4 he got many a four-rupees. So if in this Double Income-tax Relief we are going to pay a crore and a half for a lakh and a half, I think we had better not show the face of our bride.

And, Sir, I come to another sore point which touches me, and that is the unfortunate joint Hindu family. I want my friend opposite to look on the institution of joint family in our country with a little more sympathy. In England, I understand, provisions are made for wife and child before the income is assessed for purposes of tax. I am not familiar with the Income-tax Act of that country, nor do I want to make myself familiar with it. It would be too much trouble. But I certainly think that the Income-tax Department should make some provision by which married adult members of a Hindu family, even if they do not separate, may be able to return their incomes to the amount to which under the co-parcenary laws they are entitled. The expenses of a joint family, except the kitchen part of it, are fairly heavy, and I think we do deserve some relief. You encourage the breaking up of joint families. Breaking them up may be good or bad,—I am still a believer in old institutions, and I think it is not so bad as it looks,—but whether you regard it as good or bad, the fact remains that in our country this is a very old institution which has its foundations in long traditions. I do not think that the Income-tax Act should be allowed to come by the back door so to say, in such a manner as to batter down this joint family institution. I think our friend opposite,—and in this matter I am almost inclined to make an appeal to him,—should please look into the matter with sympathy. What happens in many cases is this. When the income of a whole joint family is returned in one sum it becomes a very large sum. It used to be the case with my own family, let alone others. The amount of tax we paid was more than many individual members of the family were entitled to as their own separate incomes if they were divided. This, I think, is not right. I don't know what my Honourable friend thinks about it. I am sure many of my Honourable friends here will think that this is wrong, and so something should be done to give the needed relief.

Then, there are the provisions about insurance. I find that the provision which excluded income-tax being charged on the realisations of insurance money has been deleted. I remember my Honourable friend opposite

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said once in this House in some other connection,—I hope my memory is not deceiving me—that there are rulings of the High Court because of which the realisations of the capital money from insurance company when the insurance policy has matured, are not liable to income-tax. This thing is specifically mentioned in the present Act itself; and I take it that judicial judgments are based on that provision of the law. But if that is taken off, it may be that when these capital sums of money are realised they may be taxed. I hope they will not be. I see that my Honourable friend is shaking his head: I am glad, but when a case goes up before a Court, he may not be there to shake his head and the Court of law may decide that such sums are taxable. Therefore, I think that is a point which my Honourable friend may take into consideration.

Then, there is also a limit of the amount that can be exempted from income-tax if it is paid as premia. I sympathise with my Honourable friend opposite. I know that there have been companies who have been trying to dodge this tax or help others to dodge it by a system of short term policies for extraordinarily large sums of money. That might be so; but I still feel that if this slab system could be applied even to this and that up to a certain amount one-sixth may be excused and beyond that up to a certain sum one-twelfth; and so on, we might come to some equitable basis of taxation.

There is one other thing which also I think should be exempted in all equity; and that is the salaries of legislators. Up here we get a fairly heavy daily allowance, and, as it is given in the name of allowance, it is not taxed. But in the provinces they are making provision for a small monthly payment as salary, and when it is salary it is liable to income-tax so far as I understand it. My Honourable friend here says that it is below the taxable minimum. In many cases it may be more, or the minimum of taxable incomes may be decreased in the future. Moreover, a Member may have and actually has other items of income. After all, the membership of a legislative body cannot be and should not be a profession with anybody. So if he gets a certain amount of money as a salary, he has to return it with the rest of his income; and that may make it taxable and, sometimes, taxable at a heavy rate. I thought that was another matter to which I could draw the attention of my Honourable friend.

Then, there is a clause about exemption under property. Under property a collection charge up to six per cent. is allowed. My Honourable friend, the Law Member, will bear me out when I say that there are families, including my own, who own property in Calcutta whose collection charges, as recognised by law as such, may not be very heavy, but they have to spend in other ways which are really part of collection charges. For instance, in the case of our own family property, Rs. 2,000 worth of sweetmeats are distributed once a year on a particular day, and one big nice sweet *laddu* is given for every rupee that the tenant brings. That is an incentive to paying up the rent. Now, whenever we put forward this Rs. 2,000 spent on the sweetmeats, the income-tax officer turns it down; and if we take off this, then the amount becomes less than six per cent. and so we do not get a full allowance for the expenses really and legally incurred. So, I say that when according to the customs of a community, these are actual *bona fide* expenses for collecting revenue and

rents, they should be included in the allowances. It would be best if we had a statutory provision that six per cent. would be allowed in all cases.

