

**THE**  
**LEGISLATIVE ASSEMBLY DEBATES**  
**Official Report**

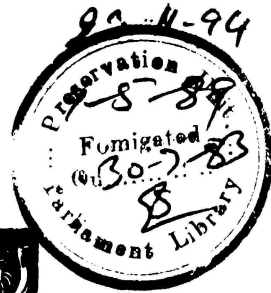


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Volume IV, 1947

*(25th March, 1947 to 9th April, 1947)*

**THIRD SESSION**  
**OF THE**  
**SIXTH LEGISLATIVE ASSEMBLY**  
**1947**



LEGISLATIVE ASSEMBLY

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*Deputy President:*

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Mr. C. P. LAWSON, M.L.A.

Sardar MANGAL SINGH, M.L.A.

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# LEGISLATIVE ASSEMBLY

Friday, 28th March 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS

#### INCREASED EXPENDITURE OF CENTRAL GOVERNMENT AND APPOINTMENT OF A RETRENCHMENT COMMITTEE

**1239. \*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state if Government have ascertained what is the total amount of increased expenditure in each Department of the Central Government and how much of such increase is due to the increase in the scale of pay and the increase in the number of employees?

(b) Do Government propose to consider the desirability of appointing a retrenchment committee to work on the lines of the Inchcape Committee?

(c) What measures do Government propose to take in order to reduce the staff, which was increased during the war period, but whose continuance may not be justified on financial grounds?

(d) Have any officer or officers been specially deputed to attend to this work in the Secretariat and, if so, who are they, and have they submitted any report?

**The Honourable Mr. Liaquat Ali Khan:** (a) No such detailed investigations have been made. The general growth of expenditure will be apparent from a study of Statement VII in Part I of the Explanatory Memoranda on the successive budgets of the Governor General in Council.

(b) and (c). The attention of the Honourable Member is drawn to paragraph 48 of my speech on the floor of this House on the 28th February, 1947, while presenting the budget for 1947-48.

(d) No.

**Mr. Manu Subedar:** May I know whether the Government have listed out separately in each Department the number of posts which did not exist before the war and whether they have asked the Department to give an explanation as to the reasons why such a post should now continue?

**The Honourable Mr. Liaquat Ali Khan:** All these matters, as I have said, will be examined by this Economy Committee that I propose to appoint.

**Mr. Manu Subedar:** May I know when the Government will announce the appointment of the Economy Committee and whether in the programme of the Economy Committee it will be laid down that it will be expeditious?

**The Honourable Mr. Liaquat Ali Khan:** I cannot give any definite date, but I hope to announce its appointment as soon as possible. It may be even during the present session of the Assembly.

As regards the work, it will be necessary, if we are to make any improvement in our expenditure, that the report of the Committee should be available as soon as possible.

**Seth Govind Das:** Will the Government see that no retrenchment is made at least in two Departments, that is, the External Affairs Department and the Commonwealth Relations Department?

**The Honourable Mr. Liaquat Ali Khan:** The expenditure of all the Departments will be examined by the Committee.

**Mr. N. M. Joshi:** May I ask whether on this Committee there will be a representative of the employees of the Government of India?

**The Honourable Mr. Liaquat Ali Khan:** I believe that the Honourable Members of this House are interested in employers as well as employees.

**Prof. N. G. Ranga:** May we take it that the Government will keep in mind the distinction between retrenchment and economy and will concentrate more on economy than on retrenchment?

**The Honourable Mr. Liaquat Ali Khan:** If my Honourable friend had listened to my speech, this point would have been made clear to him.

#### TOTAL INDEBTEDNESS OF INDIA

**1240. \*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state the total indebtedness of India on the last date for which figures are available and how it compares with the debt of the country as on 31st March 1939?

(b) What is the total amount in sterling and in rupees?

(c) In addition to the Funded Debt, how does the outstanding at the last date for which figures are available, for the Unfunded Debt compare with that on 31st March 1939?

(d) Under what other obligations have Government got funds with them, which have to be ultimately paid out, and what is the total amount of such funds now, as compared with that outstanding on the 31st of March 1939?

(e) Have Government taken any steps to counteract the propaganda that the Government of India have grown richer as the result of the war?

**The Honourable Mr. Liaquat Ali Khan:** (a) to (c). A statement giving information as on the 31st October 1946 is placed on the table of the House.

(d) The balances of a large number of funds like the Depreciation and other Reserve Funds of Government Commercial Departments and special funds created for development and repayable deposits like Excess Profits Tax deposits are merged in the Government's cash balance. The total of the more important of these obligations at the end of 1945-46 amounted to Rs. 299.27 crores against Rs. 36.59 crores on the 31st March 1939.

(e) Government do not consider that any special action is necessary to counteract propaganda of the nature referred to.

*Statement showing the debt position of the Government of India.*

(In lakhs of rupees).

	As on 31st March 1939	As on 31st October 1946
	Rs.	Rs.
<i>Rupees Debt —</i>		
Permanent Loan (including loans in course of discharge).	4,38.52	15,16.26
Treasury Bills	46.30	71.10
Special Floating Loans	...	...
Total	4 84.82	15,87.36

	As on 31st March 1939	As on 31st October 1946
	Rs.	Rs.
<i>Sterling Debt—</i>		
Ordinary Loans . . . . .	3,96,51	13,38
War contribution . . . . .	20,62	20,62
Railway Annuities . . . . .	47,82	23,39
Total . . . . .	4,64,95	57,39
Grand Total . . . . .	9,49,77	16,44,75
<i>Unfunded Debt—</i>		
India . . . . .	2,25,13	3,59,69
England . . . . .	4,18	3,40
Total . . . . .	2,29,31	3,63,09

**Mr. Manu Subedar:** Have Government seen the propaganda to which reference has been made today, namely, that not only has India become very rich during the period of the war but that, as a result of the war itself, this Government has become very rich.

**The Honourable Mr. Liaquat Ali Khan:** I suppose my Honourable friend is referring to the propaganda that has been carried on in England in connection with sterling balances. In that connection, I would like to point out that the Government of India have never accepted this and a Cabinet Committee in the United Kingdom set up a couple of years ago endorsed the view that by and large there had been no undue increase in prices of supplies. The views of the Government on this point are well known to both the public and His Majesty's Government and there is no reason to undertake any measures to counteract this misinformed propaganda.

**Mr. Yusuf Abdoela Haroon:** On a point of order, Sir. Is newspaper reading allowed in the House?

**Mr. President:** I think the Honourable the Home Member is trying to study something in connection with an adjournment motion. He is not reading the paper.

ASSETS BELONGING TO HIS MAJESTY'S GOVERNMENT REMAINING IN INDIA

1241. **\*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state if Government are in a position to state the extent and volume of the assets belonging to His Majesty's Government which remained in India?

(b) In what manner have these assets been disposed of?

(c) Which of these assets have been taken over by the Government of India and on what terms?

(d) Has any actual transfer of funds been made in connection with such acquisition by the Government of India?



**The Honourable Mr. Liaquat Ali Khan:** (a), (b) and (c). Assets belonging to His Majesty's Government in India fall into one or other of the following categories:

(1) Capital assets created in connection with the expansion of Industrial capacity in India for war purposes; and

(2) Other Capital assets, such as store buildings, hospitals, workshops, office buildings, residential accommodation, camps, etc.

The Capital assets relating to category (1) have been acquired by the Government of India on payment of 50 per cent. of the Capital cost. In this connection the attention of the Honourable Member is drawn to para. 25 of my predecessor's speech introducing the budget for 1943-44. The amount paid by the Government of India to the end of 1945-46 on this account is Rs. 14.88 crores. A relatively small balance is still due and will be paid as soon as the information necessary to determine its award has been received.

As regards other Capital assets mentioned above the Government of India intend to take them over on suitable terms to be discussed with His Majesty's Government as a part of the sterling balances negotiations.

(d) Yes; I would request the Honourable Member to refer to the answer to parts (a) to (c) of the question.

**Mr. Manu Subedar:** Will Government tell this House whether it is a fact that in the stores which are now being disposed of by the Disposals Department the entire realisation is credited to His Majesty's Government and that the expense of the Disposals Department and also the expense of the storage and other charges incurred are borne by India?

**The Honourable Mr. Liaquat Ali Khan:** I would like to have a notice of this question and then, I think, I will be in a position to give a definite answer.

**Mr. Manu Subedar:** Will the Government consider the advisability of discontinuing this practice if it is a fact that the entire sale proceeds, which during the last year amounted to about 37 crores of rupees, are transferred to His Majesty's Government by the Reserve Bank immediately as soon as the money falls in the hands of the Government of India? May I know why the Government of India should not hold these moneys pending the mutual negotiations which are taking place?

**The Honourable Mr. Liaquat Ali Khan:** The entire cost of this was, I understand, paid by His Majesty's Government and, therefore, the sale proceeds are also paid to His Majesty's Government. But I appreciate the point that has been raised by my Honourable friend and all that I can say at this stage is that I shall have it examined.

**Prof. N. G. Ranga:** How are these payments made? Were they debited to the sterling assets in England or did they form a separate transaction?

**The Honourable Mr. Liaquat Ali Khan:** These are paid out of sterling.

**Prof. N. G. Ranga:** Are they paid out of the sterling assets that we hold in England?

(No reply.)

#### EXEMPTION FROM INCOME-TAX OF BUILDINGS UNDER CONSTRUCTION

1242. **\*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state if Government have called for any returns of the buildings under construction, which will receive the benefit of the exemption from income-tax announced on the occasion of the last Budget?

(b) What specific steps have the Government of India taken to encourage the building trade?

(c) Have the Government of India called for, or received any particulars of the measures taken by various Provincial Governments to encourage private enterprise in building and more specifically to supply under controlled conditions the various materials required for building houses?

(d) Have Government studied the efforts made elsewhere in the world for the supply of pre-fabricated houses?

(e) Have Government examined the possibility of helping quicker constructions by any of the methods used in other parts of the world?

(f) If not, do Government propose to appoint an outstanding architect and engineer to study Indian conditions from this point of view?

**The Honourable Mr. Liaquat Ali Khan:** (a) No separate returns have been prescribed, but an additional heading has been inserted in the income-tax form to enable the assessee to show separately the income from buildings erected during the period from 1st April, 1946 to 31st March, 1948.

(b) I would invite the Honourable Member's attention to paragraph 39 of my Budget Speech and to paragraph 32 of the Budget Speech for 1946-47.

(c) This is a Provincial responsibility and no specific reports have been called for.

(d) and (e). These and similar questions are being examined and will be considered when large housing schemes are taken up.

(f) Does not arise at present.

**Mr. Manu Subedar:** With reference to part (b), may I know whether Government are aware that buildings in the course of construction in various cities in India are being held up for want of cement and steel and the bottleneck therein is concerned with railways and if it is a fact, will Government try to see that some priority is given for building materials urgently required for putting up new houses?

**The Honourable Mr. Liaquat Ali Khan:** The subject matter of the question refers to Labour and Industries Departments and I would request the Honourable Member to put questions down to that effect to Honourable Members in charge of these departments. I am not in a position to say as to what happened with regard to this particular matter.

**Seth Govind Das:** Is the Honourable Member aware that in certain places there are unfinished houses on account of lack of building materials and will the Honourable Member at least give instructions to the provincial governments that first the requirements of these unfinished buildings should be met before giving building materials for new houses?

**Mr. President:** The question is already covered by the reply he gave.

**Mr. Manu Subedar:** May I know whether it is not possible for the Disposal Board or for any other Secretarial Committee of the Government of India to take up issues in which the acknowledged policy of one department namely the Finance Department in the matter of housing is given full effect to by other departments in the matter of priorities and is it not possible to have a common committee where a matter like this runs over more than one department?

**The Honourable Mr. Liaquat Ali Khan:** As I said I am not in a position to say whether what my friend alleges is not being done. It will only be the Member in charge who can answer it. I do not accept that whatever was laid down in the budget speech of my predecessor is not being done. I am not in a position to say that it is not being done for want of further information. All that I said was that I am not in a position to give him information on the point on which he requires it.

**Prof. N. G. Ranga:** Is the Honourable Member aware of the fact that during the last budget discussions, his predecessor gave the assurance that the needs of rural areas also for building materials and for this particular subsidy would be

given due value and whether Government have now given any sort of suggestions or directives to the provincial governments when they were making this subsidy available to them that they should pay special attention to rural areas and their needs for housing.

**The Honourable Mr. Liaquat Ali Khan:** Here again I would say that it is really a question that can be replied by the Honourable Member in charge of Labour.

**Prof. N. G. Ranga:** May I know whether it is the Labour Department that placed the monies at the disposal of the provincial governments? I am only asking the Finance Department who was responsible for making this grant whether they have given any sort of suggestions to provincial governments to pay attention to rural areas?

**Mr. President:** That is a subject matter for the Labour Department.

**The Honourable Mr. Liaquat Ali Khan:** I will make the position clear. The demands for Grants from various provinces do not come direct to the Finance Department, they come through the administrative departments and therefore it is the administrative department that issues instructions and so on with regard to particular matters that may be connected with particular demands.

**Prof. N. G. Ranga:** In that case, will Government consider the advisability of pursuing the former practice in regard to rural development grants and publishing periodical reports as to the manner in which the provincial governments are making use of the Government of India grants?

**Mr. President:** That has to be addressed to the Minister concerned.

**Prof. N. G. Ranga:** Previously it was the Finance Department which was publishing the reports as to the manner in which the rural development grants was being utilised by provincial governments.

**The Honourable Mr. Liaquat Ali Khan:** Because there was a special fund for that purpose. At that time money was given by the Central Government for rural development and therefore the Finance Department had a report from the various provinces which was published.

#### REVISION OF PRESS LAWS IN INDIA

1248. **\*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable the Home Member please state if Government propose to appoint a Committee to revise the existing Press Laws in India and to bring them in line with the Press laws obtaining in Britain and the United States of America?

(b) Have Government received representations in this behalf recently?

(c) Do Government propose to advise such a Committee when appointed to study the existing Press Laws in important foreign countries and make recommendations, keeping in view the peculiar conditions obtaining in India?

**The Honourable Sardar Vallabhbhai Patel:** (a) to (c). I would invite the Honourable Member's attention to Home Department Resolution No. 33/33/46-Political (I), dated the 15th March 1947 which was published in the *Gazette of India*, dated the 15th March 1947. The Resolution gives the composition and the terms of reference of the Committee which the Government of India have appointed on the subject.

**Miss Maniben Kara:** Will the Government consider the advisability of appointing a Royal Commission as has been done in England to investigate into the ownership and control and the chain of papers owned by capitalists?

**The Honourable Sardar Vallabhbhai Patel:** I am afraid the question of Royal Commission would be a very difficult matter when the Royalty itself is coming to an end in India.

**Miss Maniben Kara:** The Honourable Member can suggest the lines . . . .

**Mr. President:** Order, order, that is argument.

INTRODUCTION OF PROHIBITION IN CENTRALLY ADMINISTERED AREAS

1244. \*Seth Govind Das: Will the Honourable the Finance Member be pleased to state:

(a) whether Government are aware that prohibition is being introduced in several Provinces in India; and

(b) whether Government propose to consider the desirability of introducing prohibition in Centrally administered areas as well; and, if so, when?

The Honourable Mr. Liaquat Ali Khan: (a) Yes—in parts of several provinces.

(b) The Government will consider the question at the appropriate time.

Seth Govind Das: How much revenue does the Government derive from the Centrally Administered areas from this department?

The Honourable Mr. Liaquat Ali Khan: If I remember aright, I gave the answer the other day. I am afraid I am not in a position offhand to tell my Honourable friend what is the exact amount of revenue that Government gets from these sources.

Seth Govind Das: Is it not a fact that the revenue derived from this department is very trifling and the Government can see its way to have prohibition in Centrally Administered Areas immediately?

The Honourable Mr. Liaquat Ali Khan: All I can say is that it will not be the consideration of revenue that will stop the Government from going forward with the policy of prohibition.

Seth Govind Das: What are the other considerations for not introducing prohibition in centrally administered areas immediately?

The Honourable Mr. Liaquat Ali Khan: Administrative considerations.

GRIEVANCES OF INDIAN STUDENTS IN ENGLAND

1245. \*Seth Govind Das: Will the Honourable Member for Education please state:

(a) whether Government are aware that grievances were voiced by the Indian students at the annual meeting of the London Majlis;

(b) whether it is a fact that the Education Department of the India House in London is not attending to the needs of the Indian students; and

(c) if so, how Government propose to remedy this state of affairs?

آئرپیل مولانا ابوالکلام آزاد : ( اے ) آئرپیل ممبر کو اس جواب کی طرف

توجہ دلائی جاتی ہے کہ جو اس اسمبلی کے اجلاس ۲۷ فروری کو سوال نمبر ۶۲۳ اور ۶۳۷ کے جواب میں دیا گیا تھا -

( بی ) اور ( سی ) گورنمنٹ نے ایک کمیٹی ڈاکٹر پی۔ سی۔ رائے کی چیہرمین شپ میں اس فرض سے مقرر کی ہے تاکہ وہ سلڈر پار اسکالرشپ کی پوری اسکیم کی نئے سرے سے جانچ پڑتال کرے - یہ کمیٹی ان تمام شکایتوں پر بھی غور کریگی جو اس سلسلہ میں کی گئی ہیں - کمیٹی کو ہدایت کی گئی ہے کہ اس کی رپورٹ ۱۵ جولائی ۱۹۳۷ عیسوی تک گورنمنٹ کو ملجائے - گورنمنٹ اپنی آئندہ پالیسی کا فیصلہ اس کمیٹی کی رپورٹ کی روشنی میں کریگی -

**The Honourable Maulana Abul Kalam Azad:** (a) The attention of the Honourable Member is drawn to the answers to starred questions Nos. 624 and 637, dated the 27th February, 1947 in the assembly during the current session.

(b) and (c). The Government have appointed a committee under the Chairmanship of Dr. B. C. Roy to examine the whole scheme of overseas scholarships including complaints received and with instructions to submit their report by the 15th July, 1947. Government will decide future policy in the light of that report.

सेठ गोविन्द दास : माननीय सदस्य को बार बार इस तरह के सवाल पूछने की तकलीफ इस लिये दी जाती है कि वहां से बहुत शिकायतें आती हैं। ऐसी हालत में क्या माननीय सदस्य इस बात का वायदा करेंगे कि जब तक इस कमेटी की रिपोर्ट नहीं आजाती तब तक कोई नए विद्यार्थी हिन्दुस्तान से विलायत नहीं भेजे जावेंगे ?

**Seth Govind Das:** The reason why the Honourable Member is repeatedly given trouble to answer such questions is that many complaints have been received from abroad. Under the circumstances will the Honourable Member promise not to send abroad new scholars until the report of the said Committee is received?

آنریبل مولانا ابوالکلام آزاد : آنریبل ممبر کو معلوم ہونا چاہئے کہ مہینہ بچے ہی

یہ روک دیا گیا ہے۔

**The Honourable Maulana Abul Kalam Azad:** The Honourable Member may know that it has already been stopped since the last one month.

**Mr. Ahmed E. H. Jaffer:** May I ask whether it is a fact that the High Commissioner in London is being recalled because he has proved inefficient in looking after the interests of Indian students in London?

آنریبل مولانا ابوالکلام آزاد : جو انڈیا مہیشن ڈیپارٹمنٹ کے پاس ہے۔ اس بناء پر

میں اس کو تسلیم نہیں کر سکتا۔

**The Honourable Maulana Abul Kalam Azad:** Relying on information at the disposal of the Department I cannot accept it.

SUPPLEMENTARY EXAMINATION FOR FAILED STUDENTS OF ELEVENTH CLASS OF THE BOARD OF SECONDARY EDUCATION, DELHI

1246. \*Seth Govind Das: Will the Honourable Member for Education, please state:

(a) whether Government are aware that a widespread dissatisfaction is prevailing against the eleven years' preparatory course in schools in Delhi, adopted by the Board of Secondary Education, Delhi; and

(b) the reason why the Board has not followed the scheme of Supplementary Examinations, as adopted by the Delhi University, in view of the fact that a very large number of eleventh class students fail to qualify in their examinations?

آزاد مولانا ابوالکلام آزاد : ( اے ) کا جواب 'نہیں' ہے -

( بی ) یہ صحیح نہیں ہے کہ دہلی یونیورسٹی پریپریٹری اور کوالیفائنگ اگزامینیشن کے لئے سہلی مہنتری امتحان کیا کرتی ہے لیکن بہر حال بورڈ آف ہائر سیکنڈری ایجوکیشن اس بات پر سوچ بچار کر رہا ہے کہ جو امیدوار ہائر سیکنڈری امتحان میں فیل ہو جائیں ان کے لئے ایک سہلی مہنتری امتحان کا انتظام کیا جائے

**The Honourable Maulana Abul Kalam Azad:** (a) No.

(b) The Delhi University does not conduct the Supplementary Examinations for their Preparatory and qualifying examinations. The Board of Higher Secondary Education, Delhi is, however, considering the desirability of holding a Supplementary Examination for candidates who fail at the Higher Secondary Examination.

DETENTION OF CAPTAIN BURHANUDDIN AND CAPTAIN RASHID OF I. N. A.

1247. \*Mr. Ahmed E. H. Jaffer: Will the Secretary of the Defence Department be pleased to state:

(a) whether some members of the Indian National Army convicted for murder have been granted clemency and released;

(b) the causes of retention in jail of Captain Burhanuddin and Captain Rashid;

(c) whether Government are aware of the feeling in the country against their continued detention; and

(d) whether Government propose to reconsider the question of releasing them?

**Mr. G. S. Bhalja:** (a) No, Sir.

(b) I would refer the Honourable Member to the debate on Pandit Govind Malaviya's resolution held on the 11th February 1946 and to my answer to Starred Question No. 496 asked on the 13th November 1946.

(c) Yes, Sir.

(d) The question is under the consideration of Government.

**Mr. Ahmed E. H. Jaffer:** Sir, with reference to part (d) I should like to point out that if reference is made to a reply given six months ago it is not possible for us to find that out and ask questions. I want to know why Captain Burhanuddin is still kept in prison.

**Mr. President:** If the Honourable Member's contention is correct, the same thing will have to be repeated over and over again. The Honourable Member can refer to that answer and if he is dissatisfied with it he can ask a question later on.

**Mr. Ahmed E. H. Jaffer:** May I know why Captain Shah Nawaz was released and why Captains Burhanuddin and Rashid are still under detention?

**Mr. President:** The reply has been given that the reasons are stated there. Does the Honourable Member wish to have it repeated every ten days?

**Mr. Ahmed E. H. Jaffer:** No, Sir. If the question has been answered in the same session I can understand it. But if I am referred to a reply given six months ago where is the time to put another question when the session is ending on 11th April?

**Mr. President:** I do not think any further argument on that point is necessary. I am—and the practice also is—definitely against repetition of the same answer over and over again, unless there is a change in the situation. Once it has been replied to there can be no repetition as to what happened in the last session.

**Mr. Tamizuddin Khan:** Can the Honourable Member state how many I. N. A. men are now in detention?

**Mr. G. S. Bhalja:** Thirteen, Sir.

**Maulana Zafar Ali Khan:** Is there any likelihood of the cases of these people being considered by Government?

**Mr. G. S. Bhalja:** I said that the question is under the consideration of Government.

**Mr. Ahmed E. H. Jaffer:** In view of the fact that there is great dissatisfaction in the country owing to the detention of Captain Burhanuddin and Captain Rashid for a very long time may I know how long will it take for these people to be released?

**Mr. G. S. Bhalja:** I said the question is under the consideration of Government. I am afraid I cannot give a definite date because the best laid plans of men and mice often go wrong.

**Mr. Ahmed E. H. Jaffer:** Sir, may I point out to you that an exactly similar reply was given six months ago? May I know whether it is the Honourable Member's policy to say every time that the matter is under the consideration of Government? How long is this question going to engage the attention of Government?

**Mr. President:** The second part of the question may be replied to.

**Mr. G. S. Bhalja:** I said that Government hope to take a decision as soon as possible; I am afraid I cannot go further than that.

#### EMPLOYMENT OF RETIRED GOVERNMENT OFFICERS BY BUSINESS FIRMS

**1248. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable the Home Member be pleased to state the number of Government officers who having retired from the Government service in 1945 and 1946 have joined business firms on retirement?

(b) What steps do Government propose to take to stop this?

**The Honourable Sardar Vallabhbhai Patel:** (a) So far as Government are aware, the number of gazetted officers who having retired or proceeded on leave preparatory to retirement from service under the Central Government during 1945 and 1946 accepted employment with business concerns is 24.

(b) Officers on leave preparatory to retirement may not accept commercial employment without Government's sanction. The imposition of similar control in the case of retired officers is under consideration.

**Mr. Ahmed E. H. Jaffer:** Is the Honourable Member aware that several commercial firms in India approach the highest officers of Government a couple of years before their retirement and with a view to seek favours offer them jobs? What steps does the Honourable Member propose to take to stop this practice in future?

**The Honourable Sardar Vallabhbhai Patel:** I am not aware that officers are employed for the purpose suggested by the Honourable Member. But, as I said, the imposition of similar control in the case of retired officers is under consideration. The question whether similar restrictions can be imposed on those who are in service is a matter which requires consideration.

**Mr. Ahmed E. H. Jaffer:** Will the Honourable Member consider the desirability of enforcing a rule that officers of Government should for three years after retirement be prevented from accepting any private job in commercial firms?

**The Honourable Sardar Vallabhbhai Patel:** The whole question requires very careful consideration. We are in a period of transition when the whole matter of the reorganisation of the services is also under consideration. Also the service rules with regard to new services and in regard to the retirement of officers of the existing services are under consideration.

**REPLACEMENT OF MILITARY PERSONNEL OF THE PUBLICATION DIVISION OF THE INFORMATION DEPARTMENT BY JOURNALISTS AND WRITERS**

**1249. \*Seth Govind Das:** Will the Honourable Member for Information and Broadcasting be pleased to state:

(a) the names of the journals which are published by the Publication Division of the Information Department; and

(b) whether in view of the changed conditions after the war, Government propose to replace the military personnel in this Section with experienced journalists and writers?

**The Honourable Sardar Vallabhbhai Patel:** (a) A statement has been placed on the table of the House.

(b) Only two officers of the Publications Division are Army Officers. Orders for their release from the Army are under issue. It is not at present proposed to replace them.

*Statement*

The following journals are published regularly by the Publications Division:—

1. Aikā (Urdu) . . . . . fortnightly.
2. Aikā (Hindi) . . . . . monthly.
3. Naunihal (Urdu) . . . . . monthly (children's magazine).
4. Heyday (English) . . . . . monthly ( do. )
5. Onward (English) . . . . . monthly (women's magazine).
6. Foreign Review (English) . . . . . monthly.
7. Dunya (English-Roman-Urdu) . . . . . monthly.
8. Dunya (Hindi-Gujerati) . . . . . monthly.
9. Dunya (English-Tamil) . . . . . monthly.
10. Dunya (English-Russian) . . . . . monthly.
11. Dunya (English-Chinese) . . . . . monthly.
12. Dunya (Urdu-Pushtu) . . . . . monthly.
13. Dunya (English-Butmesse) . . . . . monthly.
14. Indian Trade Bulletin (Eng.) . . . . . fortnightly.
- \*15. Shaipur (Persian) . . . . . monthly.
- \*16. Ahang (Persian-English) . . . . . monthly.
17. Al Nafir (Arabic) . . . . . monthly.
18. Al Arab (Arabic) . . . . . monthly.
19. New India (English-Chinese) . . . . . quarterly.
20. Perspective (English) . . . . . quarterly.
21. India (English) . . . . . quarterly.

\*But we are discontinuing Shaipur and Ahang with effect from the 1st April 1947.



**Prof. N. G. Ranga:** How long are these two officers to serve in this Department?

**The Honourable Sardar Vallabhbhai Patel:** There are two army officers, Captain Smith and Captain Greaves. Captain Smith is in charge of the Russian section. He has lived many years in Asiatic Russia and has unrivalled knowledge of the Russian language and conditions. Mr. Greaves was conscripted during the war. His profession before being called was of a printer and he has creditable knowledge of printing and production.

DEMobilISATION OF BRITISH OFFICERS IN INDIAN ARMY

1250. **\*Mr. Manu Subedar:** (a) Will the Secretary of the Defence Department please state the final position with regard to the continuance in service or demobilisation of the British officers in the Indian Army?

(b) Has any arrangement been reached with His Majesty's Government on this subject and, if so, what is it?

(c) How many officers were there on the 31st of March, 1946 and how many are there now?

(d) How many have expressed their willingness to stay and how many have expressed their desire to go?

(e) What would be the terms and conditions for those who will stay and for those who will be going?

(f) What steps have Government taken in order to accelerate their replacement by Indians?

(g) How many men with temporary service in the Army have been given permanent commissions and to how many more it is proposed to give during 1947-48?

**Mr. G. S. Bhalja:** (a), (b) and (c). No agreement has yet been reached with H. M. G. in the U. K. and it is therefore not possible to make any definite statement at present.

(c) I lay a statement on the table of the House.

(d) No officer has yet been asked to say definitely whether he desires to stay or go, but a number have asked to be considered for transfer to the British Army.

(f) This question is under examination by the Armed Forces Nationalization Committee.

(g) Out of about 3,788 Indian Emergency Commissioned Officers (i.e., officers with temporary service in the Army) who applied for permanent commissions, 1,080 have so far been successful. The remainder are being interviewed, or are awaiting interview, by Selection Boards.

It is not at present possible to say how many more permanent commissions will be granted during 1947-48 as this will depend on the size of the post-war Indian Army, which has not yet been determined.

STATEMENT

Number of British Officers in the Indian Army

Date	British Officers of the Indian Army	British Officers of the British Service attached to the Indian Army	Total
	Rs.	Rs.	Rs.
31st March 1946	15,195	17,534	32,729
1st February 1947	8,070	7,583	15,653

**Mr. Manu Subedar:** Since the announcement was made terminating the political connection between this country and England in June, 1948, may I know whether the negotiations have been accelerated and when Government expect that His Majesty's Government and they will reach an agreement as to the terms and conditions on which British officers of the Indian Army will be permitted to leave?

**Mr. G. S. Bhalja:** Obviously the question is linked up with the future of the civil officers, and therefore until a decision is taken by the Home Department as regards the future of the civil officers it will not be possible to make any announcement about military officers.

**Mr. Manu Subedar:** In view of the excessive costs that this country has to bear in connection with British officers in the shape of overseas and other allowances, passage money, training charges, etc, may I know what efforts Government are making to reduce this outside burden on this country and effect economy which the Finance Member so badly wants?

**Mr. G. S. Bhalja:** That also is a general question and the factors which are mentioned apply equally to civil officers; and obviously the decision must apply to both classes of officers on similar lines.

**Prof. N. G. Ranga:** In what way is the retirement or retention of civil officers connected with the position of army officers?

**Mr. G. S. Bhalja:** British military officers to whom the question refers, are also a Secretary of State's service. They are just like the other services of the Secretary of State.

**Mr. Manu Subedar:** Apart from the general issue which the Honourable Member says hangs on the other decision, may I know what efforts are being made by the Defence Department to retrench these officers whose posts were created after the war and did not exist before, and mainly with regard to the G. H. Q.?

**Mr. G. S. Bhalja:** The process of retrenchment is going on continuously and I indicated the other day the "run-down" in the G. H. Q. which was effected and contemplated.

**Mr. Manu Subedar:** May I know if the Honourable Member will give this House a statement of the success or illsuccess which the department has met with in the course of this process since the beginning of this calendar year, i.e., January 1947?

**Mr. G. S. Bhalja:** There has been satisfactory progress.

**Mr. Manu Subedar:** Will he not give us the particulars?

**Mr. G. S. Bhalja:** I am afraid I must ask for notice of that question.

**Mr. Manu Subedar:** Will he give us the particulars before the Session ends?

**Mr. G. S. Bhalja:** If the Honourable Member will put down a question to that effect, I shall try to supply the information.

**Mr. Manu Subedar:** Sir, the question time is fast running out. Arising out of this question is a request for information. May I know why the Honourable the Defence Secretary is evading such a request? Why will he not place it on the table of the House in due course?

**Mr. G. S. Bhalja:** It is not a question of evasion. It is a question of observing the Standing Orders of the House. The Honourable Member should put down a question on this subject, or if necessary a Short Notice Question.

**Mr. Ahmed E. H. Jaffer:** It is always refused.

**Mr. President:** No.

**Sreejuti Rohini Kumar Chaudhuri:** May I know from the Honourable Member what qualifications are taken into consideration at the time of absorbing temporary men in permanent commissions?

**Mr. G. S. Bhalja:** They undergo the tests prescribed for the selection of permanent officers.

POST-WAR RECONSTRUCTION SCHEME FOR DELHI PROVINCE.

**1251. \*Lala Deshbandhu Gupta:** (a) Will the Secretary of the Health Department be pleased to state whether Government have received any post-war reconstruction scheme for the Province of Delhi; prepared by the Chief Commissioner of Delhi, if so, the reasons for withholding the same from the public of Delhi?

(b) Has the Chief Commissioner been instructed to proceed with the scheme; if not, why not?

**Mr. S. H. Y. Oulsnam:** (a) Yes. Proposals for post-war development have been received from the Chief Commissioner. It is understood that the Chief Commissioner has at various times communicated his proposals to the Press at his weekly press conferences and by press notes and the schemes with which the local bodies are directly concerned have been discussed with them. He has been asked to place the proposals before his Advisory Council at its first meeting.

(b) The schemes have been generally approved and the Chief Commissioner has been asked to work out the details.

**Lala Deshbandhu Gupta:** May I know if it is a fact that the scheme as a whole has never been published or never been placed either before any local body or before any press conference?

**Mr. S. H. Y. Oulsnam:** That is correct.

**Prof. N. G. Ranga:** What is the objection?

**Mr. S. H. Y. Oulsnam:** Certain schemes are not yet final.

**Lala Deshbandhu Gupta:** Will the Government now consider the desirability of publishing the scheme as it came from the Chief Commissioner so that the public opinion may be ascertained about it?

**Mr. S. H. Y. Oulsnam:** Government will await the opinion of the Advisory Council before publishing it.

**Lala Deshbandhu Gupta:** What is the total amount which has been allotted under these post-war reconstruction schemes to be spent on the various schemes?

**Mr. S. H. Y. Oulsnam:** As far as the Health Department is concerned, the approximate amount is 3½ crores.

**Lala Deshbandhu Gupta:** May I know if it is a fact that no more than Rs. 70,000 have been allotted under the head 'Education' out of five crores?

**Mr. S. H. Y. Oulsnam:** I am not concerned with education.

**Lala Deshbandhu Gupta:** Will the Honourable the Education Member enlighten the House on this subject. It being a comprehensive scheme which deals with all departments, it should be possible for the Honourable Member to give the information asked for.

**Mr. President:** It does not arise out of this question. Next question.

CLAIM FOR DAMAGES BY DELHI MUNICIPALITY FOR BURNING BY RIOTERS  
TOWN HALL.

**1252. \*Lala Deshbandhu Gupta:** Will the Honourable the Home Member be pleased to state:

(a) whether Government are aware that at the time of the Victory Celebrations held in Delhi last year, the Delhi Municipal Town Hall was badly burnt by the rioters;

(b) whether it is a fact that the Delhi Municipality has claimed that the losses sustained by it on account of the damage done to the Town Hall by the rioters should be borne by the Government of India; if so, the action that has been taken in the matter; and

(c) whether Government propose to compensate the Delhi Municipality to the extent of the damages suffered by it; if not, why not?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) and (c). A claim by the municipality has been rejected; the municipality could have provided against the loss which, since the damage was caused by some of the citizens of Delhi, it is inequitable to ask the general tax-payer to reimburse and which the Municipality is financially in a position to make good.

**Lala Deshbandhu Gupta:** May I know if it is a fact that the Local Government had opposed the idea of Victory Celebrations and it was in spite of this that the previous Government undertook to celebrate the Victory, and was thus responsible for the damage done to municipal property?

**The Honourable Sardar Vallabhbhai Patel:** It may be so, but that does not entitle the municipality to claim damage for the loss caused by the citizens of Delhi.

**Lala Deshbandhu Gupta:** May I know if the Honourable Member will take into consideration the fact that the financial condition of the municipality of Delhi is rather bad, and they have not been receiving any help from the Local Government whereas the New Delhi Municipality is practically run by the Government? In view of this will Government reconsider its decision and make good the loss which it has suffered for no fault of its own?

**The Honourable Sardar Vallabhbhai Patel:** The financial condition of the Delhi Municipality is better than the financial condition of the Central Government.

#### RELAYING OF PROGRAMME OF SPECIAL INDIAN INTEREST FROM U. S. S. R. AND U. S. A. BY THE ALLINDIA RADIO.

**1253. \*Lala Deshbandhu Gupta:** Will the Honourable Member for Information and Broadcasting be pleased to state whether it is a fact that Government are considering the desirability of making arrangements with the U.S.S.R., the U.S.A. and China for relaying regularly from the All-India Radio such items of their programmes as may be of special interest to Indian listeners?

**The Honourable Sardar Vallabhbhai Patel:** No such proposal has been considered so far.

**Lala Deshbandhu Gupta:** Will Government consider the desirability of considering such a proposal now?

**The Honourable Sardar Vallabhbhai Patel:** There is no such intention at present.

**Lala Deshbandhu Gupta:** What particular objection Government has in considering a proposal like that?

**The Honourable Sardar Vallabhbhai Patel:** Apart from financial considerations there is no such demand at present.

#### INTRODUCTION OF *Panchayats* IN THE VILLAGES OF DELHI PROVINCE.

**1254. \*Lala Deshbandhu Gupta:** (a) Will the Secretary of the Health Department be pleased to state whether Government are aware of the demand made by the inhabitants of the rural areas of Delhi, for the introduction of Panchayats in the villages of Delhi Province with a view to avoiding unnecessary litigation?

(b) If so, do Government propose to introduce a Panchayat Bill on the lines of the United Provinces Panchayat Act in the Central Legislature?

**Mr. S. H. Y. Oulsnam:** (a) Yes.

(b) The Punjab Village Panchayat Act, 1939, has already been extended to the Province of Delhi.

“ GREEN BELT ” SCHEME OF DELHI IMPROVEMENT TRUST.

**1255. \*Lala Deshbandhu Gupta:** (a) Will the Secretary of the Health Department be pleased to state whether it is a fact that the Delhi Improvement Trust or the Local Government have submitted any scheme popularly known as the ‘green belt’ scheme? If so, do Government propose to lay a copy of the same on the table of the House?

(b) Have Government invited the opinion of the various local bodies in this matter? If not, do they propose to do so now and give an assurance that no action will be taken on the same without giving the House an opportunity to discuss it?

**Mr. S. H. Y. Oulsnam:** (a) The Delhi Improvement Trust has under consideration proposals for a green belt round Delhi, the intention being that this belt should be kept free from buildings except those required for agricultural purposes and should be utilised for dairy farms and other agricultural enterprises required to serve the needs of the city. The scheme has not yet been framed.

(b) Under the United Provinces Town Improvement Act as applied to Delhi the Improvement Trust, after framing the scheme, will publish a notice calling for objections and also send a copy of the notice to the Chairman of the municipal committee or notified area committee concerned asking for any representations which those committees may have to make regarding the scheme. All representations or objections received will be considered before a scheme is sanctioned. It is not proposed to place any scheme which may be framed before this House but the Chief Commissioner will be asked to lay it before his Advisory Council.

**Lala Deshbandhu Gupta:** May I know if it is not a fact that notices have already been served on many villagers in view of this proposed ‘green belt’ scheme asking them not to part with their lands?

**Mr. S. H. Y. Oulsnam:** No, Sir. As far as I am aware no such notices have been issued.

**Lala Deshbandhu Gupta:** Will the Honourable Member make enquiries?

**Mr. S. H. Y. Oulsnam:** Yes, Sir.

**Prof. N. G. Ranga:** Does this exception cover farm buildings and buildings of the farmers themselves also?

**Mr. S. H. Y. Oulsnam:** Yes, Sir.

SUPPLY OF FILTERED WATER TO VILLAGES IN SEWAGE FARM AREAS IN DELHI

**+1256. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Health Department be pleased to state:

(a) the steps Government have taken or propose to take to supply filtered water to the villages situated in sewage farm areas in Delhi;

(b) whether Government are aware that the wells in these villages are contaminated by the flow of sewage affluent which is being utilized for irrigation purposes, resulting in the spread of cholera in these villages;

(c) whether Government are aware that about a year and half ago the then Chief Commissioner agreed to provide filtered water to the people of Okhla, Likhand, Jessola and about ten other villages; and

(d) the reply, if any, received, to the note sent in this connection to the Joint Water and Sewage Board?

**Mr. S. H. Y. Oulsnam:** (a), (c) and (d). A scheme for a piped water supply to the villages adjoining the area irrigated with effluent from the Joint Water and Sewage Board's Sewage Treatment Plant has been sanctioned by the Board. Materials have been ordered and the land required for laying of the pipelines is being acquired.

(b) It is reported that seepage through the subsoil has the effect of altering the chemical composition of the water in the wells, but no bacterial pollution takes place and therefore the contamination does not cause cholera. It is recognised however that a supply of pure drinking water must be provided and the scheme will be expedited as far as possible. ▲

#### FOODGRAIN LIABILITY OF CIVIL AUTHORITIES *re* DEMOBILISED ARMY PERSONNEL

**1257. \*Seth Govind Das:** (a) Will the Secretary of the Defence Department please state whether Government are aware that large numbers of military personnel are being demobilised every month?

(b) Are Government aware that such personnel become the liability of civilian authorities immediately after their release from military service? If so, have any steps been taken by Government to ensure that foodgrains stored and earmarked for them by military authorities are made over to civilian authorities at the time of their demobilisation; if not, why not?

**Mr. G. S. Bhalja:** (a) Yes, Sir.

(b) The food stocks maintained by the Armed Forces from time to time take account of the diminishing numbers resulting from demobilization by short ordering of new supplies month by month.

**Mr. Ahmed E. H. Jaffer:** May I ask the Honourable Member whether he is aware of the fact that many of these British officers when they are demobilized leave India without meeting their liabilities to Indian merchants? If so, what steps do Government propose to take to see that the Bills that they owe to the Indian merchants are paid before they leave India?

**Mr. G. S. Bhalja:** That clearly does not arise out of this question.

#### SURVEYOR OF WORKS IN THE MILITARY ENGINEERING SERVICE.

**1258. \*Mr. N. M. Joshi:** Will the Secretary of the Defence Department be pleased to state:

(a) whether it is a fact that there were some vacancies in the posts of permanent Surveyors of Works in the Military Engineering Service during the period 1938-1946;

(b) whether it is a fact that there were five Indian civilians holding permanent posts in the department who had become qualified for permanent appointments as Surveyors of Works during the period 1941-1943,

(c) whether it is a fact that they were not confirmed as Surveyors of Works until 1st April 1946 on the ground that the appointments to the permanent cadre were suspended until the end of the War;

(d) whether four British Civilian Officers who were recruited during the war period were appointed to the permanent cadre of the Surveyors of Works one year before the Indians were confirmed; and

(e) whether Government are aware that supersession by British civilian officers has adversely affected the chances of promotion as Deputy Superintending Surveyors of Works of certain qualified Indian officers and if so, what steps Government propose to take to remove the injustice done to the fully qualified Indian officers and restore to them their proper position of seniority?

**Mr. G. S. Bhalja:** (a) Yes, Sir.

(b) There were four Indian Civilians holding permanent posts who became technically qualified for consideration for the appointment of permanent Surveyor of Works during 1941-43, and one qualified before that period.

(c) The facts are that members of this cadre were serving in varying capacities in India and Overseas stations in many of which, particularly Overseas stations, they were not in a position to take the required examinations to enable them to become technically qualified for promotion. It was therefore decided that those more senior serving under conditions where they were unable to take the examinations should not be penalised by the promotion to permanent appointments of others junior to them and in a more favourable position in India.