Then there used to be a provision in the existing Act which said that in the case of a dwelling house the amount charged will in no case exceed ten per cent. of the income of the assessee. That was a wholesome provision and is being deleted. I should like that clause to be restored. In a town like Benares which is a very old town, there are houses of solid stone built long ago the annual value of which, according to the municipality, is very heavy, but the families living in which have been quite broken. They have lived in these houses for centuries, and they have now come down in life. Unless we have a provision that only one-tenth of their actual present income can be taxed as the annual value of the house in which they live, it will work a great hardship upon them. So, I should plead for the restoration of that clause.

Then there is much harassment possible if you permit entry into private premises. I am not one of those who shut their eyes to facts. I know that double books are kept at many places. I know that people hide their income whatever the causes may be. I know that it is the duty of the administration to find out who those people are and to punish them; and I will not deny the justice of the claim that is made, and very rightly made, by my Honourable friend opposite. But we must see to it that all unnecessary harassment is avoided, and if this clause regarding entry into private premises is not completely deleted, I should still press upon my Honourable friend the desirability of limiting the entry to business premises and not into private dwelling houses. Those of us who are Congressmen and have suffered in the Civil Disobedience Movement know that the policemen and others who enter the houses with a search warrant go far beyond the needs of the situation and I cannot help feeling that there may be unnecessary harassment of small men by Income-tax officials. Rightly or wrongly, the atmosphere of our country being what it is, an individual is likely to lose his 'caste' or his 'face', if the news goes round that his books have been searched, even though in the end he is declared innocent. When such is the feeling in the country, all unnecessary penal provisions should be avoided. In England we all know that even neighbours do not know each other. The Englishman is a cold, reserved type of man. At Cambridge, there were two English students on the same staircase in which I lived, during my first year there. For a whole year, I saw these people going up and down the staircase, day after day, and they never wished me. The rule is that a junior is not to wish a senior first, and, therefore, the whole year we did not know each other. In India, such a thing is impossible. Neighbours know each other and each others' affairs; and, therefore, they are liable to lose their position in society if they are subjected to unnecessary official attention. It cannot be the wish of my Honourable friend that any one should lose caste. So, some provision should be made in the relevant clause of this Bill so that all such moral hardships and social disabilities may be avoided:

The Honourable Sir James Grigg: Then they will have to go in disguise?

Mr. Sri Prakasa: I am putting forward these things as I know them and I hope that my Honourable friend will see to it that something is done. After all when big people's houses are visited—and visit is the word that the Select Committee has put in instead of the word 'enter' in

[Mr. Sri Prakasa]:

most cases—a visiting card has to be sent and other formalities have to be observed: but a small man's house is entered into without any let or hindrance. Therefore, we should like to save him if we can.

Sir, this Bill is the last big effort of my Honourable friend opposite to improve the morals of my race. I think that it is his parting gift and I pray that it may not be his parting kick. I wish, Sir, that the Bill, which consists of 78 clauses and seeks to amend an Act of only 68 clauses, had been a consolidating Bill instead of an amending Bill; but whether it is a consolidating Bill or an amending Bill, I feel that it is the last big effort of my friend at self-purification and at world-purification. My great and earnest desire is that he may really make this Bill a Bill worthy of acceptance. I should like to warn him in the words of a poet of his own country:

“There are lightnings struck from midnights;
There are fire flames noon days kindle;
Whereby piled up honours perish;
Whereby swollen ambitions dwindle;
And just this or that poor impulse,
Which for once had play unstified;
They seem the whole work of a life time,
That away the rest has trifled.”

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural):
Sir, I agree with my Honourable friend, Sir Cowasji Jehangir, at least on one point, that we kept up very good spirit and harmonious relations in the Select Committee. We tried to understand each other's point of view. We were always willing to understand the views of those with whom we even differed, and I must congratulate my friend, the Leader of the Opposition, for the great help which he gave in the Select Committee by his vast knowledge of income-tax law. It was really a great pleasure sometimes to see that while other members of the Select Committee were discussing certain problems among themselves, he had to give a lecture to some of his own party members and make them understand this complicated law and we tried to get some kind of lesson from him too. His wonderful speech disclosed a great power of advocacy and he has shown that he could make people believe what could not otherwise be believed. He has enumerated to the House the points on which we agreed, and, in spite of the amendments which have been tabled, it will be agreed that the Select Committee took great pains to go into the clauses thoroughly.