(d) No British Civilian Officer was appointed to the permanent pensionable Surveyor of Works cadre. One Civilian British Contract Officer recruited during the emergency was however appointed to an available vacancy in the permanent non-pensionable Cadre of the Surveyor of Works (Branch which is specifically intended for the absorption of such contract officers only. Departmental civilian subordinates are appointed to the permanent pensionable cadre and not to the non-pensionable cadre.

(e) In view of the answer given to part (d) and the fact that Deputy Superintending Surveyors of Works or Superintending Surveyor of Works appointments are primarily made by selection based on technical qualifications, professional experience as a Surveyor of Works, recommendation of fitness in all respects by a Chief Engineer and seniority, the question of supersession does not arise.

**Mr. N. M. Joshi:** May I ask whether it is a fact that the British officer had been appointed who was considered to be superior whereas the better qualified Indian officers were not appointed?

**Mr. G. S. Bhalja:** No British Civilian officer has been appointed to the permanent pensionable Surveyor of Works Cadre.

**Mr. N. M. Joshi:** He may not be appointed as pensionable officer but he has been appointed as a Deputy Surveyor of Works. Indians who were qualified were not appointed.

**Mr. G. S. Bhalja:** I am afraid there is a misapprehension on the part of my friend. The four Indian officers referred to have also been made permanent.

#### APPOINTMENT TO THE JUSTICE PUBLIC RELATIONS OFFICER

1259. **\*Mr. Siddiq Ali Khan:** Will the Honourable Member for Information and Broadcasting be pleased to state

- (a) when the post of Public Relations Officer, London was created;
- (b) whether it was advertised;
- (c) the qualifications that are required for appointment to this post;
- (d) whether the selection for this post is to be made through the Federal Public Services Commission; if not, why not; and
- (e) the salary and other emoluments attached to this post?

**The Honourable Sardar Vallabhbhai Patel:** (a) The decision to create this post was taken in July 1946.

(b) No.

(c) The usual qualifications of a Public Relations Officer, plus familiarity with English as well as Indian conditions and affairs.

(d) The post was filled by direct appointment by the Department as it was considered that it was a suitable case for exclusion from the purview of the Federal Public Service Commission (Consultation by the Governor-General) Regulations.

(e) The pay and allowances of the Public Relations Officer are as follows:—

- (i) Pay—£1,200 per annum in the scale of £1,200—50—1,500 per annum.
- (ii) House rent allowance—£300 per annum.
- (iii) Consolidated Addition (i.e. Compensatory Allowance)—£120 per annum.

**Mr. Siddiq Ali Khan:** Arising out of (c), what are the usual qualifications and does the present incumbent possess them?

**The Honourable Sardar Vallabhbhai Patel:** Besides the academic qualifications of a superior calibre, his qualifications are his contact with the press in England and his contacts with the public people and Parliamentary circles and other public men in England.

**Prof. N. G. Ranga:** Was he not a distinguished graduate of Cambridge University?

**The Honourable Sardar Vallabhbhai Patel:** He is.

**Mr. Siddiq Ali Khan:** May I know whether it is a fact that the matter was referred to the Federal Public Service Commission after the receipt of the notice of my question?

**The Honourable Sardar Vallabhbhai Patel:** I do not know.

#### PRODUCTION OF ACCOUNTS OF PERSONAL EXPENDITURE BEFORE INCOME-TAX OFFICERS.

**1260. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable the Finance Member pleased state if it is binding on the assesseees of Income-Tax to keep and maintain accounts of their personal wealth and belongings or their domestic expenditure and to produce the same before the Income-Tax Officer when asked for?

(b) If the reply to part (a) above is in the negative, are Government aware that the Income-Tax Officers insist on assesseees to produce such accounts and in the case of those assesseees who do not maintain such accounts, the Income-Tax Officers do not accept their business accounts for the purpose of assessment?

(c) Do Government propose to issue instructions not to insist on the assesseees to produce their accounts of personal wealth and belongings or their domestic expenditure which most of the assesseees do not maintain?

**The Honourable Mr. Liaquat Ali Khan:** (a) The Income-Tax Act does not make it binding on any person to maintain any kind of accounts; it is left entirely to the assessee's discretion to maintain or not to maintain any accounts. If, however, accounts are known to have been maintained, and, without reasonable cause, they are not produced before the Income-Tax Officer when asked for, appropriate action is taken under sections 23, 28 and 51 of the Income-Tax Act.

(b) Income-Tax Officers are required to ask assesseees to produce only such accounts, documents or other statements, (including statements of personal Wealth) as (i) they have reason to believe the assesseees can conveniently produce, and (ii) they consider are necessary to enable them to determine the assessable income of the latter. The mere fact that some of the accounts and statements called for are not produced is not by itself usually treated as sufficient reason for disbelieving the accuracy of such of the accounts, statements, etc., as are produced though failure to produce accounts etc. without reasonable cause must necessarily involve an adverse inference being drawn regarding the veracity of the returns submitted by the assessee.

(c) The Government have no reason to believe that Income-Tax Officers habitually harass assesseees by asking for the production of any accounts or statements which they are satisfied are neither maintained by assesseees nor can be prepared and furnished by them.

**Hafiz M. Ghazanfarulla:** Is the Government aware that the accounts of many assesseees for excess profits tax have not been decided for the last four years? Is there any time limit to these Income-tax officers to get these pending cases completed?



**The Honourable Mr. Liaquat Ali Khan:** The Income-tax officers are expected to complete these assessments as soon as it is possible.

**Hafiz M. Ghazanfarulla:** Is there any time limit?

**The Honourable Mr. Liaquat Ali Khan:** If any Income-tax officer is found not to be doing his work energetically, then of course he is pulled up and action is taken.

**Dr. Zia Uddin Ahmad:** Has the Honourable Member provided in his income side for the amount of the arrears which the Department is likely to collect in 1947-48?

**The Honourable Mr. Liaquat Ali Khan:** I think all that is given in the statement.

**Pundit Thakur Das Bhargava:** Is the Honourable Member aware that in Delhi itself cases of 1943-44 have not yet been decided?

**The Honourable Mr. Liaquat Ali Khan:** I really do not know if this arises from the question put down?

#### EXCESS PROFITS TAX ASSESSEES IN ALLAHABAD.

**1261. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable the Finance Member please state the number of assesseees who were subject to the Excess Profit Tax during the years 1942-43, 1943-44, and 1944-45 in Allahabad?

(b) How many assessments have been completed under the Excess Profit Tax in Allahabad during the years 1942-43, 1943-44 and 1944-45?

(i) What are the dates of these assessment orders in each case?

(ii) How many of those who were asked to submit such accounts of personal belonging and domestic expenditure have produced them?

(iii) Is it binding on the assesseees of Income-Tax to produce evidence before the Income-Tax Officers, to support the amounts of money invested for business out of their private funds?

(c) How many of these assesseees were asked to produce accounts of their personal wealth and belongings and domestic expenditure during the years mentioned in part (b) above?

(d) Are Government award that many Income-Tax Officers while making assessments reject business accounts of assesseees and compute profits on flat rate, because in their opinion the amounts of capital investment made by the assesseees for carrying on their business are not supported by proper and definite evidence, as to their capacity for investing such amounts?

**The Honourable Mr. Liaquat Ali Khan:** (a) The number of assesseees liable to Excess Profits Tax in Allahabad in each of the three assessment years 1942-43, 1943-44 and 1944-45 was respectively eight, fourteen and sixteen.

(b) The number of Excess Profits Tax assessments completed in Allahabad in each of the three years 1942-43, 1943-44 and 1944-45, was respectively two, three and three.

(b) (i), (ii) and (c). The information is being obtained and will be laid on the table of the House in due course.

(b) (iii) Information regarding amounts invested in business should ordinarily be available in the accounts maintained by an assessee. Evidence in support of the figures given by the assessee is asked for only in those cases where the Income-Tax Officer has definite reasons to suspect the accuracy of those figures. The assessee is expected in such cases to produce the evidence called for if it is in his power to do so.

(d) The business accounts would be rejected by the Income-Tax Officer in cases of the kind mentioned, only if, in his opinion, the failure to produce available evidence on the capital investments made by the assessee points to the

probability of the accounts produced being incomplete. If the assessable income of the assessee cannot be ascertained from the incomplete accounts produced by him, the Income-tax Officer must compute it to the best of his judgment; the application of a flat rate being one of the methods open to him for doing so.

GOVERNMENT CONTROL OVER THE WOMEN'S MEDICAL SERVICE.

1262. \*Prof. N. G. Ranga: Will the Secretary of the Health Department be pleased to state:

(a) whether it is a fact that the Womens Medical Service (W.M.S.) is not under the Government of India as the Indian Medical Service but under the control of the Dufferin Fund which is a quasi-private institution;

(b) whether it is a fact that some of the Provincial Governments are thinking of taking over the private hospitals and the Womens Medical Service personnel belonging to the Dufferin Fund and if so, on what conditions;

(c) whether it is a fact that the service conditions for the Womens Medical Service are not on a par with those for the Indian Medical Service;

(d) what control the Government of India have in the administration of the Lady Hardinge Hospital, Delhi and Dufferin Hospital, Simla; and

(e) whether Government propose to consider the advisability of taking over these hospitals and also the Womens Medical Service?

**Mr. S. H. Y. Oulsnam:** (a) and (c). Yes.

(b) The question of provincialization of certain Dufferin Fund Hospitals has been under discussion between the Government of the United Provinces and the Dufferin Fund Authorities but no decision has yet been reached.

(d) The management of the Lady Hardinge Medical College and Hospital, New Delhi, is vested in a registered association. The Government has no direct control but certain Government officials are *ex-officio* members of the Governing Body. There is no hospital in Simla under the control of the Dufferin Fund. There is a women's hospital known as the Lady Reading Hospital the medical superintendent of which is usually a member of the Women's Medical Service. Government have no direct control over the institution but certain Central and Provincial Government officers are on the Governing Body.

(e) The Government have no such proposal under consideration. The Lady Hardinge Medical College and Hospital are under the management of a registered association and could not be taken over without the agreement of the association. The position is similar in regard to the Women's Medical Service. The Government will however consider the suggestion.

**Lala Deshbandhu Gupta:** With reference to the reply to part (d) of the question, may I know if the Honourable Member is aware of the many complaints that exist against the management of the Lady Hardinge Hospital?

**Mr. S. H. Y. Oulsnam:** I am aware that there are some complaints but I have had no particulars.

**Prof. N. G. Ranga:** Do the Government of India give any grant to the Lady Hardinge Hospital?

**Mr. S. H. Y. Oulsnam:** Yes.

**Prof. N. G. Ranga:** Then why is it that the Government of India have no control over the hospital nor have they any information about the complaints that are being made against the administration of the hospital?

**Mr. S. H. Y. Oulsnam:** Because detailed information has not been received from the persons who have been complaining.

**Prof. N. G. Ranga:** Do Government receive any periodical reports regarding the administration of the Lady Hardinge Hospital from the authorities concerned?

**Mr. S. H. Y. Oulsnam:** The Government receives the usual annual report.

**Lala Deshbandhu Gupta:** Will Government consider the advisability of appointing some members of this House to the Governing Body of the Lady Hardinge Hospital?

**Mr. S. H. Y. Oulsnam:** There are already two members of this House on the Governing Body of the Hospital.

**Prof. N. G. Ranga:** Will Government consider the desirability of Government itself being directly represented on the Board of Management of this hospital?

**Mr. S. H. Y. Oulsnam:** There are a number of Government officers on the Board.

**Prof. N. G. Ranga:** In view of the fact that the Government officers on the Governing Body are not responsible in their capacity as members of that body to the Government, will Government consider the advisability of appointing one or two Indian officers on behalf of the Government to serve on the Board of Management of this hospital?

**Mr. S. H. Y. Oulsnam:** The suggestion will be considered.

**Mr. Manu Subedar:** May I know whether the Government have received any complaints that the Principal and Deputy Principal who are Europeans are not treating the other members of the staff with consideration and are harassing them?

**Mr. S. H. Y. Oulsnam:** No written complaints, Sir.

**Mr. Manu Subedar:** May I know whether, in view of similar complaints which were raised and whose echo was sounded in this House before, Government would not tighten the machinery of control over an institution whose entire or whose very substantial part of the finance Government themselves are contributing to?

**Mr. S. H. Y. Oulsnam:** As the question has been raised the Government will consider the matter but they would like to have particulars of any complaints which anyone may have in regard to the management of this institution.

#### LABOUR INTERESTS IN THE ADVISORY COUNCIL FOR THE CHIEF COMMISSIONER PROVINCES.

**1263. \*Miss Maniben Kara:** (a) Will the Honourable the Home Member please state if it is a fact that only elected members of Municipal Committees and other local bodies in the respective Provinces were given the right to vote in the election to the Advisory Councils for the Chief Commissioners' Provinces?

(b) Is it a fact that no special constituencies exist for representation of labour interests in the Municipal Committees or local bodies, whereas special constituencies have been provided for employers' and commercial interests?

(c) Is it a fact that three seats on the Advisory Councils will be filled by nominations?

(d) Have any representations been made by labour organisations for representation on the Council?

(e) Do Government propose to allot some seats to the representatives of labour?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) In Ajmer-Merwara no special constituencies exist either for representation of labour interests or for employers' and commercial interests in the Municipal Committees or local bodies. In Delhi there is no special constituency for labour for any of the local bodies but a representative of labour is nominated to the Delhi Municipal Committee: there is, however, a constituency for "Registered Factories of Delhi" which elects one member for the Delhi Municipal Committee.

(c) Yes.

(d) Only one labour organisation *viz* the Indian Federation of Labour, Delhi, has represented in the matter.

(e) Nominations to the Council have already been made. The point will be taken in mind at the time of the next nominations.

**Lala Deshbandhu Gupta:** May I know the names of the persons who have been nominated by the Honourable Member to the Delhi Advisory Council?

**The Honourable Sardar Vallabhbhai Patel:** The nominated members are.

(1) Mohd. Hussain Malik, Bar.-at-Law—Muslim; (2) Sardar Bahadur Sardar Ranjit Singh—Sikh; (3) Dr. Khubram Bajoria—Scheduled Caste.

**Miss Maniben Kara:** The Honourable Member said that only elected members of the Municipal Committees and other local bodies were given the right to vote in the election to the Advisory Councils. May I know whether this distinction is made only for voting purposes or whether it is kept up in other matters as well?

**The Honourable Sardar Vallabhbhai Patel:** The elected members alone were allowed to vote, because there was a general desire that the voters should be elected members but there was no restriction regarding the candidates.

**Miss Maniben Kara:** Will the Honourable Member consider the desirability of doing away with this distinction? If a person has already been nominated, he should be treated on a par with other members of the committees.

**The Honourable Sardar Vallabhbhai Patel:** That distinction will not be made in this House but outside there is a demand for such distinction.

**Miss Maniben Kara:** I am thankful for the explanation that has been given by the Honourable Member but all the same will the Honourable Member not consider the desirability of giving the same status to the nominated members, because the Government makes the appointment after making all the necessary investigations regarding the desirability of nominating a particular person? Will the Honourable Member consider the desirability of removing this disqualification?

**The Honourable Sardar Vallabhbhai Patel:** The nominated members in the Board enjoy the same status as the elected members, except in regard to franchise so far as this Council's election is concerned. But if the member who is nominated in the Delhi Municipal Committee feels that he has not got the same status as elected members, he has to make a representation.

**Sardar Mangal Singh:** May I know whether there is any member from the rural areas on this Advisory Council?

**The Honourable Sardar Vallabhbhai Patel:** Yes, there is a member who represents the rural areas.

**Lala Deshbandhu Gupta:** Is it not a fact that the number of nominated members serving on the local bodies in the Delhi Province exceeds the number of elected members and it was in view of this fact that the Honourable Member decided to restrict the right of voting to only elected members?

**The Honourable Sardar Vallabhbhai Patel:** Apart from their number being more than the elected members, the principal of franchise given to the elected members was generally acceptable to the people of Delhi.

**Miss Maniben Kara:** Will the Honourable Member consider the desirability of reserving certain seats as is done in the case of business interests and employers in Delhi?

**The Honourable Sardar Vallabhbhai Patel:** If the Honourable Member's suggestion regarding the reservation of seats is intended for the Delhi Municipality it is beyond the scope of the Home Department: it relates to the H

Department. But if it is for the Advisory Council, I have already stated that when the next advisory council election will come up, that question will be taken into consideration.

**Lala Deshbandhu Gupta:** Will the Honourable Member please state as to when these Advisory Councils will begin to function?

**The Honourable Sardar Vallabhbhai Patel:** Probably very soon.

**PRICE OF STEAM COAL PURCHASED BY THE MILITARY AT LUCKNOW, CAWNPORE AND ALLAHABAD FOR STATION SUPPLY DEPOTS.**

†1264. **\*Muhammad Rahmat-Ullah:** (a) Will the Secretary of the Defence Department please state what was the price of steam coal, per ton, purchased by the Military for their use at the Station Supply Departments at Lucknow, Cawnpore and Allahabad, during the years 1945-46 and 1946-47, and delivered at and stocked in the depots?

(b) At what rate per ton was the steam coal issued to different departments, or to consumers at Lucknow, Allahabad and Cawnpore during the said two years?

(c) Was coal purchased through the Coal Controller, Calcutta, and if so, what rate per ton was charged by the suppliers, freight over railway Colliery?

(d) What was the Railway freight per ton from colliery to stations at Lucknow, Cawnpore and Allahabad?

**Mr. G. S. Bhalja:** (a) The price per ton of steam coal purchased by the Military for their use at the Station Supply Depots was Rs. 16-0-3 in 1945-46 and Rs. 21-1-9 in 1946-47. This was the all India free issue rate and hence it was the same for Lucknow, Cawnpore or Allahabad.

(b) The all India payment issue rate applicable to paying Departments and consumers entitled to draw coal from RIASC was Rs. 39-14-0 in 1945-46 and Rs. 45-14-0 in 1946-47.

(c) All coal is purchased through the Coal Commissioner, the collieries supplying direct to the depots. No middleman's commission is paid.

(d) As there was an all India rate, railway freight to any specific railway station like Lucknow and Cawnpore was not taken into consideration while fixing the payment issue rate.

**EXCLUSION OF PATNA (BIHAR) FROM THE LIST OF BROADCASTING STATIONS TO ESTABLISHED IN INDIA DURING NEXT EIGHT YEARS.**

1265. **\*Mr. Madandhari Singh:** (a) Will the Honourable Member for Information and Broadcasting be pleased to state whether it is a fact that he addressed a Press Conference on Saturday, the 15th March 1947 in which he explained the details of an eight-year plan for the development of broadcasting in India?

(b) If the answer to part (a) above be in the affirmative, what is the reason for the exclusion of Patna (Bihar), from the list of broadcasting stations, to be established within the said period of eight years?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) A station at Patna was sanctioned a number of years ago, and it does not therefore form part of the post-war programme. This was made clear at the Press Conference. As soon as a site for the station is secured, the work on its construction will start.

**Mr. Muhammad Nauman:** What is the difficulty in securing a site there?

**The Honourable Sardar Vallabhbhai Patel:** There is a difference of opinion and some dispute between the owners of the site and the Local Government.

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

## SHORT NOTICE QUESTION AND ANSWER

### CEMENT FAMINE IN MADRAS

**Sri V. C. Vellingiri Gounder:** (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government are aware of the existence of cement famine in the Province of Madras?

(b) Are Government aware that 1,300 tons of cement are proposed to be shipped overseas from Madras by the Military Department and this has caused public resentment?

(c) What steps do Government propose to take for stopping the proposed shipment and to divert the stock for the civilian consumption?

**Mr. M. P. Pai:** (a) It is a fact that, owing to transport difficulties acute shortage sometimes occurs in various consuming areas.

(b) My information is that the cement in question was cement imported by the Army for S.E.A.C. from Australia and that it was sent to S.E.A.C. at Singapore under orders of the Army.

(c) In view of the answer given to part (b) this does not arise.

**Sri V. C. Vellingiri Gounder:** Are Government aware that owing to stoppage of work in the cement industries for sometime, there was much scarcity of cement recently? Can this shortage to some extent be met from the military storage?

**Mr. M. P. Pai:** This cement is cement purchased by the Army and also bought for army purposes and now being shipped abroad for use by the Army for the purposes for which it was bought. The Government of India have no means of drawing on army stocks merely because there is a local shortage.

**Sri V. C. Vellingiri Gounder:** Did not the Army authorities take up the local cement also for construction of army quarters?

**Mr. M. P. Pai:** To the extent that this cement is used by the Army the demand on local firms drops and an equal quantity is released ex-Indian production.

**Sri V. C. Vellingiri Gounder:** If cement supplies are not cut short, these large quantities of cement will be useful for the civilian population.

**Mr. President:** That is a matter of argument.

**Mr. Manu Subedar:** May I know whether it is not a fact that when the S.E.A.C. was in India an enormous quantity of Indian cement was used by them? And are they now trying to take away a similar portion which they bought here in contravention of the agreement made that all army surpluses in India must be declared and that they must be disposed of by the Government of India?

**Mr. M. P. Pai:** That was not the arrangement. The arrangement is that army stocks would be reviewed on a global basis and only surplus which is global surplus would be declared in the country. The Army are not bound to declare a surplus here of what is excess to their Indian requirements alone. It has got to be a global surplus.

**Mr. Manu Subedar:** Is it not a fact that several items which were required to be carried away from this country for the United Kingdom were prevented under regulations made by our Government as they were required in this country. and if that is so may I know why an exception is being made in regard to cement, which is so badly needed by the civil population, in favour of the S.E.A.C. who took away the civil population's supply during the war period and are continuing to take it away still?

**Mr. M. P. Pai:** During the period of the war India was used as a store house for military requirements, including requirements outside India. So these stocks were not really built up here for the purposes of the army in India. They were built up for the purposes of the army everywhere. Therefore, so long as these stocks of cement are used for army purposes there is no violation of the agreement with the Government of India.