I will now enumerate a few of the salient features of this law and show the direction in which this law has made progress and given relief to the people which they do not enjoy at present. I will first take clause 8. This has got the words “association of individuals”, and any income made by an association of individuals is taxable. That had been misunderstood and misinterpreted by some people and in this category they started taxing the Muhammadan family which inherits the property of their parents, and, before they have divided it, they come up under this category. This law makes a change in this respect and lays down clearly that it was never the idea of the Legislature to tax the property jointly of the Mussalman members of one family, because, in respect of the Hindu undivided family, there are some advantages in taxing them jointly and some disadvantages too. If a Hindu joint family consists of two brothers and both the brothers

jointly have got a property of Rs. 1,950 a year, each is getting something like 975 rupees. That is not taxable. Then, both the brothers separately make Rs. 1,500 or Rs. 1,800 a year and their accumulated income comes to Rs. 2,700. Even then they escape the tax, because this income which they have derived from the undivided Hindu family is not taxable under the present law, even when it is joined with the income which they derive by their own personal exertions. So, I say there is a disadvantage when the two members are taxed jointly, but, at the same time, there is an advantage to certain individuals who derive this benefit by remaining members of the undivided Hindu family.

An Honourable Member: We don't understand you.

Sir Muhammad Yamin Khan: I will explain again. Suppose there are two brothers, A and B, in a joint family, and the income of this undivided family of A and B is Rs. 1,900 a year. This is not taxable. These two brothers get out of this income Rs. 950 each. Now, A and B have separately earned by their own exertion an income of Rs. 1,500 each. Then, the sum of Rs. 950 which each of them got from the joint family and the Rs. 1,500 which was earned by each, taken together, become Rs. 2,450, but that is not taxed, because, each income which he has got separately is not taxable. That is the present law under which he is enjoying this benefit.

An Honourable Member: Where did you get that law from?

Sir Muhammad Yamin Khan: That is the present law.

An Honourable Member: You better go to the Law Member.

Sir Muhammad Yamin Khan: I have been to tax-experts and that has been admitted by the income-tax experts of the Government of India.

The Honourable Sir Nripendra Sircar (Leader of the House): I do not remember that.

Sir Muhammad Yamin Khan: This income cannot be added.

The Honourable Sir Nripendra Sircar: If I may interrupt my Honourable friend, that is because many people do not realize the difference between the joint family under the Bengal School and that under the other Schools.

Sir Muhammad Yamin Khan: I am not going into details, it may be under the Dayabhaga or under the Mitakshara, but I say that the Hindu joint family has got some kind of disadvantage, and it has also got some kind of advantages too; but, under the Mussalman law, because that does not recognize any joint family property, Mussalman property cannot be taxed jointly even if it is owned by several members collectively. They are individually the owners of their respective share in the property, and here, under the existing law, it is laid down on account of the ruling in Patel's case in the Bombay High Court that the Mussalman family, if it is jointly owning certain property, will be taxed as a whole; and that was the greatest injustice done to the Mussalman families and Mussalman property-owners. This change has come into this law.

An Honourable Member: Where is the change?

Sir Muhammad Yamin Khan: Section 9 is altered in a way in which it is made out clearly that any persons owning some specific shares in the property will not be treated as an association of individuals, and that takes out the present law as it has been interpreted recently.

Then, Sir, we have found that there have been lots of difficulties in case of vacancies. If there was a man owning ten or twelve houses or shops together and two or three of them remained vacant, then certain income-tax officers did not take those two or three shops as vacancies and did not make any allowance for those vacancies, but what they thought was this that the property or the block of the whole building should be treated as one thing and the vacancy should not be allowed for. The present law, as the change is made by the Select Committee, gives it out clearly that all the vacancies of a property or a portion of the property will be so treated as to receive the benefit.

Then, we have got another important change which has been made by the Select Committee, and it is this that when a general notice was to be issued, under that general notice everybody was bound to make a return of his income and that was very hard on the people who did not understand the law or who would not have known whether a general notice had been issued or not. In this country, it is very difficult to secure that everybody may know what is being written or what general notice is issued. Therefore, taking everything into full consideration, the Select Committee has made the limit up to Rs. 3,500 of income, *viz.*, that if anybody does not send his return after a general notice is issued and his income does not exceed Rs. 3,500, he will not be liable to any penalty, because people, having an income of more than Rs. 3,500, are expected to know what the general notice is, but people owning an income of less than this are not expected to know whether a general notice has been issued. Secondly, Sir, another change also comes in, *viz.*, that when this Bill becomes law, the accounts for the previous eight years would not be liable to be reopened. It has been rightly suggested by my friend, Mr. Sri Prakasa, that an income-tax officer entering a house will cause a great deal of nuisance. We realize that an income-tax officer entering a house during sunrise to sunset, or the other way, from sunset to sun-rise would be equally a kind of nuisance to the person who has the house which he enters, but the difficulties could be got over by the change which had been brought in, because it was pointed out that it would not be in all the cases that an income-tax officer would enter a house, but at present there are some cocaine smugglers, there are people who indulge in this sort of thing, and, of course, if a man is violating an excise law, the excise officer gets a warrant and he enters the house. Similarly, if the income-tax officer satisfies the Commissioner of Income-tax that a man is really concealing his books which he does not want to produce before the income-tax officer, and he is preparing some other books for production before the income-tax officer while his real account books are different, then and then alone, if the Income-tax Commissioner is also satisfied that this kind of thing is going on in a particular case, then permission will be issued that he may go and search the books and stamp them.