**Mr. Manu Subedar:** May I know what efforts Government made, after they received the telegram from the Southern Indian Chamber of Commerce and may be from the Madras Government, to stop this cement from going out, and whether it has gone out or whether it is still there?

**Mr. M. P. Pai:** Most of the cement has gone out. I cannot say how much is left behind, but most of it has gone out. But as I said before, so long as this cement is used for army purposes we have no means of drawing on it.

**Mr. Manu Subedar:** Having regard to the unfortunate occurrence of this kind will Government adopt some kind of policy with regard to items and articles which are badly needed in the country for civilian requirements and prevent their going out under similar circumstances?

**Mr. M. P. Pai:** Actually the only item regarding which we have made a distinction is iron and steel. It has been agreed that the stocks of iron and steel will be reviewed in the light of the Army's Indian requirements and whatever is not required in India would be declared a surplus. That is the only commodity where there is a departure from the general rule. The Government of India do not think that there is a good enough case for making a similar distinction in the case of cement, considering that our production today is perhaps generally almost as high as it has been right through the war, and it is transport which is responsible for local shortage.

**Mr. Sasanka Sekhar Sanyal:** Since the Honourable Member has referred to transport difficulty, may I know whether there is any periodical quota of railway wagons for transport of cement from one place to another, or is there anything in the nature of priority?

**Mr. M. P. Pai:** There is both a priority and a quota.

**Mr. Sasanka Sekhar Sanyal:** May I know what the Industries Department have done by way of advising the Railway Department to make at least some amount of wagon supplies available for the transport of cement?

**Mr. M. P. Pai:** Sir, as I said, there is a quota and a priority. If either of these breaks down I think the Honourable Member's question should be addressed to the Transport Member.

**Mr. Sasanka Sekhar Sanyal:** May I know, since quota and priority have really broken down from time to time, what special advice the Department of Industries has tendered to the Railway Department for making good the disturbance as a result of the breakdown?

**Mr. M. P. Pai:** We merely press for these wagons just the same way you do. But, Sir, if my Honourable friend wants an answer as to why the arrangements break down he should address the Transport Member.

### MOTION FOR ADJOURNMENT

#### DISCRIMINATIVE POLICY OF DELHI ADMINISTRATION AGAINST MUSLIM PRESS

**Mr. President:** I have received notice of an adjournment motion 'to discuss a definite matter of urgent public importance viz., discriminative policy of the Delhi administration against the Muslim press'.

While it is almost clear to me as to what the Honourable Member has in mind . . . . .

**Prof. N. G. Ranga** (Guest *cum* Nellore: Non-Muhammadan Rural): Who is the Honourable Member?

**Mr. President:** Mr. Nauman. I must point out to him that his motion is very vague. He does not state in what respect there is this discrimination nor does he state since when the policy has started. I am prepared to give him an opportunity of amending his motion; I do not propose to rule it out on the ground of vagueness. But I am making this statement, so that Honourable Members in future might know that if they do not conform to the rules properly, I shall be adhering to what may appear to be a technicality and rule out these motions. The object of being specific is that the Government may have a chance of knowing what they are called upon to explain and it is not a question of mere technicality. Therefore I am just pointing out to the Honourable Member that if he wants time for having it clarified or for substituting a proper motion, I am prepared to waive the urgency if he puts in a motion tomorrow or on Monday.

**Lala Deshbandhu Gupta (Delhi: General):** Is the discrimination mentioned is in favour of the Muslim press or against it?

**Mr. President:** Whatever it is, the Honourable Member will clarify the whole thing. I have just invited his attention to a very serious shortcoming in his motion.

**Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa: Muhammadan):** I am grateful to you, Sir. But I will just read out the particular portion to which I refer . . . . .

**Mr. President:** Order, order.

**Mr. Muhammad Nauman:** In that case I will redraft the motion.

**The Honourable Sardar Vallabhbhai Patel (Home Member):** Are we to infer the substance from the newspaper or from the motion?

**Mr. President:** As I have pointed out to the Honourable Member there was this defect in the motion and the better course for him would be to redraft his adjournment motion. The only thing I can do to help him would be to waive the ground of urgency as he has introduced the matter at the very first opportunity and I would not like to rule it out merely on account of the defect in the form, as I feel clear as to what he wants.

**Mr. Muhammad Nauman:** Thank you, Sir. I will move the adjournment motion on Monday. I will properly draft it in the words which you require.

**Mr. President:** Not in the words which I require.

**Mr. Muhammad Nauman:** I mean in the words in which it should be drafted.

**Lala Deshbandhu Gupta:** Let the Honourable Member also make sure of his facts.

**Mr. Muhammad Nauman:** I am sure of the facts.

**Sardar Mangal Singh (East Punjab: Sikh):** I hope, Sir, that you will take a similar attitude and deal with every other adjournment motion in the same manner in which you have dealt with this case.

**Mr. President:** Every case will depend on its own facts.

**The Honourable Sardar Vallabhbhai Patel:** I just want to ask whether the urgency will last till Monday.

**Mr. President:** That will be for him to consider. I do not bind myself for all cases in future. As I said, I could see from the publication of certain correspondence in a morning paper and this motion that there is connection between the two. But his motion, as tabled, is quite out of form and therefore I am showing him this latitude.



## ELECTION TO DEFENCE CONSULTATIVE COMMITTEE

**Mr. President:** I have to inform the Assembly that upto 12 noon on Monday, the 24th March, 1947, the time fixed for receiving nominations for the Defence Consultative Committee, fourteen nominations were received. Subsequently two members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48:

(1) Mr. Sasanka Sekhar Sanyal, (2) Sardar Surjit Singh Majithia, (3) Colonel Kumar Shri Himnatsinhji, (4) Dr. G. V. Deshmukh, (5) Diwan Chaman Lall, (6) Sirdar Jogendra Singh, (7) Shri Satya Narayan Sinha, (8) Mr. C. P. Lawson, (9) Khwaja Nazimuddin, (10) Mr. Siddiq Ali Khan, (11) Captain Syed Abid Hussain, and (12) Sardar Mangal Singh.

## ELECTION TO STANDING COMMITTEE FOR HOME DEPARTMENT

**Mr. President:** I have to inform the Assembly that upto 12 noon on Wednesday, the 26th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Home Department, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48:

(1) Dr. P. G. Solanki, (2) Sri M. K. Jinachandran, (3) Lala Dēshbandhu Gupta, (4) Mr. N. V. Gudgil, (5) Sri M. Ananthasayanam Ayyangar, (6) Shri Sri Prakasa, (7) Mr. C. P. Lawson, (8) Mr. Muhammad Ismail Khan, (9) Mr. Siddiq Ali Khan, and (10) Haji Abdus Sattar Haji Ishaq Seth.

## ELECTION TO STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAZ

**Mr. President:** I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee on Pilgrimage to the Hejaz, five nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee:

- (1) Syed Ghulam Bhik Nairang,
- (2) Mr. Tamizuddin Khan,
- (3) Mohammad Amir Ahmad,
- (4) Mr. Mohanmad M. Killedar, and
- (5) Khan Abdul Ghani Khan.

## ELECTION TO THE STANDING COMMITTEE FOR COMMERCE DEPARTMENT

**Mr. President:** I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Commerce, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48:

(1) Mr. Yusuf Abdoola Haroon, (2) Mr. M. J. Jamal Moideen Saib, (3) Mr. Ahmed E. H. Jaffer, (4) Khan Abdul Ghani Khan, (5) Sardar Bahadur Captain Sardar Harendra Singh, (6) Sreejūt Rohini Kumar Choudhury, (7) Mr. Krishna Chandra Sharma, (8) Mr. Ananda Mohan Poddar, (9) Seth Sukhdev, and (10) Mr. Leslie Gwilt.

**Mr. President:** The House will now proceed to consider the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1947. The question is:

"That clauses 2, 3 and 4 stand part of the Bill."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

**Mr. P. J. Griffiths** (Assam European): Sir, I move:

"That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, item 5 be deleted."

I do not propose to make a detailed speech at this stage. During the discussions on the Budget I made clear my objection to this particular duty. I tried to make it clear at that time that in objecting to this particular duty I was not speaking particularly on behalf of the tea industry. We are not particularly concerned with its immediate effect. I am far more concerned with the acceptance of what seems to me a very doubtful and positively undesirable principle. I hold that export duties is an imposition of doubtful wisdom. They invite retaliation. Under ordinary circumstances they might well bring restriction in markets. The fact that they cannot do so at present merely arises from the general shortage of commodities and in this case from the general shortage of tea in the world. It does seem to me that for this country to take advantage of that kind of shortage is not justified. I know other countries have done it. They are wrong. I do not think we should accept a wrong principle because it has been accepted by certain other countries. I do not propose to dilate on this. I content myself with merely moving the amendment.

**Mr. President:** Does the Honourable Member wish to move the second one also?

**Mr. P. J. Griffiths:** Yes, if the first one fails.

**Mr. President:** The Honourable Member may better move the second one also. The debate might be common to both.

**Mr. P. J. Griffiths:** I move:

"That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, in item 5 for the words 'four annas', the words 'two annas' be substituted."

No speech is necessary. I move this in case the first one fails.

**Mr. President:** Amendments moved:

"That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, item 5 be deleted." and

"That in clause 5 of the Bill in Second Schedule to the Indian Tariff Act, as modified by the Bill, in item 5 for the words 'four annas', the words 'two annas' be substituted."

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadian Rural): I oppose these amendments. I cannot agree with my Honourable friend's remark in regard to the advisability of imposing export duties on any commodities. He warns us about any possible retaliation but I would like him to remember that in regard to tea his own country, England, imposes a very heavy import duty and thus derives a very large amount of revenue and this is a commodity for which there is a very great demand not only now but in ordinary days of peace and a commodity on which the importing countries—both their businessmen and their revenue collectors—make huge profits as well as revenue and I do not see any reason why India and the Indian Government should not try to derive some revenue by imposing this export duty. I do not

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think this industry is going to be hit in any way at all. On the other hand the industry as well as the Government will be benefited by a duty like this. Therefore I support the imposition of this export duty.

**Dr. Zia Uddin Ahmad** (United Provinces Southern Divisions; Muhammadan Rural): I should like to know from the mover of this amendment on whom the incidence of this taxation will fall? Will it fall on the growers or on the middlemen or the consumers in foreign countries. In some cases I know definitely that it would fall on the exporters. They will make less of profit. I would like to have some figures about the incidence of taxation.

**The Honourable Mr. Liaquat Ali Khan** (Finance Member): My Honourable friend Mr. Griffiths has moved his first amendment on a matter of principle but his second amendment which he has also moved falsifies that principle for which he stands because if the export duty of 2 annas is justifiable, then a duty of 4 annas is also justifiable.

**Mr. P. J. Griffiths:** If something is bad, something half as bad is only half as bad.

**The Honourable Mr. Liaquat Ali Khan:** My Honourable friend thinks it is bad because it will affect the consumer in other countries. That seems to be his argument. As I said, we do not like, as a rule, to levy export duties, but it is a time when our finances require extra revenue. Secondly, tea is at present being produced mainly by India and Ceylon. Ceylon has got an export duty of even higher than 4 annas; it is about 6 annas per lb. Therefore, I do not see any reason why this country should not be benefited by it.

With regard to his second amendment, all that I would say is this. We feel that the duty of 4 annas is not excessive, considering what the country nextdoor has done. Then, Sir, I would like to point out that we are paying exorbitant prices for the foodstuffs that are being imported into this country, and my Honourable friend's own country is charging much higher prices than what they are paying. Therefore, I do not see any reason why the Government of India should not levy this duty and try to make up some of the loss which we have to incur on account of these high prices that we have to pay to other countries for the import of rice and other commodities. I oppose the amendment.

**Mr. President:** I put the first amendment first. The question is:

"That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, item 5 be deleted."

The motion was negatived.

**Mr. President:** I now put the second amendment. The question is:

"That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, in item 5 for the words 'four annas', the words 'two annas' be substituted."

The motion was negatived.

**Mr. President:** The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clauses 6 and 7 were added to the Bill.

**Mr. President:** Before I call upon Pundit Thakur Das Bhargava to move his amendments to the Schedule, may I point out one thing to him. If I am mistaken, the Honourable Member will correct me. I find that amendments Nos. 5, 6 and 7 on the printed list refer to the Schedule so far as income-tax levy is concerned and amendments Nos. 17, 18 and 19 refer to super-tax.

**Mr. P. J. Griffiths:** No. 16 also.

**Mr. President:** I am referring to the grouping. He is having these amendments on the principle of having further facilities to the Hindu joint families. So, the principle involved in all these amendments is practically the same. The Honourable Member may, therefore, move all the three amendments (Nos. 5, 6 and 7), so that the discussion may be common and may not be repeated again.

پنڈت تھاکر داس بھارگو : میں جناب والا کی اجازت سے amendment نمبر ۱۳

اور ۲۰ پر سے move کرنا چاہتا ہوں اور اس کے بعد اگر موقعہ ہوا تو نمبر ۷ پر سے move کرونگا۔

**Pundit Thakur Das Bhargava** (Ambala Division: Non-Muhammadan): Sir, with your permission I want to move amendments Nos. 14 and 20 first and after that if I have an opportunity I may move No. 7 later on.

**Mr. President:** The Honourable Member might move 14 and 20 both.

**Pundit Thakur Das Bhargava:** Sir, I move:

"That to Part I-A of the Schedule to the Bill, the following new Proviso be added, namely:

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14 of the Indian Income-tax Act, 1922, did not apply to him'."

I also beg to move:

"That to Part II-A of the Schedule to the Bill; the following Proviso be added, namely:

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14 of the Indian Income-tax Act, 1922, did not apply to him'."

**Pundit Thakur Das Bhargava:** (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to these Debates for the 28th March 1947. English Translation given below.—*Ed of D.*) Sir, the object of the amendment is very simple. It requires that the privilege given to a member of the Undivided Hindu Family under Section 14 (1) may be taken back and he may be assessed as if he was a separate individual. Part I-A says:

"In the case of every individual Hindu Undivided Family, unregistered firm and other association of persons being a case to which paragraph B of this Part applies."

Under this a member of a Hindu undivided family should be taxed as an individual. When the Budget discussion began I explained to the House giving some figures how an undivided Hindu family consisting of one father and three sons, with an income of Rs. 400,000 have to pay Rs. 362,000 as taxes under the proposed scheme while in a non-Hindu family consisting of one father and three sons each having separate income of his own aggregating Rs. 400,000 will have a balance of Rs. 192,000 left as income. I may say that I do not beg any privilege from the House for an undivided Hindu family which includes Sikhs and Jains also.

I do not want for any Hindu, Sikh or Jain or any member of an undivided Hindu family any privilege which is not given to any other person. This is not my purpose. My purpose by this amendment is that the unjustifiable hardship imposed inadvertently on an undivided Hindu family may be removed and the principle of equality and uniformity in income tax may be observed. I am very thankful to the House and to the members of the Select Committee on the Business Profit Tax Bill that they acknowledged the soundness of the principle which was discussed. On reading the report of the Select Committee on Business Profit Tax Bill it will be found that distinction has been made in the

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definitions of 'Abatement'. Abatement in the case of an individual or a firm and abatement in the case of an undivided Hindu family have been clearly differentiated. The abatement in the case of an undivided Hindu family is defined in Section 2 (1) (c) thus:

"In the case of an undivided Hindu family two lakhs of rupees. In any other case one lakh of rupees."

Accordingly, Government have admitted the amendment in the Select Committee. In fact, an undivided Hindu family cannot be considered as an individual. I should say regarding the acceptance of this principle that it has been sympathetically considered. So far as justice, however, is concerned it has not been meted out to an undivided Hindu family. I do not beg for any kindness or generosity in this case. I only want to say that if the House has admitted its soundness it should not tax the Joint Hindu Family as such. To give a privilege only will do no good except, of course, that it will ease the hardship a little without doing justice to the case. In fact, it is not known on what grounds the drafters of the Income Tax Act 1860 placed the undivided Hindu family on the same level as an individual and on what basis they taxed such a family. It is a pity that it cannot be ascertained as I have not come across any literature on the subject up to this time. I have carefully read, in this connection, the report of the Taxation Committee 1923-24 but found no discussion of this point. It appears that an undivided Hindu Family was taxed on the ground that the people who were taxed under 1860 Act were commonly people who were traders and at the same time had industrial business. But, an undivided Hindu Family is a social unit and not an economic unit of existence. It cannot be taken as a "juristic person" or as a 'unit'. It is not a profit making concern. According to population *Brahmins* and *Chamars* are two major sections in the community. There is a large number of *Brahmins* joint families and *Chamar* undivided families and both these sorts of Hindu families are not traders. Many of the members of this House do not know this fact but fortunately our Finance Member is not one of them that he may be told such things. He knows it fully well. He belongs to a province where these affairs are well known. A thing which is so plain should not be so much stressed. My submission is that an undivided Hindu family can neither be said a Profit making concern nor a Trading concern. In Business Tax where a definition of an individual is given it has been admitted for an undivided Hindu family that it is not even a partnership concern. I want to draw your attention to a very important point that an undivided Hindu family has under no condition been acknowledged as a "juristic person". It has been considered as an individual and a natural person. A juristic person is a person who has been given by law the status of a person. An undivided Hindu family cannot institute legal proceedings under Civil Procedure Code. Legal proceedings can only be instituted by a partnership firm. Legal proceedings can be instituted under Order 30 which relates to firms. I assert that an undivided Hindu family has not been considered a "juristic person" except for the purposes of income tax. I do not want to dilate on the sufferings and hardships borne by undivided Hindu families on account of Income Tax and Super-tax because all the members know them full well. One of the members of an undivided Hindu family works in Calcutta another in Lucknow and yet another in Lahore. They live separately with their families but the presumption of Hindu Law does not leave them alone and they are considered an undivided Hindu family. If an income-tax officer desires he can levy tax on their collective income under the assessment order. Leave aside other cases I will tell the House my own personal experience. We are four brothers. Our father and each of us live separately. Father is a public servant in Multan; I practice in Hissar, one brother is a medical practitioner in Lahore, third brother practised in another place and the fourth one is a government servant. I appeared before the Income-tax Officer in 1914. I asked him why so much tax was levied on me. My income is not so much. I was assessed

more than Rs. 10,000 as a Vakil. I protested that the tax was too much. He threatened me that he would include me with my father. I replied that my father's salary was already taxed and we do not live jointly. We live separately and have nothing in joint possession. Brothers also each live separately. How can you treat us jointly? At last I thought that discretion was the better part of valour and I kept quiet lest he actually makes an assessment on our joint incomes. Had he done that I could have found no redress either from the Assistant Commissioner or from any other Office although we were neither living jointly nor had we joint income. In fact Hindus live more separately than others and they cannot be called the members of a joint family, but if they are considered as a joint family the incomes of all the members will be collected and taxed and the members whose income are not taxable will also be taxed and the rate of tax will also increase. This misery regarding undivided Hindu family is real and confronts daily the Hindus who live separately but are forced to become the members of a joint family. When these Hindus place their grievances before an Income-tax Officer he resorts to stratagem and tells them that they would have to give proofs under sections 25 and 25A that they were living separately and then it would be left to the discretion of the Income-tax Department to decide whether they were or were not members of an undivided family. I do not want to dilate upon legal complexities of a legal distinction before the House. I was glad yesterday to hear our Finance Member say that it was not good to go on pursuing a theory. We must be practical. If you want to see a practical instance. I invite your attention to 102 PR 1889 which clearly says that families described as undivided Hindu families in books do not exist in the Punjab. In 1889 the High Court of Lahore gave a decision that such families as described in the Books as undivided Hindu families were not found in the Punjab. Under this decision 34 PR 1919 was admitted as correct and the High Court, Punjab, once again, gave a decision that such Hindu families do not exist in the Punjab. Today if a Hindu of an undivided family dies the mutation is carried out just like that of a Moslem or a Christian and when money advanced by such a deceased is to be collected a succession certificate is obtained just in the manner in which such certificates are obtained for Moslems and Christians and the amount of Court fee is the same as for those communities. When a Hindu dies his death has no meaning according to Hindu Law theory. Separation takes place merely at his wish. Separation cannot take place by death. Separation can only take place by partition of property. Under the circumstance I ask, with due deference, that in the face of so many decisions of the Punjab High Court that there are no undivided Hindu families in the Punjab as given in the books, why the tax is being levied according to ancient methods. I tell you that it is not only in the Punjab. Sind and U. P. are also in the same category. If you take into consideration other parts of India where the law of *Daya Bhag* is in vogue then under theory also undivided Hindu families cannot be taxed.

According to Hindu Law of *Daya Bhag* the sons of a Hindu do not inherit their father's property by the merit of birth. The share of every individual is definite and ascertained. Thus according to theory each kind of the family is based on a different idea but for the purposes of taxation they are considered one. I do not want to go into the legal complexities of *Daya Bhag* and *Mitakshera*. I will only explain one important difference. Under *Daya Bhag* a son has no right in the property during the life time of his father. If that is so, why tax is levied on such an undivided Hindu family in which even the share is not ascertained? So far as the principle of *Daya Bhag* and *Mitakshera* is concerned there is nothing to show that an undivided Hindu family should not be taxed as a divided family. In fact in a *Daya Bhag* family it is not possible to do it. Under it the income of every member of the family is determined. Under Section 9 Sub-section 3, Income-tax Act it is not lawful to levy tax on such joint properties but still the tax is levied on an undivided Hindu families. It is a legal heresy! So far as Hindus under *Mitakshera* are concerned I have stated

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real facts and reasons that according to theory which must have been formulated thousands of years ago at present no undivided Hindu family of that conception exists. Hindu Women's Property Act piloted by Dr. Deshmukh and passed by the Assembly in 1937 was against the principle of Mitakshera in its legal conception which is that if a man of an undivided Hindu family dies his widow can inherit nothing from his property but now the right of representation is acknowledged and the law of the whole of India is changed. Hence in the Punjab according to custom in all the Hindu families the Right of Representation is found that if the father of a boy dies in the life-time of his grandfather the grandson becomes an inheritor in the grandfather's property and receives the share of his deceased father. No son has the right to get the property divided during the life-time of his father which means that the son is not born with any right to the property of his father. I understand the same law is current in Bombay that no son can get the property partitioned in the life-time of his father. I should therefore say that the undivided Hindu family of the books has become extinct. No Hindu family now exists which tallies with the description given in Hindu texts. You may leave it also for a moment. I tell you another strange thing: where the law does not desire to use the theory of undivided family it easily evades it but where it wants to make use of it increased tax is levied under its cover. This two sided policy is not fair. I want to draw your attention to a principle in the Evidence Act called 'Estoppel'. I should say the House is "estopped" today because the House has agreed that the undivided Hindu family is not in any way taxable like an individual and this distinction between an individual and an undivided Hindu family has been recognized by all. The sum of two lakhs of rupees proposed in the Business Profits Tax Bill does not also do full justice to the undivided Hindu family. In fairness every individual Hindu should be taxed just as his non-Hindu brother. In any case, in the case of rich man this distinction has been accepted.

If a poor man has four sons and each of them earns Rs. 50 you take their incomes collectively in order to make it a taxable minimum that you levy tax on the incomes of all making it a joint income. It is manifest injustice. You are prepared to give every convenience in the case of a rich man, but for a poor man you are not prepared to do anything. With due deference I refer the Honourable the Finance Member to his theory of social justice and to his yesterday's speech. If there is no disparity in what he preaches and practices and if, what he said yesterday was his intention as I confidently believe it was I will show him that there is a glaring disparity which you can remove and which I insist should be removed . . . . .

**Mr. President:** The Honourable Member may resume after Lunch.

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The Assembly adjourned for Lunch till Quarter past Two of the Clock.

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The Assembly re-assembled after Lunch at Quarter Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

**Pundit Thakur Das Bhargava:** I was submitting for the consideration of the House that the Government when it suited them would not care for a legal theory here or there.

**Mr. N. M. Joshi** (Nominated Non-Official): You were speaking in Hindi.

**Pundit Thakur Das Bhargava:** Yes, I have just begun to speak in English because some of my friend told me that they did not follow my Hindustani.

**Mr. N. M. Joshi:** Will you translate all that in English?

**Pundit Thakur Das Bhargava:** No, I do not propose to repeat all that.

**Mr. President:** It is not necessary to repeat. I might just state here that if any Honourable Member takes too much time over his amendment, the result of the agreement would be that at 5 O'clock, there will be no further argument and all outstanding questions will be put to the vote. Therefore, in order to give sufficient time to all Honourable Members who propose to move amendments, each Honourable Member will be as brief as possible.

**Pundit Thakur Das Bhargava:** I propose to make one speech only in connection with all the amendments which I am moving.

**Mr. P. J. Griffiths:** I do not wish to raise difficulties, but Sir, I was not aware of any agreement of that kind.

**Mr. President:** The agreement was that the first four days were to be earmarked for general discussion—consideration stage—and today the clause by clause reading would take place and it will be finished by 5 O'clock. Otherwise all questions outstanding at that time will be put to the House and disposed of.

**Mr. P. J. Griffiths:** It may not be possible to discuss all the amendments which we propose to move.

**Mr. President:** The other amendments will be put to the House if the Honourable Member so wishes. That is the agreement of the Parties.

**Mr. P. J. Griffiths:** If that is so, will you insist that this particular amendment should be disposed of by a certain time?

**Mr. President:** I will request each Honourable Member to dispose of his amendment within as short a time as possible. This very amendment is coming up every year, and I believe even last year the Honourable Member who is speaking now spoke on that at some length.

**Mr. P. J. Griffiths:** As far as we are concerned, we will not speak on any amendments.

**Mr. President:** The Honourable Member may speak for a short time, but one need not go in details. If we finish soon, then we have other business also—Supplementary Grants. I might read the agreement which was reached by all the Parties for the information of the Leader of the Opposition. I stated on the 24th March:

"Before the motion is formally moved I might just inform the House that I am informed that parties have agreed that the consideration and all the stages of this Bill will be finished by 5 P.M. on Friday the 28th March, and all questions outstanding at that time will be put to the House and disposed of."

**Sir Cowasjee Jehangir** (Nominated Non-Official): Then there must be a limit of time on speeches.

**Mr. President:** I am leaving it to the Honourable Members.

**Pundit Thakur Das Bhargava:** I was submitting that whenever it suited the Government, that accepted this or that theory provided they were able to take the maximum amount of tax from people. I will in this connection refer you to paras. 373 and 374 of the Report of the Indian Taxation Enquiry Committee of 1923-1924. I do not want to read those portions. By their perusal you will be convinced Sir that the Government themselves accepted that a member of the Hindu joint family can be treated as a divided person in respect of the realization of court fees. Now, Sir, a Bill was introduced in the last Session known as the Bill to provide for the levy and collection of duty in connection with Estates in British India, and I will refer you to Sections 5, 6 and 12 of that Bill to prove that the Government have accepted this very principle which I am submitting for their consideration. I will not read all these sections, but with your permission I will read a line from Section 5:—

"Property of which the deceased was at the time of his death competent to dispose shall be deemed to pass on his death."



[Pundit Thakur Das Bhargava]

According to the strict Hindu law death is of no consequence in a joint Hindu family. Therefore my submission is that with regard to these two measures at least the Government have to accept the very principle which I am advocating for their consideration. That is not all. The difficulty is that in this legislation relating to the Income-tax Act the Government are proceeding on the principle of 'Heads I win tails you lose' You will be pleased to see Section 25(A) of the Income-tax Act and there it would appear that whenever a claim is made by a member of the joint Hindu family that his family stands disrupted, the Income-tax Collector has not to find whether there has been a separation in the legal sense because it is settled law and every tyro knows it that every Hindu carries his remedy of separation in the hollow of his hand. A Hindu has only to declare his intention for separation, and he is separated according to the many rulings decided by the Privy Council. But this principle has not been accepted by the Government and they have enacted that unless and until the partition by metes and bounds is proved the partition will not be recognized, but according to these rulings partition by metes and bounds is not necessary. I will therefore submit that all along the line in the whole of the Income-tax Act the joint Hindu family is a loser. As regards the effect of these provisions I need not expatiate on it too much. Every lawyer knows that these provisions in the Indian Income-tax Act have been instrumental in partitioning and disintegrating many families. I am not enamoured of Hindu joint family, but I do not want that a fiscal measure of this kind should disrupt the Hindu joint family unnecessarily. Whenever there is an occasion for assessment the seed for future litigation is sown.

In the end I would submit that it may be argued—it was argued, and I was just told by an Honourable Member of this House—that since there is some compensatory advantage to the joint family system, it is not fair to say that we will take the advantages and not be liable for the disadvantages. My amendment shows that the advantage of Section 14(1) should be taken away from the Hindus. And what is this compensatory advantage? In regard to rich families where there is an income from the Hindu joint family and a separate member has a separate income, the advantage to the Hindu joint family is that in regard to the separate income the income from the joint family is not added on and for the purpose of the rate, it is not treated as an income. I have not been able to understand the theory of this compensatory advantage. If a Muhammadan in Bihar is killed by a Hindu and a Hindu is killed by a Muhammadan in Rawalpindi why should the man in Delhi think that he could not be justified in loving his brother of the different religion. This amounts to robbing Peter to pay Paul. I am a poor man in the Punjab. I want my own advantages and disadvantages. What is it to me that a rich man in Calcutta is benefited by a compensatory provision. Further we know all the sections of the Indian Penal Code. They all speak of 'whoever' every person, has to look to his personal gain or loss. If a brother of mine was benefited at my expense then even it would be no solace to me. This compensatory advantage is illusory. There are very few families with both kinds of incomes and then there is a difference in the rates merely, whereas we have to look more sympathetically towards a poor family. I hope you will be convinced that this provision of the Income-tax Act operates very heavily. The taxable minimum is reduced in the case of a Hindu to an amount divisible by the number of members. If seven persons, all labourers, getting Rs. 20/30 a month, are members of a Hindu joint family, they will be taxed, whereas the law does not want them to be taxed. The real gravamen of my complaint is that the present law differentiates between a poor and a rich Hindu family and the provisions are more onerous to the poor Hindu family compared to the rich Hindu family and I do not understand how any concession to the rich man would inure to the benefit of the poor man. In regard to many other matters, this law is unjust in the extreme.

I believe that I have submitted for your consideration enough to prove that this is a case of a glaring discrepancy. All the requisities which should have been proved by me for attracting the attention of the Honourable the Finance Member have been proved in this case. This question has not been raised for the first time, though it will take a minute to dismiss the argument that a grievance being long acquiesced in need not be remedied. I understand that the Hindu joint family is being taxed for a long time. Even if the grievance is old, it should be removed all the more readily and I do not think this argument should be adopted by the Honourable, the Finance Member. This point was raised by me a very long time ago and the reply I got in 1930, 20th March, from Sir George Schuster was:

"I am quite ready to admit that as the law stands at present there are frequent cases of—I might almost say—injustice, certainly of hardship, as regards taxation. But I do submit that the existence of these cases does not justify a wholesale alteration of the law without careful consideration."

Sir, similar words were spoken by Sir Archibald Rowlands on the 28th March, 1946: He said:

"From my short study of this question, it seems to me that there may be cases in which the operation of the law at present works hardly on a Hindu undivided family; . . . . I do recognise that there are several cases in which as I say, the operations of the present law may be hard on a Hindu family."

Unfortunately my party (Congress Nationalist) and I resigned from the Assembly in 1930 and nothing was heard of this matter by me subsequently. I know that the reply will be that the Taxation Enquiry Committee is coming and therefore we should wait for its report. For the last twenty years it has been told to us that the matter should not be raised on the floor of the House at the time of the Finance Bill and other steps should be taken. In 1928 I sent a Bill for the sanction of the Governor-General but the sanction was refused and these twenty years have been taken by the Government to consider the matter, through every year this question was raised from 1928 to 1930. I do not want to be told by the Honourable the Finance Member that this will be referred to the Taxation Enquiry Committee at present nothing can be done. Therefore, with a view to meet this argument, I have given notice of several amendments which appear before you on the agenda paper and a perusal will show that I have in the first place, in the amendments which I have now moved, requested the Honourable the Finance Member to agree that for the next year also a member of the Hindu undivided family will not be taxed in his capacity as such but as an individual. If that is not acceptable, then there are other alternative methods. I have given a schedule for tax. Even if that is not accepted—because it is the schedule prepared by a person who thinks that a member of the Hindu undivided family is taxed inordinately—I submit that it must at least be admitted that no family consists of less than two members, so that amendment No. 7 may be considered as a measure which gives the minimum relief. I have proposed that as in relation to the Business Profits Tax the amount of the abatement has been made doubly as large as in the case of an individual by the Select Committee. The amount of the total income and the figure about the amount of income for the Hindu joint family may be taken to be double of what they are given for the individual in the Schedules of Part I and Part II. It follows that the principle will thereby be accepted. In every Hindu joint family there are not only two members. There may be many more. But there cannot be less than two and therefore I will be satisfied that until the report of the Taxation Enquiry Committee comes before the House, the Interim Government may be pleased to give us interim relief. This is a case in which the poor middle-class people suffer very heavily. The rich people do not suffer as much because they have some compensatory advantage. But the poor man has no advantage. Moreover, it is a matter of securing uniformity of taxation. I say, and I say boldly, if the Hindu has got any advantages whatsoever in his capacity as a member of the Hindu undivided

family, then take it away. As the nationals of this country, we Hindus should be taxed like others and not unnecessarily put at a disadvantage.

**Mr. President:** Amendments moved:

"That to Part I-A of the Schedule to the Bill, the following new Proviso be added, namely :

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14, of the Indian Income-tax Act, 1922, did not apply to him.'" and

"That to Part II-A of the Schedule to the Bill, the following Proviso be added, namely :

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14 of the Indian Income-tax Act, 1922, did not apply to him'."

**Sri S. T. Adityan** (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): I rise to support these amendments. I shall not take a long time over them. My Honourable and learned friend Pundit Bhargava gave all the legal grounds that have been ordinarily urged for and against. It is generally supposed that the ground on which a Hindu joint family is taxed as a single individual instead of a number of individuals is on the analogy of a corporation. It is true that there are a few aspects in which it resembles a corporation. But on examining the grounds on which corporations are taxed as individuals you will find that the principles are firstly that there is a limited liability. It is an advantage for a corporation and it is an advantage which a single individual or a partnership does not enjoy. It is an advantage given by the State, it is a protection given by the law and therefore the State is entitled to tax a Corporation a little more than an ordinary person. Secondly, it has been also said that there is a historical reason behind it, namely that corporations originally started with a charter of the King as a special favour of the King, and therefore there is a historical reason for the taxation of Corporation. There are very few corporations which are chartered now. For these two reasons it has always been said by people who support the corporation tax that the tax is reasonable, though it really falls upon the middle class people mostly. As the Honourable the Finance Member himself admitted, the capital for the corporations come not from the rich men but mainly from the middle class men. The point before the House is how far in these two aspects a Hindu joint family is comparable to a corporation or a company. Has it got a limited liability? It has not. Has it got a charter given by a King? It has not. What is the special protection of law or of the state that it receives in exchange for this liability? A joint family may have 10 or even hundred persons as sometimes happens in the West Coast of Madras Presidency. In the West Coast of Madras Presidency in some families there are as many as 100 persons living in the same joint family. The income of all these persons will be treated as the income of a single individual and taxed. But there is no corresponding benefit to the family. As my Honourable friend suggested we will be glad to submit to anything in order to be relieved of this liability. If there is a liability I would suggest that there must be a corresponding advantage on the other side but at present there is absolutely no corresponding advantage. Therefore it is unjustifiable to tax a Hindu joint family as a single individual.

There is another aspect of the matter which I would like to put before the House. You know it is always a difficult question, which arises quite often before the courts of law and sometimes before the Privy Council whether a family is really joint or divided. It is a difficult question which can always be disputed from court to court. It is not only a point of law or merely of settled facts. Facts themselves can be disputed and the law itself can also be disputed on the facts. When it is a question of disputable fact or law is it at all reasonable that a taxation proposal should have such an uncertainty about it? A point on which there can be dispute on appeal from court to court up to the

Privy Council (because some families may be rich enough to go to the Privy Council) cannot be the basis of taxation. A taxation proposal should be definite and clear. The authority who collects the tax should not be left in doubt. Where judges are left in doubt, where a judge's decision can be easily changed in the High Court or changed again in the Privy Council, such a point should not be the basis of a taxation proposal. I hope the Honourable the Finance Member will consider this aspect of the question and will accept the amendment.

**The Honourable Mr. Liaquat Ali Khan:** Sir, I have carefully listened to the speech of my Honourable friend Mr. Thakur Das Bhargava. As a matter of fact he has been putting forward this point of view on every occasion when he had an opportunity of doing so. It will be recognised that this is a matter which concerns and affects the whole of Incometax law and I am afraid it is not possible to consider this point in the course of a Finance Bill and decide a matter of this importance.

The Honourable Member stated that in 1930 the then Finance Member had admitted that there was some justification for considering this matter and he had promised that the matter will be considered in due course. But after that my Honourable friend did not enlighten the House that this matter was actually considered in 1939 by this House when the Incometax Amendment Bill was under consideration. Sir, I am not well versed in Hindu Law but I know that at that time when this matter was being considered by the Assembly this House had such eminent and outstanding lawyers as the late Mr. Bhulabhai Desai and I am informed that at time the opinion of the Hindu members of the House was that there was no case for making any exception in the case of a Hindu undivided family. The Amendment Bill was passed by this House with the support of the Congress Party that was there in the House at that time.

My Honourable friend has said that by the Select Committee accepting an abatement of 2 lakhs in place of one lakh in the case of a Hindu undivided family, this House has accepted the principle that there should be a special case made out for a Hindu undivided family in the case of incometax administration. First of all, I would like to point out to my Honourable friend, who is an experienced legislator and a capable lawyer that the acceptance of any amendment by a Select Committee does not commit the House to that course in the least. That Bill has not yet come before the House and therefore that argument of his, to say the least, is premature. But even if that amendment had been accepted by the House, that relates to one special kind of tax which is quite different from the kind of incometax with which we are dealing now.

There was one point that was made out by my Honourable friend. He said that the Incometax officers harass the Hindu assesseees by assessing them to a very high tax and then threatening them that if they did not submit to it, they will class them as Hindu undivided families. To support this allegation my Honourable friend had to go back 33 years to give an instance. He gave an instance of his own where in 1914 some incometax officer had assessed him rather high and when my Honourable friend protested, the officer threatened that if he did not submit to it, he would class my Honourable friend as an undivided Hindu family. All that I can say is this that no such cases have come to my notice since I have taken over office. If there is any such case where an Incometax Officer has not been playing fair with any Hindu assessee I assure my Honourable friend and the Honourable Members of the House that I and my Department will certainly enquire into such a case.

Sir, I do not think there is very much that I can say at this time except that I am sorry that I do not find myself in a position to accept the amendment which has been moved. As I have stated, it is a big question and it can be considered when the question of amendment of Incometax law in this country comes under consideration.

**Pundit Thakur Das Bhargava:** I would like to withdraw the amendment.

**Mr. President:** Both the amendments I suppose.

**Pundit Thakur Das Bhargava:** Yes, Sir.

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

**Sri N. Narayana Murthi** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I beg to move:

"That in Part (i) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted."

In moving this amendment I need not make a long or convincing speech. It is a simple and straight proposition the basic principle of which has already been recognised by the Finance Member when he proposes to raise the present taxation level of incometax from Rs. 2,000 to Rs. 2,500. According to the Finance Member even incomes of Rs. 200 a month are going to be taxed while my amendment requires that only incomes over and above Rs. 250 a month should be taxed. A monthly return of less than Rs. 300 to be treated as an income is, I think, a misnomer in these days of inflated prices. If we compare the percentage of rise in the price-level of the time when this Rs. 2,000 minimum was fixed to the present day price levels, and if we demand a proportionate rise in the taxation level we ought to have asked for the minimum taxable limit to be fixed at Rs. 4,000 or Rs. 5,000. But my amendment is a very humble one, asking only for an increase of Rs. 500 over what the Finance Member has already accepted to show by way of concession. Sir, the difference which this concession will cost the revenues of the country is not more than Rs. 1 or 1½ crores which is nothing for a Government with a Budget of Rs. 400 crores a year.

**Sjt. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): It will cost Rs. 40 lakhs.

**Sri N. Narayana Murthi:** Sir, it will cost only Rs. 40 lakhs. Much has been said in the last four days in the course of the discussion for the poor as well as for the rich. Sir, my amendment now seeks a relief to the middleclass men who in fact bear the brunt of the whole taxation burden of this country. I appeal to the Finance Member to accept this amendment with the same spirit of reasonableness with which he has given a pinch of salt to the poor and all milk and honey to the rich. It is in that spirit that I move this amendment which is in fact supported by almost all sections of this House. I therefore appeal to the Finance Member to accept the amendment with the same spirit of reasonableness with which he has accepted the compromise arrived at between the Select Committee and himself.

**Mr. President:** Before I place the amendment to the House I should like to know whether Mr. Hiray wishes to move his amendment.

**Sjt. B. S. Hiray** (Bombay Central Division: Non-Muhammadan Rural): Yes, Sir.

**Mr. President:** Then I should like all the amendments to be moved together so that the debate may be common. I find amendments Nos. 4 and No. 5 in the supplementary list by Miss Kara and Mr. Guruswami respectively are identical with the amendment of Mr. Hiray except that there is some addition in the amendment of Mr. Guruswami.

**Mr. S. Guruswami** (Nominated: Non-official): I wish to move my amendment.

**Miss Maniben Kara** (Nominated: Non-official): I wish also to move my amendment.

**Mr. President:** It is the same and need not therefore be moved.

**Sjt. B. S. Hiray:** Sir, I shall move my two amendments. I beg to move:

"That in part (ii) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted." and

"That in part (iii) (a) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted."

**Mr. President:** Mr. Guruswami may also move his amendment.

**Mr. S. Guruswami:** I beg to move:

"That in part (i) of the Proviso to Part I-A of the Schedule, after the figures '2,500', the following be added, namely:

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'."

**Mr. President:** Amendments moved:

(1) "That in part (i) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted." and

(2) "That in part (ii) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted" and

(3) "That in part (iii) (a) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted." and

(4) "That in part (i) of the Proviso to Part I-A of the Schedule, after the figures '2,500', the following be added, namely:

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'."

There are four amendments before the House for discussion.

**Sjt. B. S. Hiray:** Sir, last evening the Honourable the Finance Member gave us a long list of the relief he has proposed in his Budget. I would like to request him to be more fair to the lower middle class who is hard hit in these days. We are all aware that this class who is drawing merely Rs. 250 per month is the hardest hit in these days. In spite of the efforts of the Government to provide him with all the necessaries of life at controlled rate, he invariably is driven to the black market for his necessaries of life. Take an instance. The cloth quota that is allotted to each head per year, which is hardly 10 to 15 yards, is insufficient and therefore he has to resort to the black market or for a finer quality of cloth. The foodstuffs supplied are unwholesome and are not sufficient for his needs. There also, he has to empty his pockets by going to the black market. He has also to pay very high rents in spite of the rent laws of the nation and of the various provinces. He has to pay very high charges for the services he is required to utilise. Owing to all this, he finds it difficult to meet all his needs and therefore this class of people require a relief, I mean the lower middle class which has no other income on which they can rely. I would therefore request the Honourable the Finance Member to concede this much relief. I know this will cost him nearly 40 lakhs a year but considering that this is a class to which relief is most needed, I hope he will accept this amendment. He must keep in mind the fact that this is the only class which cannot evade tax. This is a class of people who can neither beg nor steal. Sir, I hope the Finance Member will accept the amendment.