Mr. S. Satyamurti: Is all that in the clause? It is not there.

Sir Muhammad Yamin Khan: I am convinced that it is there.

Now, another important change which has come in is about the tribunal. I expect that the amendment about the tribunal will be moved by Government to put up a tribunal which will be above the Assistant Income-tax Commissioner, and between the Assistant Income-tax Commissioner and the High Court there will be a tribunal that will go through different appeals which nowadays go to the Income-tax Commissioner, and the Income-tax Commissioner will have nothing to do with the appeals. I do maintain that the appellate side should be made absolutely impartial. They will have nothing to depend upon the executive in their judicial work. A man may not depend for his promotion simply because he has disallowed so many appeals, but a man should go into the details of the different works and be an impartial body to decide on the merits of the case. Of course, there will be some appeals which will be decided by the Assistant Income-tax Commissioner, but if the man chooses to go in appeal, he can go before the Tribunal which may consist of two or more members. We are expecting that the Government will send in their amendment to this effect.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division: Muhammadan Rural): Only rich people can go.

Sir Muhammad Yamin Khan: Only rich people are taxed: poor people are not taxed. These are, Sir, great changes which are made.

Then, there is another very important change which has been made in this Bill, and if this Bill is not passed, those people will not get that benefit at all. Now, there are three lakhs of people who pay income-tax, and out of these, 2,60,000 are those whose income is less than Rs. 8,000 per annum. All these people will benefit by the slab system. Of the other 45,000 people whose income is between Rs. 8,000 and Rs. 24,000, some will benefit and some will not. Or we may say that their position will remain unaffected. The only body of people who are going to lose are those whose income is above Rs. 24,000. We advocate here day after day that we are standing here for the poor people. Are we going to give relief to these three lakhs of people or should we care only for these 10,000 persons who are carrying on their propaganda in the country? These persons have sent telegrams that lakhs and lakhs of handloom workers are going to lose if this Income-tax Bill is passed. I fail to understand how the handloom workers can lose if this Income-tax Bill is passed. I call these 10,000 persons as wire pullers, and it is they who do not want to pay the income-tax which they ought to pay. They make all sorts of submissions to you and they make appeals to you in the most patriotic manner. They say that the country is going to lose. What we have to see is this that these 10,000 people ought to pay their income-tax in the same manner as everybody else pays in the country. Out of these 10,000 people, about 5,000 are Europeans. All those officers who are drawing more than Rs. 2,000 a month are going to lose under this Bill. The cry that India is going to lose if this Bill is passed is engineered by self-interested persons who are carrying on their propaganda in the name of those persons who do not understand what they are writing and what they are sending. If we are here to support the cause of the poor people, then their consideration must be the primary consideration of this House and not the consideration of the rich people who can afford to pay even at a higher rate of income-tax. Some people have said that the trade of India would be killed if we put a tax on the income which an Indian derives from outside India. May I ask what is the difference between a

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man who invests all his money in India in the most patriotic manner so that his capital may not go outside this country, and the man who invests 50 per cent. of his money in this country and the other 50 per cent. outside this country? The only difference that I can see is this that the man who has invested half his capital outside India wants to get all the protection which the other man is getting, and yet he does not want to pay the same income-tax in India because he has thought it fit to invest his money outside India as it suits him better. Is this the argument which is advanced by these people who are making their money outside India, and, therefore, they should be shown a differential treatment *vis-a-vis* those people who have invested their money in this country?

Now, Sir, some people say that income-tax should not be levied on the accrual basis, but on the remittance basis. The fact of the matter is that a law is made after finding out that the people are violating it. If the people did not kill other people, there would not have been a section making it penal to commit murder. This law was made in 1933 that the income which accrued outside India would be liable to tax if it belonged to Indians who lived in India. What they did was this. They sent their money to banks outside India where there is no tax, such as banks in France, and thus they augmented their capital. The Honourable Members know that here the income-tax officer wants you to give your return on your past year's income. If a man has earned two years ago, that is not his past year's income. His income of the past year will be that which he earned in the past year.