**Mr. N. M. Joshi:** I rise to support this amendment. Ordinarily in India when the average income is about Rs. 100, a sum of Rs. 2,500 may not be regarded as too small and in ordinary times when prices were normal, I would have certainly agreed to have some income-tax on a sum of Rs. 2,500 but we are not living in normal times. Prices have gone up three times and the cost of living index for all India is somewhere about 280 or it may be slightly less. At such a time an income of 2,500 is certainly too small for the maintenance of a family I am also emboldened by the fact that the Finance Member is to mind in a mood of generosity. He has accepted certain proposals which will cost him a great deal and if he could accept proposals for cutting his income coming from very wealthy people, he should certainly not hesitate to accept a small reduction in his income, which will result by his acceptance of this amendment I therefore feel that one Honourable Member will show his generosity to these classes of people who deserve this consideration.

[N. M. Joshi.]

I would also like to say a word in support of the amendment moved by Mr. Guruswami. His object is that the dearness allowance paid , 3 P. M to the working classes and to clerks should not be hable to be included in that part of the income which is to be taxed for the income-tax. I think the proposal is a very reasonable one, because the dearness allowance is not really paid to increase the man's income but to compensate for the loss which he is incurring. I would like the Honourable Member to remember this, that the dearness allowance nowhere is paid to such an extent as to bring the normal income of a man to his prewar level. As a matter of fact, the Honourable Member himself as Finance Minister comes in the way of the employer giving larger dearness allowance because to that extent his income from the income-tax levied on companies is reduced. I would suggest that this amendment should be accepted. It will not cost as much as the amendments which he proposes to accept, which would have given him a little more income from the wealthier classes.

**Miss Maniben Kara:** The Honourable the Finance Member in his Budget speech as well as in his speech yesterday spoke of social justice and reminded us about his social objectives. I was one of those who congratulated him for those social objectives. The Honourable Finance Member further said that he was not going to be blackmailed, but unfortunately the Honourable the Finance Member himself admitted yesterday that respecting the wishes of this House he has arrived at a compromise in his taxation proposals. I am very glad to see that on this amendment there is a unanimity of opinion. The Congress has moved this amendment, Dr. Zia Uddin has given notice of his amendment, and my friend Mr. Joshi and myself who represent labour have also given notice of this amendment. The Honourable the Finance Member compromised to the extent of accepting large deficit in his Budget by reducing the taxation proposals from 25 per cent to 17 per cent. I cannot understand how with the social objectives he has set forth, and after the fighting speech he made, he could ever accept a compromise. He argues that because half the number of members of the House wanted this compromise, he compromised on this issue. Now the entire House, barring the official members, want the Honourable the Finance Member to accept our amendment. The Finance Member must respect not only the opinion of Member of this House but also respect the public opinion. I am sure the public did not desire the compromise which he has accepted. A very small percentage, not more than 2 per cent of the population, wanted that compromise in taxation proposals. By accepting our amendment, he will lose only 40 lakhs. Besides, he should know that on this issue there is a unanimity of opinion among all parties including the so-called nominated members like Mr. Joshi and myself. I do not see why the Honourable the Finance Member should not to-day accept the democratic principle of which he talked lot yesterday about respecting the sentiments and feelings of this House. I also wish to point out that our system of taxation is not progressive, it is regressive. It is high time that the Honourable Member started an inquiry by which a progressive method of taxation will be imposed, so that the disparities of wealth can be removed. I do not want to take more time of the House, but as this amendment has the support of my Honourable friend Dr. Zia Uddin Ahmad and my friends from the Congress Benches as well as the Members representing the cause of labour, I hope the Honourable the Finance Member will come forward and put into practice the social objectives which he had so ably stated before this House.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, I would like to support this amendment. In making my observations on the Budget speech I had recommended that the gesture made by

the Honourable the Finance Member in one direction was very inadequate compared to the gesture made in the other direction. I do not want to take the time of the House but I want to give one adequate argument in favour of this amendment and it is this. The Honourable the Finance Member has supported and has used the argument that people who have got adventitious wealth on account of war conditions, on account of improvements effected by the community and on account of the rise of prices should pay because they did not earn this income. Well, Sir, this argument was in his mouth when he was supporting those other measures with very great effect and it is a very powerful argument. But I submit that if he takes advantage of this argument with regard to the levy of the heavier taxation on the other side, it also behoves that a counter-balancing relief should be given to those who through no fault of their own but on account of the circumstances created in the society find themselves in the lamentable position where they are existing and find that their income is not adequate for the purpose. So long as inflation continues, this sort of relief is inevitable and the solution of all these troubles will come only when inflation is ended. But so long as it is not ended, I think Government ought to consider whether they cannot go to the length of meeting this particular case. It is only a matter of half a crore, and in the estimates alone there is a deviation of 10 to 15 crores. The Honourable the Finance Member said that he would be a very happy man if he got 20 crores from the capital tax. I wish him all happiness because I am convinced that he will get 20 crores out of that capital tax. If that is so, is it not very proper that something may be done with regard to this amendment? Sir, I support it.

**Chaudhri Sri Chand** (Nominated: Non-Official): [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 28th March 1947. English translation given below.—*Ed. of D.*] Sir, if I knew that the Honourable the Finance Member will not agree to the amendment I would not have spoken but I supposed that it was an agreed amendment and he will accept it. In fact, I have come forward to speak against the amendment on the basis of the principle of taxation that is, the principle on which the tax in our country is levied. This principle is that after deducting the expenses if Rs. 2,500 is saved no tax is levied. But, the tax levied on the cultivators in the whole country. . . .

**Mr. President:** I believe under the Income-tax Act agricultural income is exempt. That is what I wanted to invite the Honourable Members' attention to.

**Chaudhri Sri Chand:** I know that agricultural income is not taxed. I am, however, explaining the method current in the whole country. Even a smallest piece of land, whether it yields any income or not, whether there is famine, whether the harvest is destroyed by sleet, is taxable. Irrespective of the expenses he has incurred and the loss he has suffered the cultivator has to pay the *lagan*. If that is the principle of taxation I don't see any reason why the man who saves Rs. 2,500 after expenses should not be taxed. Now it is being discussed that this minimum of Rs. 2,500 should be raised to Rs. 3,000. In other words after deducting all the expenses if Rs. 3,000 is saved, it should also not be taxed. I had referred to the fact that a cultivator of tobacco is taxed irrespective of his expenses, etc. . . . .

**Pundit Thakur Das Bhargava:** I should like to know under what law the expenditure is exempted?

**Chaudhri Sri Chand:** I know only of Vakils. Expenditure on their *Munshis* and their officers, their stationery is taken out and the balance is taxed. Then take a *Bania's* case: his expenses on his shop, on his servants, on his *munim* and on his sweeper are deducted and if the balance is Rs. 2,500 it is also exempted from tax.

I should say that the income tax law in this country is to tax the cultivator



[Chaudhri Sri Chaud]

no matter if he has a pice left or has suffered a loss. When this is so, why are not those who are richer than these people taxed; why are their expenses deducted before their incomes are taxed? If this method is to be adopted I will be very glad. In the case of a cultivator it should be ascertained how much he spent on wages, what income he earned and what amount he saved. If after these inquiries he has saved an anna you are free to tax him for that. But, no justice is done here. The wealthy people made a compromise and they reduced the tax from 25 per cent. to 16½ per cent. Then they made a compromise with the middle class people and raised the minimum from Rs. 2,500 to Rs. 3,000 and then if anybody else came he was also compromised. But, these poor people pay first the *lagan* for the land and then tax on tobacco. If it was an intoxicant.

**Mr. President:** The Honourable Member may not speak very long as the amendment is not going to be accepted by the Honourable the Finance Member.

**Chaudhri Sri Chaud:** Then I need not speak; thank you very much.

**Dr. Zia Uddin Ahmad:** Sir, I had no intention to make a speech, but I am just going to request the Honourable the Finance Member to show some mercy to the poor people which he himself promised. He said the other day that he wanted that the poorer people should rise up and the upper class people may come down slightly to meet at some intermediate level. This is really a principle which I would like to advocate. I do not believe in some of the arguments which have been advanced from one quarter about this. At the same time, there are three arguments which I would like to advance.

In the first place, the minimum income which was exempt from Incometax during the last 25 years was Rs. 1,000. At no time the income tax level was less than Rs. 1,000. Now, the income of Rs. 1,000 in previous years is equivalent to an income of Rs. 3,000 at the present moment, because the price index at present is over Rs. 300. Therefore, Rs. 3,000 of 1947 are practically equivalent to Rs. 1,000 of the previous years. Increasing the incometax level is really bringing the incometax level to the lowest pitch which has ever been accepted by his predecessor in the past. My request is that the level should be fixed at Rs. 3,000. That should be the minimum figure. In these days, as the value of Rs. 3,000 is only Rs. 1,000. The price index has gone up to 300. As I see no chance of diminution in prices, because all the steps we have now been taking will tend to increase the price level. By accepting Rs. 3,000 at the present time you are really fixing Rs. 1,000 for a pre-war year. The next argument is that the Honourable the Finance Member has already accepted the principle of giving dearness allowance. You give dearness allowance with one hand and take it away in the shape of income-tax with the other hand. It may be that the Finance Member may feel that it will not be possible to exempt dearness allowance from incometax altogether. The only alternative is to raise the incometax level to Rs. 3,000. These low income people suffer in silence, they cannot strike, they suffer utmost privations and enormous difficulties and then if you take away even the few rupees from the dearness allowance it is most unfair. Therefore in the case of people whom you are showing special mercy by way of dearness allowance, it is but right that you should exempt them from incometax. The next reason for my urging the raising of incometax level is this. Sir John Sheehy may plead that this will diminish the income of Government. This will probably reduce the income by 50 lakhs. The cost of collection of this incometax will be five lakhs, so the real reduction in income will be only 45 lakhs. But this can be made up in other ways. I will suggest one. Your incometax officers who are at present engaged in collecting the tax on smaller incomes might be released for catching the tax dodgers. They will be free to catch the big fish who are now evading taxes. In this way, though the Government might lose on paper 45 lakhs if the incometax level is raised to Rs. 3,000, but the loss can be made up by catching the big fishes which I estimate to yield more than two crores. I am sure Sir John Sheehy will be able to calculate and

arrive at the correct figure. I request you to relieve the incometax officers from running after the small fishes and get hold of the bigger ones. If you lost 45 lakhs you will be able to get two crores. At present they are concentrating on small fishes which is a huge financial loss. Besides the mathematical argument, the concession will do social justice to the poor suffering people. The Honourable Member himself admitted that there are social inequalities and so he is going to give special dearness allowance to meet high cost of living. With these words, I beseech the Honourable Member to accept this suggestion that we have made from this side of the House.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, while every one has appreciated the raising of the incometax level to Rs. 2,500, the minimum limit of taxation, I certainly feel that the raising up of this minimum to Rs. 3,000 will be a great relief and this will be conceded all over the country. My Honourable friend Dr. Zia Uddin Ahmad has just now proved that in relation to index prices the value of Rs. 3,000 is not more than Rs. 1,000 of the old days and as such the buying capacity has shrunk to that extent. A man who is earning Rs. 3,000 today is not at all in a better position than the man who had only about Rs. 1,000 in previous years in the old days. Now, Sir, I am not in a position to assess the financial implications of the proposal to raise the tax level to Rs. 3,000. It may be in the neighbourhood of 40 to 50 lakhs. I am glad my friends from the Congress party have appreciated this point of view. At the same time, they have got to concede that this money should be found somehow to fill the gap. Money has got to be obtained from the big fishes as Dr. Zia Uddin Ahmad said. If we ask the Finance Member to give relief to one class of people, it must be at the cost of some other people. As my Honourable friend Mr. Gadgil said the other day the capitalists should be told that their income should be zero at a certain stage. A man will be left with a certain amount of income and beyond that all income should belong to the State. Unless this programme is conceded, it will not be possible for anybody to help the poor. The Congress cannot blow hot and cold and say on the one hand we should not tax the big capitalists and at the same time give relief here and there to the small man. I need not dwell on the different implications as they were clearly explained by the Finance Member yesterday, the difficulties in which he finds himself that a certain section of the House wants to safeguard that interest also and at the same time asks for relief for those who really deserve relief. Sir, I support the proposal for raising the limit to Rs. 3,000.

**Mr. S. Guruswami**: Sir, in supporting these two amendments I should like to stress that the basic idea behind these two amendments is that Rs. 250 per month is not a luxury wage and what is granted as dearness allowance is not salary but should be treated as compensatory allowance. Dearness allowance does not constitute part of wages for the purpose of pension or gratuity. Ordinarily if employees save by a contribution to an insurance institution the same amount is allowed as exemption for the purpose of income-tax. In regard to those whose family difficulties do not place them in that advantageous position of being in a position to contribute to an insurance fund, if they are members of a provident fund institution or any similar institution they should be exempted and given similar concessions. And what we have asked for is only this that Rs. 50 a month should be treated as additional for the exempting factor. What my friends who have supported this amendment have said is an eminently good argument which I hope the Finance Member who has displayed so much reasonableness will be prepared to accept. But I should like to point out that yesterday in his speech he said that in England the average wage was somewhere Rs. 250 and Rs. 280 per month. He should not consider that if that wage has been reached in this country it should be discouraged by taxation. There was a point that the money which would have to be an additional burden on the exchequer should be found out elsewhere. My Honourable friend Mr. Griffiths pointed out yesterday that the budget has been underestimated and he

[Mr. S. Guruswami]

need not be at great pains to balance the budget. It is not considered an orthodox thing to balance the budget nowadays. Therefore whatever may be the additional financial commitment that may come as a result of accepting these two amendments I would urge on the Finance Member to accept them without hesitation in recognition of difficulties of that class of people who constitute the middle classes and who at the time of their retirement or at the time when they get this wage are in such difficulties that they are not able to face an additional burden. I again request the Finance Member to reconsider the position and accept these amendments.

**The Honourable Mr. Liaquat Ali Khan:** Sir, let me assure the House at the very outset that I have every sympathy with the object of the amendments. When I was preparing the budget I was mindful of the feeling that exists in this House that with regard to lower incomes there should be some relief. I know that for some years in the past when I have been a member of the opposition every time this demand has been put forward by the non-official Members that the limit of income-tax exemption should be raised. Now, Sir, being a straightforward individual I did not start with the idea of bargaining. On my own I raised the limit from Rs. 2,000 to Rs. 2,500, taking everything into consideration; and I can assure Honourable Members that if it were possible for me to raise it to Rs. 3,000 I would have done so at the very outset and would not have waited for any appeals for mercy or otherwise from Honourable Members.

My Honourable friend Dr. Zia Uddin who is as a rule mathematically accurate and factually inaccurate has stated that if this limit was raised, instead of there being a loss to the State in its revenues there would be a gain; and he gave certain figures and said, "Five lakhs you will spend on collection of these 40 or 45 lakhs, all your officers will be relieved of this duty and you will be able to have your assessments more efficiently done in the case of other assesseses." But my Honourable friend forgot that there is hardly any expenditure that is incurred by the department in the collection of this tax because most of the people are salaried people and the tax is deducted at the source. Therefore there is no saving to the State and there would be a net loss if these amendments were accepted.

Sir, I am in a very difficult position. I have every sympathy for those for whom this limit is proposed to be raised. But at the same time I have great responsibility as well to see that the finances of the country are managed in the best possible manner. My Honourable friend Mr. Manu Subedar has again harped on his estimate that we will get 20 crores from the Capital Gains Tax. If that forecast turns out to be correct and if I am still Finance Member I shall be glad to make this concession next year but I am sorry I cannot do it this year.

**Sri N. Narayan Murthi:** Sir, I beg leave of the House to withdraw my amendment.

**Mr. N. M. Joshi:** Sir, the House will not give him leave to withdraw the amendment.

**Mr. President:** Has the Honourable Member leave of the House to withdraw his amendment.

(Some Honourable Members objected.)

**Mr. President:** The question is:

"That in Part (i) of the Proviso to Part I-A of the Schedule, for the figures '2,500' the figures '3,000' be substituted."

The Assembly divided:

AYES—5.

Guruswami, Mr. S.  
Jehangir, Sir Cowasjee.  
Joshi, Mr. N. M.

Kara, Miss Maniben.  
Mangal Singh, Sardar.  
Solanki, Dr. P. G.

NOES—47.

Abdul Hamid Shah, Maulvi.  
 Abdullah, Hafiz Mohammad.  
 Ali Asghar Khan, Mr.  
 Ayers, Mr. C. W.  
 Gangaraju, Sri V.  
 Ghazanfarulla, Hafiz M.  
 Gokhale, Mr. B. K.  
 Griffiths, Mr. P. J.  
 Gwilt, Mr. Leslie.  
 Habibur Rahman, Mr.  
 Harvey, Capt. G. T. B.  
 Hirtzel, Mr. M. A. F.  
 Ishaq Seth, Abdus Sattar Haji.  
 Ismail Khan, Hajee Chowdhury Mohammad.  
 Ismail Khan, Mr. Muhammad.  
 Jagjivan Ram, The Honourable Shri.  
 Jamal Moideen Saib, Mr. M. J.  
 Jeelani, Makhdum Al-Haj Syed Sher Shah.  
 Kharegat, Sir Pheroze.  
 Lal, Mr. Shavax A.  
 Lawson, Mr. C. P.  
 Liaquat Ali Khan, The Honourable Mr.  
 Mahapatra, Sri Bhagirathi.  
 Manu Subedar, Mr.

Mukut Bihari Lal Bhargava, Pandit.  
 Nairang, Syed Ghulam Bhik.  
 Nauman, Mr. Muhammad.  
 Nazimuddin, Khwaja.  
 Ormiston, Mr. J. F.  
 Patel, The Honourable Sardar Vallabhbhai.  
 Panjabi, Mr. K. L.  
 Rangachari, Mr. M. V.  
 Salve, Mr. P. K.  
 Sheehy, Sir John.  
 Siddiq Ali Khan, Mr.  
 Siddiquee, Shaikh Rafuiddin Ahmad.  
 Sinha, Shri Satya Narayan.  
 Sri Chand, Chaudhri.  
 Surjit Singh Majithia, Sardar.  
 Thakur Das Bhargava, Pandit.  
 Tyson, Mr. Geoffrey W.  
 Vadilal Lallubhai, Mr.  
 Yamin Khan, Khan Muhammad.  
 Yusuf Abdoola Haroon, Seth.  
 Zafar Ali Khan, Maulana.  
 Zia Uddin Ahmad, Dr.  
 Zuberi, Mr. Masarrat Hussain.

The motion was negatived.

**Sjt. B. S. Hiray:** I beg leave of the House to withdraw the amendments (Nos. 12 and 13 on the consolidated list).

The amendments were by leave of the Assembly, withdrawn.

**Mr. President:** The question is:

"That in part (i) of the Proviso to part I-A of the Schedule, after the figures '2,500', the following be added, namely:

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'."

The motion was negatived.

**Mr. President:** The next amendments will be Nos. 15 and 16. No. 15 is in the name of Mr. Gole and is identical with Sir Cowasjee Jehangir's No. 16. I find that Nos. 6, 7 and 8 in the Supplementary List No. 1 are also the same.

**Mr. P. J. Griffiths:** No. 6 is the same, but No. 8 is different. 7 and 8 are slightly different, but we do not propose to move No. 7.

**Sir Cowasjee Jehangir:** Sir, I move:

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely:  
 'A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income.	Nil.	Nil.
2. On the next Rs. 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs. 10,000 of total income.	Three annas in the rupee.	Four annas in the rupee.
4. On the next Rs. 15,000 of total income.	Four annas in the rupee.	Five annas in the rupee.

[Sir Cowasjee Jehangir]

	Rate, if income wholly earned	Rate, if income wholly unearned
5. On the next Rs. 20,000 of total income.	Five annas in the rupee.	Six annas in the rupee.
6. On the next Rs. 30,000 of total income.	Six annas in the rupee .	Seven annas in the rupee.
7. On the next Rs. 40,000 of total income.	Seven annas in the rupee	Eight annas in the rupee.
8. On the next Rs. 50,000 of total income.	Eight annas in the rupee	Nine annas in the rupee.
9. On the next Rs. 50,000 of total income.	Nine annas in the rupee.	Nine and a half annas in the rupee.
10. On the next Rs. 1,00,000 of total income.	Nine and a half annas in the rupee.	Ten annas in the rupee.
11. On the next Rs. 1,50,000 of total income.	Ten annas in the rupee.	Ten and a half annas in the rupee.
12. On the balance of total income .	Ten and a half annas in the rupee.	Ten and a half annas in the rupee."

The Schedule is the same as in the Bill last year. If I say that I think Honourable Members will understand what the Schedule is. That is to say, I suggest and propose to the House that no change be made in the Schedule this year.

Now, Sir, while moving the Budget, the Honourable the Finance Member had very little to say about this very radical suggestion he had to make in the Finance Bill. So far as I recollect, he merely stated that he felt that the time had arrived when the highest slab which attracts 0-15-6 in the rupee as super-tax should be lowered to Rs. 1,20,000. Beyond saying that, he said nothing more. Now, Sir, we have therefore to rely on the arguments he put forward in replying to the debate on the Finance Bill yesterday. He tried to show that in the lower slabs the taxation in India was lower than in England. That may be so. But he did not tell the House that even in the lower slabs he had put it up as compared to last year. I find that so far from Rs. 30,000 to Rs. 35,000 the super-tax goes up by half an anna. For the first Rs. 25,000 it is nil. For the next Rs. 30,000 it was three annas last year. It is three annas this year also. For the next Rs. 5,000, i.e., Rs. 35,000 it was three annas last year but it is three and a half annas this year. Therefore, without going into further details, I desire to point out that even in the lower slabs, the super-tax has been put up. Now what are the arguments for making so drastic a change?

**Mr. President:** If I may interrupt the Honourable Member at this stage. He may also have his say on amendment No. 8 in the supplementary list—Mr. Griffith's amendment.