Sir Cowasji Jehangir: What is the law which the Honourable Member is propounding?

Sir Muhammad Yamin Khan: These people started collecting their income and putting this income and the interest which arose into their capital.

Sir Cowasji Jehangir: The Honourable Member is quite mistaken in his exposition of the law as it stands today without the amendment. All interest accumulated in England which may be the income remains income; and it does not become capital at any length of time.

Sir Muhammad Yamin Khan: My Honourable friend will have to get it treated as income under the new law. He will not be allowed to turn it into capital in future. That will be the position.

The Honourable Sir Nripendra Sircar: The Honourable Member is not expounding correctly the proposition. That is not what the changed law means.

Sir Cowasji Jehangir: I would suggest to my Honourable friend that he should get another lecture delivered by my Honourable friend, the Leader of the Opposition, as he did in the Select Committee and then he might be able to make a more coherent speech.

Sir Muhammad Yamin Khan: I had a very nice lecture this morning from my Honourable friend, Sir Cowasji Jehangir, himself. I am going to put before the House what the normal law is. It is this differentiation

which the tax-dodgers were doing that made the Government wake up to the loss which the Government suffered. If they get any income in France or in any foreign country, they put that income in foreign banks in those countries instead of bringing it to India. They put the income along with the capital. In this way the capital went on accumulating. They did not bring it into India until it was converted into capital, and, therefore, this income could not be taxed in India. That was how these investors dodged the Income-tax Department in India. As soon as the present law becomes an Act, the income that is derived in foreign countries, that has accrued there after 1933, whenever it was brought, will be treated as income and it will not be treated as capital. That is the change which the present law is bringing in order to meet the people who have been dodging taxes. It is not justifiable that these tax-dodgers should expect any help from this House in their tax evasion process. My Honourable friend, Sir Cowasji Jehangir, went on to make out this morning that there was a difference in the treatment meted out to domiciled residents and non-domiciled residents of India, to this extent that the non-domiciled resident does not pay any tax. He said it in this manner that he does not pay on his income from investments and rent in foreign countries. He did not put it before the House that he had to pay on his profession, business or vocation as much as any Indian would do. If my Honourable friend, Mr. Aikman, has got any income from outside India, from any foreign country which arises from business or profession or vocation, that is liable to taxation as much as my income that is made in India or outside.

An Honourable Member: How can there be profession outside India?

Sir Muhammad Yamin Khan: Take the case of my Honourable friend, Dr. Deshmukh. Supposing he goes to Hyderabad which is an Indian State and is, therefore, a foreign country so far as British India is concerned, and supposing he gets a fee of Rs. 2,000 a day for his surgical work, and supposing he puts that income in a Hyderabad Bank, then that is not liable to taxation under the existing law.

Dr. G. V. Deshmukh (Bombay City: Non-Muhammadan Urban): I pay tax even now.

Sir Muhammad Yamin Khan: Under the existing law, it is not liable to taxation, if it is not brought to India. Under the amended law, my Honourable friend, Dr. Deshmukh, will have to pay income-tax on the income which he derives from the Hyderabad State. Take another case. There is a businessman living in Delhi. Supposing he takes jewels worth Rs. 50,000 to Jaipur State and sells them for a lakh of rupees and thus makes clean profit of Rs. 50,000. If he does not bring this income to Delhi, he will not be liable to taxation here. If he converts this extra income of Rs. 50,000 into jewels and brings them, he escapes taxation altogether. But, under the present law, the tax-dodgers are going to be taxed now. This is what the clause says:

"Provided, further, that, in the case of a person resident but not domiciled in British India, income, profits and gains which accrue or arise to him without British India shall not be so included unless they are derived from a business, profession or vocation or unless they are brought into or received in British India by him during such year."

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This means that supposing my Honourable friend, Mr. Aikman, is living here in British India and is carrying on business in Hongkong or Rangoon or any other place, then the income which he derives from his business in those places is liable to taxation here. I am dealing with this point because my Honourable friend, Sir Cowasji Jehangir, said that the European would benefit by this measure. I am trying to show that the European is in a much worse position than an Indian. A European carrying on business all over the world is liable, as far as clause 4 is concerned, to taxation, whatever be the relief he is given. I am not concerned with the relief. I am dealing with the clause as it stands and as it affects him. He is liable for all the income which accrues to him outside British India; and also the income derived from property, rent, interest on the securities which he has invested outside which he has brought here. That is, the income from other sources besides the profession, business or vocation, when brought in India, will be taxed. My friend, Sir James Grigg, is receiving his salary here; he is liable to pay taxation on his salary here. Not only that, but if he has got any business, he is liable as much to taxation as any Indian would be. The only difference would be in regard to property which he owns in England.