**Sir Cowasjee Jehangir:** I will not speak on that.

**Mr. President:** If he wishes to make any remarks he may do so.

**Sir Cowasjee Jehangir:** I realise that. I was trying to explain what the Finance Member has done and what are the consequences. He has made the highest slab Rs. 1,20,000. I do not know whether every Honourable Member exactly understands what that means. It means that from Rs. 25,000 up to Rs. 1,20,000 the tax has been gradually increased. After Rs. 1,20,000, the individual will practically get no more for any increased income except Rs. 8,000 for every additional Rs. 1,00,000 of income. That means to say that anybody having a personal income of more than Rs. 1,20,000 will only get about

Rs. 44,000 a year to spend for himself, which is equal to Rs. 3,660 p.m. Now we are talking of people who are accustomed to live a certain standard of life, and I believe there are many in this Honourable House who live that standard of life, including my honourable friend the Finance Member. Now, Sir, all that a man will get from his personal income is as I have said practically Rs. 3,660 a month. His income may be Rs. 10 or 12 lakhs. For every additional lakh after Rs. 1,20,000 he will get Rs. 3,000 a year. That is the position as suggested by the Honourable the Finance Member. When I pointed out that in England the highest slab was Rs. 20,000 or somewhere near Rs. 3,00,000, I was waiting to hear the Honourable the Finance Member's explanation for this change.

**The Honourable Mr. Liaquat Ali Khan:** I did give it.

**Sir Cowasjee Jehangir:** The explanation he gave was that the cost of living in England was higher than the cost of living in this country. Now, Sir, we have got to compare the cost of living in England with the cost of living in this country by men and women with incomes of Rs. 1,20,000 and not under. And I venture to suggest that the Honourable the Finance Member's information is wrong: that his facts are wrong: that it costs less in England for a standard of life for men and women above Rs. 1,20,000 income. It costs less in England to live in the same standard of life as in this country. Perhaps my honourable friend's experience is different from mine. When he was in England he may have lived as a Nawabzada and his experience is therefore based on a wrong hypothesis. My experience is, and it will be confirmed, I hope, by men who have lived many years in England and have spent their lives in this country, that it is more expensive to live here in India the same standard of life as in England in the case of people in a particular status of life. I will give you the reasons. In India a man has to keep a number of servants. In England it is not necessary. In India people who live like yourselves and who live like the Finance Member, and among those whom I see around me, keep a number of servants. Leaving aside the question of having servants today, let us take the post-war period, they would not keep, shall I say one-fifth or one-sixth of the number in England as they keep in India.

**Mr. P. J. Griffiths:** They cannot get them!

**Sir Cowasjee Jehangir:** But I am talking of pre-war days. Take a man having that standard of living, he does not keep a motor car in England. There is the tube, the bus and if he does want to go quicker than these ways of transport he takes a taxi.

**Mr. P. J. Griffiths:** Much cheaper than Delhi taxis!

**Sir Cowasjee Jehangir:** Much cheaper than Delhi taxis. Therefore this contention that for people having an income of Rs. 1,20,000 it is cheaper to live in India than in England is completely wrong.

**Prof. N. G. Ranga:** Not so!

**Sir Cowasjee Jehangir:** And it will be borne out by anybody who has lived in both countries in that state of comfort.

**Mr. Manu Subedar:** May I raise a point of order. I find in the amendment that my Honourable friend is moving that it says "that for Part II-A of the Schedule in the Bill the following be substituted . . ." But I find that what he gives as substitution is exactly what is in the Bill. In other words, with all my sympathy for my Honourable friend, I find that in the printed schedule the amendment moved by my friend is the same as in the Bill.

**Mr. P. J. Griffiths:** No, no.

**Khan Mohammad Yamin Khan** (Agra Division: Muhammadan Rural): The jumps are by 10,000 instead of Rs. 5,000 as it is in the original Bill.

**Sir Cowasjee Jehangir:** I have said before and it is a fact that my schedule is the same as the schedule in the last year's Bill. I have not read it out and I hope the President will excuse me. I hope that answers my friend Mr. Manu Subedar's point of order.

**Mr. President:** Perhaps Mr. Manu Subedar has in his hands only the printed list of amendments and not the Bill as well.

**Mr. Manu Subedar:** I have both. I now see the point. The jump in the original Bill was Rs. 5,000, whereas my friend wants to restore it to what it was in last year's Bill.

**Sir Cowasjee Jehangir:** Mr. President, you will excuse this short waste of time.

If that is the only argument that my Honourable friend the Finance Member can bring forward in this House for taxing the people of this country far higher than they are taxed in a country which is the most highly taxed country in the world, I say he has no arguments. If he wants to tax let him not bring forward these arguments. He also said—I fully relished the little story that he gave yesterday—at the end of that story that I had complained that a certain class of people had to live on their capital. Suppose I did complain of that, was I not justified in complaining? Is there anything wrong in complaining that you are being forced to live upon your capital? I should have thought that it was a very good argument to place before the House that no man should be forced to live on his capital. That is exactly what my Honourable friend is doing.

Let us examine what damage to the country this taxation will do. It is perfectly clear that for rich men this taxation is killing, that they have to live on their capital and if they have got to live on their capital, how can they spare any money for investing in further industrialisation, how can they spare any money out of their present income for the advancement of the trade and commerce of the country? It is admitted that they have to live on their capital. Does my Honourable friend contend that it will not do any damage to the industry and commerce of this country as they stand today? I do not know what will Government's policy be in the near or far future about nationalisation: I am not touching on that question. As industry stands today, they cannot thrive, they cannot enlarge their scope unless you allow a certain amount of money to people to be spared for such industries. It is true that the Honourable Member has reduced the tax on companies from what it was in his original proposals and I do not propose to discuss these measures till we come to them. But the fact remains that when dividends are paid by companies, they go to the individuals and if you take every pie that the individual has got by way of taxation, how can there be any flow back to industries from the income of individuals? I think my Honourable friend, if he does not consider that point today, will have to consider it in the future and to tell us that he still believes that Indians are capable of

greater taxation than Englishmen with all their wealth, with all their industrial power, with all their initiative and their man power, is something which I absolutely and completely refuse to admit. We are not capable of the same taxation: it will ruin this country, as things stand today, if you tax the individual to the very last pie. Of course there is no tax on agricultural income and it will be there so long as agricultural income is what it is today. But industrial income disappears by one stroke of the pen. That is the result of this taxation.

Sir, I read in the papers only today that the very distinguished leader of the party to which my Honourable friend the Finance Member belongs spoke before a commercial body only yesterday, in which he said to his community that they should go in for industry, for trade and commerce. He suggested that it was their duty to follow in the footsteps of the Tatas. That is what I read in the papers today but his right hand man in the Assembly does all he can to thrust his knife into the heart of industry, commerce and trade. When I say this, Mr. President, let me not be misunderstood. I am not against the tax on companies as now suggested by the Finance Member. I agree that war profits should to a certain extent go back to the State. I am not even against profits being made out of circumstances over which a man has no control being taxed, but after proper investigation. I am in agreement with the dictum that the State should

share in such profits. But if they are to continue to share in such profits, then you will kill the goose that lays the golden egg and that is exactly what my Honourable friend is doing in this particular case. This is a completely unjustifiable tax and I hope and pray that my Honourable friend will consider twice before he does this great injustice not only to some individuals but a greater injustice to the industrial development of this country as it stands today. My Honourable friend can in time nationalise all the industries of the country, when all the industries of the country will be run by Government at a tremendous loss to the taxpayer (*An Honourable Member*: God help us.) I echo that sentiment—then I have no objection to his doing anything to tax those who are not concerned with industry and who do not engage in industry and trade but until such time comes the steps taken by him will hinder—as I said before and I repeat it again with the fullest sense of responsibility—will hinder the expansion of trade and industry and that is the last thing we want in this country today. We want more production, more and more production and this Budget is not going to help that.

Mr. President, I do not want to take more time than is necessary. I would emphasise again what has been said so often that it is not one tax or another but it is the cumulative effect of all this direct taxation that is going to do damage. As has been said by myself and repeated by Mr. Manu Subedar, when direct taxation was raised in this country by Rs. 1½ crores there were many in this country who doubted the advisability of such rise because the country is an infant today in industry. When the Honourable Member raised it to Rs. 36 crores did it not strike him that this enormous rise in direct taxation must do some damage somewhere? When he was asked what had he to reply? To my surprise he said that previous Finance Members of this Government were supporters of the capitalist system. What is he a supporter of, God knows.

**The Honourable Mr. Liaquat Ali Khan:** Of capitalist destruction.

**Sir Cowasjee Jehangir:** Is that true? Is that coming from the bottom of his heart? I know it does not. What he means to say is this that Finance Members of the past, when they judged what this country could bear in the way of direct taxation, had their eye on the industry and commerce of this country, but my honourable friend is blind to that, he wants to smash them. Is that the conclusion we are to draw when he says that previous Finance Members of this country only looked towards capitalists and not anybody else? And if he is to look towards everybody else except the industries and trade of this country, I ask him and I ask every Honourable Member of this House whether he is doing a service to this country? No. The Honourable Member is a great personal friend of mine and no difference of opinion expressed in this House will come between our friendship. About that I am certain. But I hope and trust that he will apply his great brain and mind to this question. I have no doubt about the capacity of his brain and his mind when I look at the size of his head. I hope he will apply that intellect and that mind better than he has done in his first Finance Bill.

My Honourable friend repudiated the statement that this was a poor man's budget. He equally repudiated the statement of other people who called it a socialist budget. He said 'you say so, I do not'. Then what is this Budget? He repudiated it being a capitalist budget; he repudiated it being a socialist budget; and he repudiated the fact that this was a poor man's budget. Then what on earth is this Budget? Coming down to brass tacks I am going to make an appeal to him. Even at this last moment let him accept even a compromise, and he will be doing a service to the country. He won't be doing a service to a few individuals as they can live on their capital. You have to keep in the background the biggest interests of this country which means the best interests of the working classes of this country. By putting back the hands of the clock of industry and commerce you are depriving hundreds of thousands of their daily wage. That will come.



[Sir Cowasjee Jehangir,

I am not going into the further argument of the threat of deflation that was made in this House by Dr. Matthai. I will deal with that perhaps on another occasion. But the time will come when labour will not get enough work if such a policy as is put forward by the Honourable Member in this budget is carried any further. Let me repeat my point. I do not want to be misunderstood. I have no objection to companies being taxed from their war profits. I have no objection to the state sharing the profits of companies. But I have strong objection to any measure, any step that will hinder industry and commerce and will deprive the poor man of his wage and earning capacity—and that is what the Finance Member will do. I appeal to him to reconsider this matter from this point of view. I am certain that he is not going to do it today. I have got enough hints to that effect. But I suggest to him to think it over if not today, in the next month or two and let him see what are the consequences of his action. I feel confident that he has no intention of letting down this country. He has no intention of doing any harm to any community and to his own community. But let him remember also that although very few of his community may be affected as compared with the very large number of the people of the other communities, those few are the pioneers of trade and industry in his community today and he is hitting hard at them. He has knocked the bottom out of trade and industry of his own community.

**Mr. President:** Amendment moved:

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely:  
 'A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income.	<i>Nil.</i>	<i>Nil.</i>
2. On the next Rs. 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs. 10,000 of total income.	Three annas in the rupee	Four annas in the rupee.
4. On the next Rs. 15,000 of total income.	Four annas in the rupee.	Five annas in the rupee.
5. On the next Rs. 20,000 of total income.	Five annas in the rupee.	Six annas in the rupee.
6. On the next Rs. 30,000 of total income.	Six annas in the rupee .	Seven annas in the rupee.
7. On the next Rs. 40,000 of total income.	Seven annas in the rupee	Eight annas in the rupee
8. On the next Rs. 50,000 of total income.	Eight annas in the rupee	Nine annas in the rupee.
9. On the next Rs. 50,000 of total income.	Nine annas in the rupee.	Nine and a half annas in the rupee.
10. On the next Rs. 1,00,000 of total income.	Nine and a half annas in the rupee.	Ten annas in the rupee.
11. On the next Rs. 1,50,000 of total income.	Ten annas in the rupee.	Ten and a half annas in the rupee.
12. On the balance of total income	Ten and a half annas in the rupee.	Ten and a half annas in the rupee."

**Mr. P. J. Griffiths:** Sir, I beg to move:

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely:  
 'A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B or paragraph C or paragraph D of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income.	Nil.	Nil.
2. On the next Rs. 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs. 10,000 of total income.	Three annas in the rupee.	Three and a half annas in the rupee.
4. On the next Rs. 15,000 of total income.	Four annas in the rupee.	Four annas in the rupee.
5. On the next Rs. 20,000 of total income.	Five annas in the rupee.	Five annas in the rupee.
6. On the next Rs. 30,000 of total income.	Six annas in the rupee.	Six annas in the rupee.
7. On the next Rs. 40,000 of total income.	Seven annas in the rupee.	Seven annas in the rupee.
8. On the next Rs. 50,000 of total income.	Eight annas in the rupee.	Eight annas in the rupee.
9. On the next Rs. 50,000 of total income.	Nine annas in the rupee.	Nine annas in the rupee.
10. On the next Rs. 1,00,000 of total income.	Nine and a half annas in the rupee.	Ten annas in the rupee.
11. On the balance of total income.	Ten and a half annas in the rupee.	Ten and a half annas in the rupee."

It is not my intention to make a detailed speech on this amendment. There are two reasons for my abstention. In the first place I explained at great length yesterday my reasons for regarding the proposed rates of super-tax as being unduly severe. This amendment after all is nothing more than an attempt to mitigate their severity. In the second place I regard this as a very minor amendment which I feel sure my friend the Finance Member would experience no serious difficulty in accepting. I should perhaps explain that it represents a kind of half way house. In the scheme of last year the maximum rates for super-tax stood at a figure of Rs. 5 lakhs. In the present proposals the maximum rates reach Rs. 1½ lakhs in the case of earned income and Rs. 1 lakh 20 thousand in the case of unearned income. My amendment seeks to work up to a maximum at a rate of Rs. 3½ lakhs—somewhere about half way between the last year's figures and the proposals for the present year. I only want to submit this—having done that I shall resume my seat—that in these matters of taxation there is really no room for dogmatism although in the course of the debate we have to assert our point of view, that in reality they are matters of judgment. Nobody can say with mathematical accuracy that such and such rate of taxation is right and will do no harm or that such and such rate is wrong and will do harm.

[At this stage Mr. President vacated the chair which was then occupied by Mr. Deputy President (Khan Mohamad Yamin Khan)].  
 It is not a question of mathematical demonstration. When you have matters of judgment to deal with you must bear in mind the possibility that the other man's

[Mr. P. J. Griffiths]

judgment may be right and that one's own judgment may be wrong. That is what I am trying to do. My judgment is that the rates in force last year were right and that the proposed rates this year are wrong, but I do not claim to be infallible. I recognise that I may be wrong and my friend may be right. I hope similarly he will recognise that his judgment may be wrong and mine may be right. In a matter of this kind, a matter of judgment, where there is no abstract objective method of determining which is right and which is wrong, it is sometimes worth while to adopt a middle course. The object of my amendment is to make it possible for my friend even at this late date to adopt a middle course if he will do so. I believe he stands to lose nothing on a long term view by adopting a middle course of this nature. He will admittedly lose a certain amount of revenue but in losing that revenue he will gain beyond description in the support and the good will of those who will pay these taxes and those upon whom the development and the expansion of this country depends and I would suggest to him that in view of the very great volume of criticism of this Bill and of this particular tax, criticisms some of which he himself admits to be sincere and genuine it is worth his while undergoing some diminution of revenue in order to carry with him the opinion and support of those upon whom he depends for all his plans for the development of this great country. Sir, I am not out now to score a success or a debating point, but I appeal to him, because I believe from the bottom of my heart that by a compromise of this kind he will be doing a service to this country. He will be mobilising behind all the progressive forces of the country (Interruption). I said progressive, and I don't find them only sitting on those benches over there. I find them sitting rather on this side of the House. He will mobilise all the progressive forces of this country in the attempt which he is determined to make to turn the wheels of industry faster. I do ask him to show the same spirit of understanding and reasonableness in dealing with this matter which he has shown right through these taxation discussions. I must say this. During the 12 years that I have been concerned with the affairs of this House I have never known a Finance Minister adopt a more reasonable attitude than has been taken by Mr. Liaquat Ali Khan with regard to the Business Profits Tax and the Capital Gains Tax. He has not taken the line that has often been taken by his predecessors, of saying 'These are my proposals. Take them or leave them'. He has shown himself open to conviction. I believe he himself believes that a compromise on this issue is worthwhile because that compromise will enable this Bill to go through with the support and the willing consent of those from whom the tax will be raised. I do therefore appeal to him even at this last minute to consider the possibility of accepting an amendment which is frankly a compromise between what we wanted and what he wants. Sir, I move.

**Mr. Deputy President:** Amendment moved:

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely:

'A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B or paragraph C or paragraph D of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income.	Nil.	Nil.
2. On the next Rs. 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs. 10,000 of total income.	Three annas in the rupee	Three and a half annas in the rupee.

	Rate, if income wholly earned	Rate, if income wholly unearned
4. On the next Rs. 15,000 of total income.	Four annas in the rupee.	Four annas in the rupee.
5. On the next Rs. 20,000 of total income.	Five annas in the rupee.	Five annas in the rupee.
6. On the next Rs. 30,000 of total income.	Six annas in the rupee.	Six annas in the rupee.
7. On the next Rs. 40,000 of total income.	Seven annas in the rupee	Seven annas in the rupee.
8. On the next Rs. 50,000 of total income.	Eight annas in the rupee	Eight annas in the rupee.
9. On the next Rs. 50,000 of total income.	Nine annas in the rupee.	Nine annas in the rupee.
10. On the next Rs. 1,00,000 of total income.	Nine and a half annas in the rupee.	Ten annas in the rupee.
11. On the balance of total income	Ten and a half annas in the rupee.	Ten and a half annas in the rupee.

**Mr. Vadilal Lalubhai** (Ahmedabad Millowners' Association: Indian Commerce): I have said on several occasions that the worst part of the budget proposals is the supertax slab. I have also said that the Capital Gains tax and the Business Profits Tax taken individually are not very harmful but the cumulative effect of all these is going to be disastrous to the industries. The Honourable the Finance Member referred yesterday to the speech of Sir H. P. Mody who represented my constituency in years past. I do not know what he said. (*The Honourable Mr. Liaquat Ali Khan*: I did not say that.) It is the Khawaja Sahib who said it. But I do know and the House knows what I have said in my speech and what I have said in my statements. The difficulty has been that the two Bills went to the Select Committee. I feel that the Finance Bill also ought to have gone to the Select Committee. There are precedents when Finance Bills have gone to the Select Committee. Those two Bills went to the Select Committee and not this one. Tremendous issues have been raised by those two Bills and this Bill was side tracked and that is why the Leaders of the parties coming to a compromise did not have the full views of the country at large on this subject. My Honourable friend the Finance Member said yesterday that Rs. 60,000 in India was better than £20,000 in England and that he had been generous to the industrialists. I would wish him to see the effects of these taxes which he is placing on industry. It is not a question of arguing. It is a question of finding out what will be the effect on industries. He said that the future will show but we cannot have a leap in the dark. We as sane men have got to consider and calculate things as to what the results will be. It is possible we may be mistaken. On a former occasion last year I had to sound a note of warning and that was about the Factory Act. I said to the House that as a textile man I know the difficulties and I can tell you that if you don't listen to my advice and the advice of the Central Government itself who wanted to grant some exemption, the results are going to be disastrous and the results have proved to be disastrous. The Central Government wanted to give the exemption but the Provincial Governments dared not do anything and they did not want to take the responsibility. I would remind the Honourable the Finance Member that this supertax slab is going to be disastrous to the country and the next 12 months will show the bad effects. However I would not

[Mr. Vadilal Lallubhai]

like the country to see the bad effects of that. I would wish he would reconsider the matter. If he wants finance, he should have it in a scientific way that would not harm Indian industries and will not harm the prospects of industrialisation. The industrialisation that is coming about, according to me, is a drop in the ocean and I feel that even that drop may dry out. The matter is very simple. I would not dilate on it any more. If he wants money there are various ways of having money from industry and if he would listen to me I would suggest to him one method. He has raised the Corporation tax from one anna to two annas. He expects 4 crores out of this this year and with the increase now proposed he expects to get 9 crores with arrears of 5 crores. A quarter of an anna increase will give 2½ crores and a half anna increase will give him 4½ crores. If that is so, why does he want the money in this fashion which will harm industry? I would request him and I would urge upon him to reconsider the matter. If he wants to have money, let him have it in the way I have suggested. Sir, yesterday there was lot of talk about social objectives. The Finance Member should consider whether these social objectives would be served by an increase in the super-tax or whether they will be harmed. It was Khwaja Sahib yesterday who talked about Jai Prakash Narain and P. C. Joshi, who are socialists and communists. I know that the socialists and the communists are for the industrialisation of the country to a very great extent and they want to go to the whole hog with the industrialisation of the country. They want to raise the standard of living of the people and they want full employment. If full employment has to be obtained, industries have got to be started. They feel that if industries are not developed, employment will be lowered and full employment will not be achieved. I am sure the country will support the Congress because it has done the right thing as they are afraid the Indian industry will suffer. They are not having a leap in the dark and we ought not to have a leap in the dark also. I would, therefore, urge upon the Finance Member that he should go to the world as the builder of industries, the builder of employment and the achiever of full employment. And if he wants money, let him have it, but he should have it in the right and scientific way. I hope he will listen to these words and accept this amendment.

**Lala Deshbandhu Gupta** (Delhi: General): [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 28th March 1947. English translation given below.—*Ed. of D.*]

Sir, I corroborate what my learned friend Mr. Vadilal Lallubhai has said but my grounds are quite different. I think nobody understands better than the Honourable the Finance Member that so far as the persons from whose pockets the money is intended to be drawn are concerned they happen to be so clever that they will find a way to escape the payment of taxes in spite of all the efforts and restrictions that the Finance Member intends to impose. Sir, I think the worst repercussion of the war in this country is the growth of corruption. It has so permeated the land that the country cannot be saved from it even at the cost of crores and crores of rupees. This tax will aid in the increase of corruption and those people will find methods to escape payment of the tax. I therefore appeal to the Finance Member, that, if for no other reason, at least for the reason that the imposition of the tax will aid in increasing corruption and may be the Finance Member may not collect as much money as he expects, he will sympathetically consider the amendment proposed by Mr. Vadilal.