Mr. Deputy President (Mr. Akhil Chandra Datta): May I point out

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that, although there is no time limit and I have no right to interfere at all, still it is the feeling in the House that at least one more Member may be allowed a chance to speak today. If there is nothing very important to add, then may I request the Honourable Member to cut short his speech to such an extent as he may do without prejudice to his case.

Sir Muhammad Yamin Khan: Yes, Sir, I know that because there are some difficulties in the House when there are two sides to a question and when there is one side which is very quiet and patiently wants to listen to the other's point of view, and there is the other side who, while they expect that others may listen to them, do not want to listen to the others, certainly this kind of feeling must arise. So I can understand it. Because, when Mr. Bhulabhai Desai was speaking or when Sir Cowasji Jehangir was speaking, both Members of the Select-Committee, I think Members of our Party kept very quiet and listened to them, and I expect the other Members to have the same patience and listen to the other Member's point of view. I did not put a limit to Mr. Desai's speech.

Mr. Deputy President (Mr. Akhil Chandra Datta): I am sorry. In trying to cut short your speech, I am prolonging it. The Honourable Member may resume his speech now:

An Honourable Member: Aren't speakers interrupted in the House of Commons?

Sir Muhammad Yamin Khan: I know that. But there are some Members whose desire it is not to know the law. Some Members there are who would not like to have things explained to them, but I hope that they will have patience and see what the real law is and what is going to be amended and not to make up their minds beforehand.

An Honourable Member: Why not delete the proviso?

Sir Muhammad Yamin Khan: The proviso is most justifiable, and I do not think that as an Indian I would like to be differently treated in England than this proviso. Because, if I go and happen to be in England for 182 days, I would not like to be taxed in England for all the income which I have got in India and other places, but I would like to pay my income-tax on the income which I would be making in England. Here justifiably an Indian is an Indian and he is not to be treated differently as between Indians and Indians. Well, there comes up the question of a foreigner; an Englishman here comes in, as far as his income is concerned, as a foreigner, and we expect every foreigner to pay tax on the income which he makes in India and we cannot expect him to pay tax on an income which he makes outside India. It will be a funny position for this House to put down a law that if an American happens to be travelling in India for 182 days and he comes under the category of a resident in India, then all his income in America and other places should be taxed. We do not want any foreigner to be treated unjustly in India and simply to pay tax on income with which India is not concerned.

An Honourable Member: What is the law in England? A resident pays income-tax on his total income.

The Honourable Sir James Grigg: No, it is not.

Sir Muhammad Yamin Khan: And if we are asking that English people should get the benefit, we are going to get the same treatment in England whenever an Indian happens to be there. It may be an unfortunate position that on account of the British association with India for a long time and on account of the capital which they have invested in this country that they may be in a position to have more income here than there. I am not going into that. But the position is this, that any Englishman, who happens to live in India as a resident, is placed in the same position as we would be placed in England and we are not going to be differently treated. The only thing we do want is that every Indian must be treated equally here on an accrual basis. What this Bill wants to show is that if any Indian living in India makes an income whether in India or outside British India, he must pay tax like the others do, and if he does not choose to pay the income-tax, he may change his residence and go outside India. But as long as he derives the benefit of belonging to the Indian nation, as long as he wants the machinery of the Indian Government to come to his aid, he must pay the tax. Nobody cares for thousands of Indians who die in India, but if even a single Indian is treated badly outside India, the whole country is up in arms.

Now, Sir, if we want to achieve whatever our desire is, that not a single Indian outside should be badly treated or be differently treated from what other nationals are treated, then those Indians must be prepared to pay for the support of the Indians outside the country. We can go on pressing for what we have not got. If an Indian is a resident of some other country, if he lives more than 182 days in some other country, then he is not liable to any tax in India except on the property which he has got in India. Then, an Indian, who lives for seven months, say, in Persia, and five months in India, is not liable to pay income-tax here in India for income which he derives outside India. He is only liable to pay tax on income if he is living inside India for more

[Sir Muhammad Yamin Khan.]

than six months, that is, more than 182 days. And if he wants to live for seven months outside India and does not keep a residential house here for six months, then, he is not liable to any kind of tax in British India, and that gives you the greatest benefit that you want to enjoy. If a man lives continuously for 360 days in four years at home, he enjoys the benefit of Indian residence and you cannot call him a foreigner. If an Indian lives in India and keeps a house and occasionally goes outside, why then should he be differently treated from others? We pay our income-tax on income derived in British India: he chooses to go to some State outside India—a dominion or somewhere and makes some money and comes back and says “I do not want to pay any money, because I have been enjoying all these trips outside.” Some say they have been adventurous and brought wealth to India; but, at the same time, they say they have not brought the money into India and should not, therefore, be taxed. The income-tax is not on the business or the capital, but it is on the income which a man makes. If a man has made a lakh of rupees by his business outside India and another lakh by his business in India, then why should he escape paying tax on the lakh he has made outside India? He says “I choose to bring only 10,000 rupees out of the lakh I had made outside, and you tax me only on that”. I say, there is no reason for treating him differently from other Indians. Nobody would like to go outside his own country unless he can make more money elsewhere. If a man cannot make even 2 per cent. in his own country and is able to make, say, 10 per cent. outside, he takes his capital there and invests it there: after making good profits outside, he comes here and says he should not be taxed as the profits were made outside. It would have been justifiable if he had said that he should not be asked to pay two taxes, one here and one in the country where he had made the profits—on the same income. He might ask for the same kind of relief or protection that we are giving to Englishmen who have to pay income-tax in England and in India. If a man is carrying on business in Rangoon or Ceylon or Siam and comes and says that he must be placed on the same footing, as far as income-tax relief is concerned, as an Englishman, then it would be justifiable. But here that is not the question. He says: “Do not tax me at all. I do not want to pay any tax.” I cannot accept it as equitable. Equity demands that all Indians should be treated equally.

My Honourable friend, Sir Cowasji Jehangir, was not correct when he only quoted one instance that the income of an Englishman is not liable from such and such sources, but he ought to have explained that it is also liable under such and such conditions . . .

Mr. Deputy President (Mr. Akhil Chandra Datta): I am afraid the Honourable Member is repeating it too many times.

Sir Cowasji Jehangir: On a point of personal explanation, Sir. What I said was that non-domiciled people whose income outside British India from investments, such as stocks, shares, and rents, are not liable to be taxed under this Bill unless brought to India—that is perfectly correct and I stand by it . . .

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): And interest on monies lent.

Sir Cowasji Jehangir: . . . and interest on monies lent are not liable to be taxed unless brought to India. That is a correct statement of facts, and I challenge the Honourable Member to say it is not correct. It is no use to muddle up everything. It does no good.

Sir Muhammad Yamin Khan: I quite agree that it is quite correct—the proposition which he has put—but what I am saying is that he put half the thing before the House and not the thing as a whole . . .

Sir Cowasji Jehangir: I did not mention income from business, profession or vocation, because, I expected people to know what was the provision. If the Honourable Member will remember, I said that it is not necessary to explain what clauses 4 and 5 contained at this stage when everybody is expected to know it. I did not go into details.

Sir Muhammad Yamin Khan: I am glad that the Honourable Member is putting it like this . . .

Sir Cowasji Jehangir: Not putting it: that is what I said.

Sir Muhammad Yamin Khan: Perhaps what he expected to have said . . .

Sir Cowasji Jehangir: No. It is what I said. Let him take the official report. I challenge him. Mr. Deputy President, may I ask him to withdraw the phrase "what he expected to have said"?

Sir Muhammad Yamin Khan: I am not giving way . . .

Sir Cowasji Jehangir: I challenge him to take the official report of my speech.

Sir Muhammad Yamin Khan: I accept my friend's challenge absolutely, and I also stand by the statement which I have made. I have said this: that Sir Cowasji Jehangir said these things which he has said now. I have also said that he did not say other things. Now, he comes and says that he expected every Member to have read these provisions. Why should he not have expected Members to have read these other things also. If he believed everybody to have read, he ought not to have made any speech at all: but when he made his speech and concealed half the portion of the section . . .

Sir Cowasji Jehangir: I object to the word "concealed". I must ask for a ruling. No Honourable Member has a right to say that another Honourable Member has concealed anything, unless he can prove it. He must withdraw that word.

Mr. Deputy President (Mr. Akhil Chandra Datta): If the Honourable Member has said that Sir Cowasji Jehangir has concealed anything, I think he should withdraw it.

Sir Muhammad Yamin Khan: All right, Sir. As it is the ruling, I withdraw the word. I meant no harm and no kind of aspersion on Sir Cowasji Jehangir that he had a deliberate intention to mislead the House. My idea was that he did not put it before the House, and I withdraw the word. I understood him . . .

Mr. Deputy President (Mr. Akhil Chandra Datta): The controversy need not be carried any further. Let the House come back to the Bill.

Sir Muhammad Yamin Khan: Another point which has been made is this. It was said that some Members think,—I am very glad that the Honourable the Leader of the Opposition very nicely put it,—that this Bill has been introduced with a view to giving protection to some English people, but the Honourable the Leader of the Opposition added “I am not foolish enough as to believe this”. I am very glad that my friend, the Leader of the Opposition, does not think that this Bill is designed in any manner to benefit the English people, because, to my mind, the most powerful people is the body of British officials in this country, especially the Civil Servants who control the Government of India. Nobody can dare doing any harm to them. If anybody dares doing any harm to them, we cannot say that any sinister motive lies behind to protect the English people. Up to now the services have been enjoying a special privilege. It has been the long established practice that whenever English officials went on leave out of India, their leave salaries were not taxed. Here I must congratulate my Honourable friend, the Finance Member, on the bold step he has taken for giving help to India, because he has made this distinction that anybody, who goes out of the country on leave and who hitherto escaped income-tax on his salary, will henceforth have to pay income-tax on his salary that he will draw in England when on leave, and this sum will come to something like 16 lakhs a year. I think this is a very bold step which the Finance Member has taken, and it will help this country to a considerable extent. We cannot accuse him of having made any sinister attempt to benefit the English people for taking this bold step.

Then, Sir, another point which we find is this. Mr. Aikman took exception and said that he was not one of the majority who thought in the Select Committee that there should be a tax on all pensions paid out of the Indian Exchequer outside India. Such pensions are not taxable at present, and, under the Government of India Act, we cannot touch them, but the Honourable Sir James Grigg,—and I take it that along with him other Government Members too have agreed to put it down in the Select Committee's Report,—that a request be made to His Majesty's Government to alter the Government of India Act in such a manner as to give power to the Indian Government to tax such pensions also. I think this is perfectly right. Why should an Indian Civil Servant who serves in India, and who, after completing his service, leaves India to settle down outside India and draws his pension there, should pay income-tax outside India, although the pension is paid from the Indian Exchequer? This is a very right course which the majority of the Select Committee have taken, and I am very glad that the Honourable the Finance Member took this bold step in this matter. Mr. Aikman was not one of the majority,—as far as I remember, he was the only single minority against the rest of the elected Members. That being the position, I think it cannot be said that there is any sinister motive behind to benefit the English people.

Another point I wish to make in connection with clause 42 is this. Formerly, under section 42, foreigners were only liable to pay tax on their assets and property. Now, the section has been amended in such a way as to levy a tax on all kinds of income which they may be making

in India or all incomes which they may be receiving in India on monies lent abroad. Formerly, most people were escaping income-tax on such incomes. For instance, a contract to give a loan was made by an Englishman to an Indian in Aden. The man received the money in Aden, and, after making payments, the interest was payable at Aden. So this man escaped the income-tax altogether, and, therefore, now this income also is brought under clause 42.

Then, again, I would give another instance where an Englishman is treated differently from what he used to be treated heretofore. Up to now, after an Englishman had left the shores of this country, there was no remedy by which any tax could be collected from him on his incomes, because he was out of India. But now this Bill gives power to the income-tax officer to get the income-tax from him if he, the income-tax officer, finds that the officer is not likely to return to this country, the income-tax officer is authorised under the new Act to catch the officer and make him pay the tax before he leaves the country for good. I can assure the House both on my behalf and on behalf of my friend, Mr. Abdul Sathar Essak Sait, that if we had found any differential treatment meted out to Englishmen, or if we had found that there was any sinister motive behind the Bill to help the English people as against the Indians, we would at once have strongly opposed the Bill tooth and nail. But our position is this. We ask from others what we expect from them. That is the only position which an Indian can take up equitably. We want justice to ourselves. That is the only position which will take India to a higher goal. Sir, I am not one of those who harbour any hatred or ill-will against others. I may like or dislike something, but I do not bear any grudge or hatred towards others. Therefore, I cannot agree with the view which is held by some that there is some sinister motive behind all this or that Englishmen are going to benefit by this, because we must all remember that it is an irony of fate that for the last 200 years the Englishman has found himself grafted in this country and he has invested his capital in this country. That is no fault of theirs. It is the fault of those people who allowed them to come to the shores of this country, but as English people happen to be now in this country,—whoever allowed them to trade in this country, whoever gave them shelter in this country, we don't want to quarrel over that question now,—because it is all a past history. But the fact remains that the English people have invested large capital in this country, and I don't want that it should be confiscated by others. I want to stand for justice. I am ready to give justice to the outsider, and I want the same justice to be extended to us also. At the same time, I stand for equality of treatment,—I do not want that any differentiation should be observed between an Indian and an Indian. I do not want to give any benefit to any unpatriotic man who wants to enrich himself at the expense of India.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 22nd November, 1938.