Sir, I want to place another reason before the House for not levying this tax. For the last 150 years our country has been under the sway of foreigners. During this period many constructive, educational and charitable institutions have been started by public contribution. One great harm that this tax will cause will be that crores of rupees which are now spent on charity, on education, on hospitals and on other public works will be stopped. The fixation of the limit

of Rs. 120,000 means that it would be difficult to draw money out of the pockets of those people who come under its operation. This means that the tax is not levied on those people but on those institutions which were carried on by money paid by them. Such people who earn money give crores of rupees for charities, as for example, Messrs. Tata Company pay untold money to charity funds. They should not be, therefore, taxed. There are hundred of instances where they pay money. This tax will dry the sources of charity. Just as the Capital Gain Tax Bill and Business Profits Tax Bill have been amended so this Bill should also be sympathetically considered. If nothing else; at least the amendment proposed by my Honourable friend, Mr. Griffiths should be accepted so that corruption may not prosper and doors to charity may not close.

**Mr. B. P. Jhunjhunwala** (Bhagalpur, Purnea and the Southal Parganas: Non-Muhammadian): Sir, I do not understand why the Honourable the Finance Member is so anxious to levy this tax when it has been pointed out in the House that it adversely hits the industry and production. The Honourable Finance Member has not had the imagination to help the industry which was so necessary at this juncture. The Honourable the Finance Member is now anxious to get the money, but if his Department had the slightest desire to realise the taxes which have already been imposed from all concerned the deficit could have been met and there would have been no necessity for imposing all these additional taxes. Instead of taking his department to task, he has brought a proposal for an investigation Committee which, in my opinion, will lead to corruption and result in victimising particular individuals without adding anything to the fund of the Exchequer.

Sir, I had tabled a question in November 1946 inquiring as to the number of Dollar and Sterling companies working in India and of such as had made larger profits in India than they had made abroad. Such companies are liable to super-tax. The answer to all these questions was not given at that time because, it was said, the answers could not be compiled. I was supplied with the answers only on the 14th of this month. From the answers it appears that there were 97 companies in 1943-44, 98 companies in 1944-45 and 84 companies in 1945-46 whose income has been higher in India than what it is in foreign countries. The other question which I had put was as to whether these companies were served with notices. The reply was in the affirmative. Then, I inquired whether these companies filed their returns. The reply was that in very few cases the returns were filed, and the reason given for not filing the returns was that they had no list of the shareholders with them. My next question was whether any taxation was levied on persons who had filed the returns. The reply was that only in very few cases the returns were filed and the amount assessed came to Rs. 25-lakhs. My next question was whether any prosecution was launched against the persons who did not file the returns. The answer was that no prosecution was launched as the individuals concerned were outside the pale of the written Indian laws. So far as I know, according to the law as it stands, those persons on whom the income-tax notice is served are liable to be prosecuted and I do not understand why no prosecution was launched against these persons. The mere statement that they had no list of shareholders is not enough. All the companies here are getting out their balance-sheets and monthly profit and loss account and how is it that it was difficult for them to get the list of the shareholders? The Department concerned could not even write to them inquiring why they did not have the list of shareholders and why they could not get the same and then file the returns. I was submitting that 25 lakhs is taxed only in the case of a few companies. There were 97 companies in 1943-44, and 98 companies in 1944-45, and 84 companies in 1945-46. If they had filed returns, I think, Sir, more than 10 to 15 crores would have been assessed and realised from them.

**Mr. Deputy President:** On which amendment is the Honourable Member speaking?

[Mr. B. P. Jhunjhunwala]

**Mr. B. P. Jhunjhunwala:** I am speaking on the amendment of Sir Cowasjee Jehangir. I am trying to point out that it is most unfair on the part of the Honourable the Finance Member to retard the progress of the industry by this tax. If his department had been vigilant, he need not have levied this tax. If it is the objective of the Finance Member only to meet the deficit, then his department could have taken care to realise all the taxes already imposed and this occasion to impose further taxes would not have arisen. With these words, I say the Honourable the Finance Member is not justified in putting up this tax because of the negligence of his department. I would request the Honourable Member to realise all those taxes before they are time-barred for which no investigation committee is necessary.

**Prof. N. G. Ranga:** I rise to oppose these two amendments. I wish to state that the Congress party does not stand by the argument or by the sentiments or even the objectives of these two amendments. Yesterday the professional advocate of capitalists was twitting me by saying that I had gone over to the side of the capitalists. I wish to tell him that he cannot very well claim me on his side. Nor can my Honourable friends here claim me on their side so far as capitalistic interest is concerned. I am a peasant, I am a socialist and I hope some day my friend will be so much dispossessed and shorn of his own capital that he may very well be glad to stand by my side as a peasant or as a proletariat of this country. We were also taunted for having once expressed our ideal of our keeping the inaximum salary of any one at Rs. 500. In some provinces the congress ministers are getting a salary of Rs. 1,500 now. If we accept the argument of Dr. Ziauddin Ahmad, this sum of Rs. 1,500 is equal to Rs. 500 previous to the war. The Executive Councillers get Rs. 6,000 odd. There has never been a complaint from my party or the Muslim league party that this is not at all enough. On the other hand the complaint is that it is too much. Now my Honourable friend the Finance Member is prepared to leave all these people in their possession and for their enjoyment nearly as much as Rs. 10,000.

**Sir Cowasjee Jehangir:** No. Only Rs. 3,000. Read the papers.

**Prof. N. G. Ranga:** I have read them. It is only if the income is one lakh, that the Finance Member threatens to take 15 annas in the rupee. Sir Cowasjee Jehangir is unhappy about it. Even if they were asked to live on their own capital, then people whose income ranges round one lakh must surely have enormous capital on which they can live for 125 years. My Honourable friend went on coaxing the Finance Member to fall into his net and snare and he wanted this Bill also to go into the Select Committee. As I already pointed out owing to the inefficiency of the Finance department and C. B. R. these people have not given us proper estimates. If only the Finance Member had placed before us all India wide plan for industrial and agricultural development, it would have been possible for us to know how to raise taxes and which pockets are to be taxed. So far as this proposal is concerned, this money is more than enough for any one to have a jolly good time in this country unless they want to waste on the race course and other nefarious objects. One lakh is more than enough. There are only a few people getting more than one lakh. What about others who are not getting anything. One Member had the temerity to suggest increase of corporation tax by one anna more so that you can get 2½ crores. But who pays the corporation tax? One can be charitable with other people's money. It is the middle class people and the lower middle class people who pay this. The Honourable the Finance Member refused to give any accommodation to those people getting Rs. 2,500 per annum. Our suggestion was that it should be raised to Rs. 3,000. Therefore I am opposed to the amendment of Sir Cowasjee Jehangir.

**Sjt. N. V. Gadgil:** Sir, I have a spiritual reason for opposing this amendment. It is said in the Bible that it is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God. I am very anxious for the spiritual regeneration of my friends. It is much better that they are properly sized and they do not get more than what is absolutely necessary. The other economic reason is after all what is the implication of this tax and what are the consequences. The tax that is taken from the assessee comes to the Government treasury, it is only a transfer of spending power. I think the trouble is saved for the capitalist to know which investments are better, which will pay more and which are more full of profit. All that work will be done by Government. The capitalists will remain in peace, they will not have to look after anything and take so much trouble. I am reminded here of a Labour M.P. when he saw everybody getting up in the House of Commons and asking, well we have to pay 5 shillings in the pound and 9 shillings in the pound and so on, this M.P. got up and said, give me that income I will pay the damned tax.

**The Honourable Mr. Liaquat Ali Khan:** Sir, the arguments that have been used and the criticisms that have been levelled against this particular question of slab are the same that I have been hearing for the last one month. The same arguments were advanced when we were discussing the general budget. Identically the same arguments were advanced then as have been advanced by Sir Cowasjee Jehangir today in spite of so many changes made in the B. P. T., and Capital Gains Tax.

**Sir Cowasjee Jehangir:** But this is the first time I had a chance to speak.

**The Honourable Mr. Liaquat Ali Khan:** I was then told by every one as I am told today that this tax will ruin the industry, it will stop production, it will throw thousands of people into unemployment, unfed and not looked after. If I levy a tax on industry production stops and the industrial life of the country is ruined. If it is a tax on unearned gains which people make, not due to any effort on their part but due to a change in the conditions of the country, then I am ruining industry, I am destroying the economic life of India and it will really be a terrible catastrophe. If there is a proposal to levy a tax on individuals, those who have been and are enjoying a very large income, the same argument is used, that the industry will be ruined, production will be stopped, millions of labouring classes will be thrown out of work and the country will be in a chaotic state. I may point out to my Honourable friend Sir Cowasjee Jehangir and those who have supported him that the number of people whom this tax is going to affect is a thousand or so; and if the economic life of the country is going to be ruined because you are going to levy a higher tax on a thousand people, then something is wrong with the economic life. And this is exactly what I said in my budget speech: it is the stranglehold of a few individuals on the economic, social and political life of this country which is the great danger that we have to guard against. I am repeatedly told that I am really ruining and destroying economic life. I say I am not destroying the economic life of India; if I succeed I will make the economic life of India free from the stranglehold of these few individuals. Is India going to be at the mercy of this handful of people for her industrial and commercial development or is she going to stand on her own legs for this development? Sir, this argument that is used every time that the tax that I propose is going to ruin industry, stop production and throw thousands of people out of employment is one that has been invented by these few individuals who have been responsible for keeping a stranglehold over the economic life of this country.

Sir, I sympathise with my Honourable friend Mr. Jhunjhunwala. He did not know that this was not a tax on industry but on individuals, who have an income, from whatever source it may be, whether from salaries of house property or interest on capital, etc.



[Mr. Liaquat Ali Khan]

Now, Sir, another argument was advanced by my Honourable friend Mr. Gupta that this will dry up the source of charity. Sir, if India and the future of India and the betterment of conditions of the masses of people is going to depend on charity, it will take thousands of years before there can be any improvement. After all where will this money go? If it is not left with individuals it will go into the coffers of the State; and if there is a State worth its name, if there is a State which has got the well-being of the people at heart, this money, I can tell you, will be better spent than by these individuals in giving charities to a few institutions, some of which are ill-managed.

Sir, my Honourable friend Sir Cowasjee Jehangir said that yesterday I compared the standard of living in England with the standard of living in India and I said that a man who has got Rs. 1,20,000 in India is better off than the one with an income of £20,000 in England. I still stick to that proposition.

**Mr. P. J. Griffiths:** That is not true.

**The Honourable Mr. Liaquat Ali Khan:** My Honourable friend says it is not true. Why do you get used to such great comforts in India which you cannot get in England?

**Mr. P. J. Griffiths:** Sir, may I know if my Honourable friend has had occasion to live in England during the last five years? If he has he would know that that statement is not true.

**The Honourable Mr. Liaquat Ali Khan:** I went to England only last December.

**Mr. P. J. Griffiths:** And is it cheaper than India or dearer

**The Honourable Mr. Liaquat Ali Khan:** And I can tell you that if I had spent in England even twenty times more than what I spend here I would still be more uncomfortable there than here. Therefore I contend that life is certainly more expensive in England than it is here.

**Mr. P. J. Griffiths:** That is not true.

**The Honourable Mr. Liaquat Ali Khan:** Of course it is not true when you get a bearer to tie your shoe-lace. It is not true because here you want a palace to live in; you want a room to dress in, a room to sit in, a room to walk in, a room to eat in,—although you may be a single individual. And in England you have to live in one room only. I say if you have to live there in the same conditions as you do in India life in India is a hundred times cheaper than in England. If my Honourable friend were living in a hotel here would he be paying the same as he would pay in a hotel in London? It would be ten times more than here.

**Mr. P. J. Griffiths:** Will my Honourable friend find me a hotel in Delhi where I can live at reasonable rates.

**The Honourable Mr. Liaquat Ali Khan:** If the rates at which my Honourable friend is living in Delhi hotels are not reasonable I do not know what he will say about the rates in England.

**Mr. P. J. Griffiths:** I have tried them.

(Interruption by Sir Cowasjee Jehangir).

**The Honourable Mr. Liaquat Ali Khan:** I am surprised; it cannot be ignorance on the part of my Honourable friends because both of them know England much better than I do. But I think in their desire to assert their argument in favour of their proposal they are overlooking facts as they are. What I submit is this. I have made my position clear on more than one occasion and I feel that the tax which is proposed in the Finance Bill under this particular section is one which to my mind is a fair tax. I am convinced that all this talk about industry being ruined and millions of people being thrown out of employment is nonsense

and humbug. In connection with the Business Profits Tax I was told that it will affect the poor middle classes; if you cut down the rate of dividends the poorer classes will suffer; if you cut out the rate of dividend the middle classes will not go in and invest. I was told at that time that this will affect the middle classes and the lower middle classes who save a few rupees and invest them in industry; and if you do all this the capital for industrialisation will dry up. To-day I am told that if you put this tax on a handful of people industry will die. All I can say is that if our industrial development is in such a precarious condition we have got to think of other means and not go back to what has been done all these years. It is my desire and it should be the desire of every one that industry should progress and production should increase; and I am not in the least convinced that on account of these proposals that I have put forward there will be any injurious effect on either production or industrial development of the country. Sir, I oppose the amendments.

**Sir Cowasjee Jehangir:** Sir, I beg leave of the House to withdraw my amendment in favour of the amendment of my Honourable friend Mr. Griffiths. I am a man of moderation and will be satisfied with half an apple if I cannot get the whole one.

The amendment was by leave of the Assembly withdrawn.

**Mr. Deputy President:** The question is:

“That for Part II-A of the Schedule to the Bill, the following be substituted, namely:

‘A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B or paragraph C or paragraph D of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income.	Nil.	Nil.
2. On the next Rs. 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs. 10,000 of total income.	Three annas in the rupee.	Three and a half annas in the rupee.
4. On the next Rs. 15,000 of total income.	Four annas in the rupee.	Four annas in the rupee.
5. On the next Rs. 20,000 of total income.	Five annas in the rupee.	Five annas in the rupee.
6. On the next Rs. 30,000 of total income.	Six annas in the rupee.	Six annas in the rupee.
7. On the next Rs. 40,000 of total income.	Seven annas in the rupee.	Seven annas in the rupee.
8. On the next Rs. 50,000 of total income.	Eight annas in the rupee.	Eight annas in the rupee.
9. On the next Rs. 50,000 of total income.	Nine annas in the rupee.	Nine annas in the rupee.
10. On the next Rs. 1,00,000 of total income.	Nine and a half annas in the rupee.	Ten annas in the rupee.
11. On the balance of total income.	Ten and a half annas in the rupee.	Ten and a half annas in the rupee.”

The Assembly divided:

AYES—8.

Griffiths, Mr. P. J.  
Gwilt, Mr. Leslie.  
Harvey, Capt. G. T. D.  
Hirtzel, Mr. M. A. F.

Jehangir, Sir Cowasjee.  
Lawson, Mr. C. P.  
Ormiston, Mr. J. F.  
Tyson, Mr. Geoffrey W.

NOES—57.

Abdul Hamid Shah, Maulvi.  
Abdullah, Hafiz Mohammad.  
Adityan, Sri S. T.  
Ayers, Mr. C. W.  
Chaman Lall, Diwan.  
Chaudhuri, Sreejutt Rohini Kumar.  
Daga, Seth Sheodass.  
Dani, Mr. G. B.  
Gadgil, Sjt. N. V.  
Gangaraju, Sri V.  
Gauri Shankar Saran Singh, Mr.  
Ghazanfarulla, Hafiz M.  
Gokhale, Mr. B. K.  
Govind Das, Seth.  
Gupta, Lala Deshbandhu.  
Habibur Rahman, Mr.  
Hans Raj, Raizada.  
Ishaq Seth, Haji Abdus Sattar Haji.  
Jaffer, Mr. Ahmed E. H.  
Jagannathdas, Sri.  
Jamal Moideen Saib, Mr. M. J.  
Jeelani, Makhdum Al-Haj Syed Sher Shah.  
Jhunjhunwala, Mr. B. P.  
Jinachandran, Sri M. K.  
Kharegat, Sir Pheroze.  
Lal, Mr. Shavax A.  
Liaquat Ali Khan, The Honourable Mr.  
Mahapatra, Sri Bhagirathi.  
Mandal, The Honourable Mr. Jogendra Nath.

Matthai, The Honourable Dr. John.  
Mukut Bihari Lal Bhargava, Pandit.  
Nairang, Syed Ghulam Bhik.  
Narayan Murthi, Sri N.  
Nazar Hasan, Mr. Shah.  
Nazimuddin, Khwaja.  
Oulsnam, Mr. S. H. Y.  
Pai, Mr. M. P.  
Patel, The Honourable Sardar Vallabhbhai.  
Paujabi, Mr. K. L.  
Ranga, Prof. N. G.  
Rangachari, Mr. M. V.  
Reddiar, Sri R. Venkatasubba.  
Saksena, Shri Mohan Lal.  
Salve, Mr. P. K.  
Satakopachari Sri T. V.  
Sheehy, Sir John.  
Siddiq Ali Khan, Mr.  
Siddiquee, Shaikh Rafiuddin Ahmad.  
Sinha, Shri Satya Narayan.  
Solanki, Dr. P. G.  
Sukhdev, Seth.  
Surjit Singh Majithia, Sardar.  
Swaminadhan, Shrimati Ammu.  
Thakur Das Bhargava, Pundit.  
Varma, Mr. B. B.  
Zia Uddin Ahmad, Dr.  
Zuberi, Mr. Masarrat Hussain.

The motion was negatived.

**Mr. Deputy President:** I may inform Honourable Members that it was agreed between all the parties and the Members that the consideration of this Bill will finish at 5 P.M. and I suppose all the Honourable Members are sticking to this arrangement and they will not move any more amendments. If there are any, they will be considered to have been withdrawn.

The question is:

“That the Schedule stand part of the Bill.”

The motion was adopted.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Mr. Liaquat Ali Khan:** Sir, I beg to move:

“That the Bill be passed.”

**Mr. Deputy President:** The question is:

“That the Bill be passed.”

The motion was adopted.

## DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1946-47.

**Mr. Deputy President:** Now there are the supplementary grants.

I am sorry to keep the House a little longer. Unless any Honourable Member has got any objection for any particular demand to be taken I propose to take all the supplementary demands together.

**Shri Mohan Lal Saksena** (Lucknow Division: Non-Muhammadian Rural): I have objection to the demand "Taxes on Income Including Corporation Tax."

**Mr. Deputy President:** Which number?

**Shri Mohan Lal Saksena:** No. 3. ▲

**Mr. Deputy President:** Then except No. 3 I shall put all the demands simultaneously.

The question is:

"That the separate supplementary sums not exceeding the sums shown in the third column of the order paper except the sum shown against supplementary demand No. 3, be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947, in respect of corresponding supplementary demands entered in the second column thereof."

The motion was adopted.

[As directed by Mr. Deputy President the motions for Supplementary Demands for Grants which were adopted by the Assembly are reproduced below—*Ed. of D.*]

### DEMAND NO. 1—CUSTOMS.

"That a Supplementary sum not exceeding Rs. 22,44,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Customs'."

### DEMAND NO. 2—CENTRAL EXCISE AND SALT.

"That a supplementary sum not exceeding Rs. 1,57,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Central Excise and Salt'."

### DEMAND NO. 5—PROVINCIAL EXCISE.

"That a supplementary sum not exceeding Rs. 1,57,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Provincial Excise'."

### DEMAND NO. 6—STAMPS.

"That a supplementary sum not exceeding Rs. 9,97,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Stamps'."

### DEMAND NO. 8—IRRIGATION, NAVIGATION, EMBANKMENT AND DRAINAGE WORKS.

"That a supplementary sum not exceeding Rs. 1,00,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Irrigation, Navigation, Embankment and Drainage Works'."

### DEMAND NO. 11—CABINET.

"That a supplementary sum not exceeding Rs. 41,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Cabinet'."

### DEMAND NO. 13—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT

"That a supplementary sum not exceeding Rs. 1,45,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Legislative Assembly and Legislative Assembly Department'."

**DEMAND NO. 14—HOME DEPARTMENT.**

"That a supplementary sum not exceeding Rs. 1,97,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Home Department'."

**DEMAND NO. 15—DEPARTMENT OF INFORMATION AND BROADCASTING.**

"That a supplementary sum not exceeding Rs. 12,16,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Information and Broadcasting'."

**DEMAND NO. 17—DEPARTMENT OF EDUCATION.**

"That a supplementary sum not exceeding Rs. 4,85,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Education'."

**DEMAND NO. 18—DEPARTMENT OF AGRICULTURE.**

"That a supplementary sum not exceeding Rs. 5,69,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Agriculture'."

**DEMAND NO. 20—DEPARTMENT OF COMMONWEALTH RELATIONS**

"That a supplementary sum not exceeding Rs. 2,95,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Commonwealth Relations'."

**DEMAND NO. 21—FINANCE DEPARTMENT.**

"That a supplementary sum not exceeding Rs. 1,14,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Finance Department'."

**DEMAND NO. 22—COMMERCE DEPARTMENT.**

"That a supplementary sum not exceeding Rs. 2,58,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Commerce Department'."

**DEMAND NO. 24—DEPARTMENT OF COMMUNICATIONS.**

"That a supplementary sum not exceeding Rs. 84,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Communications'."

**DEMAND NO. 25—DEPARTMENT OF TRANSPORT.**

"That a supplementary sum not exceeding Rs. 1,50,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Transport'."

**DEMAND NO. 26—FOOD DEPARTMENT.**

"That a supplementary sum not exceeding Rs. 14,51,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Food Department'."

**DEMAND NO. 27—CENTRAL BOARD OF REVENUE.**

"That a supplementary sum not exceeding Rs. 56,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Central Board of Revenue'."

DEMAND No. 28—INDIA OFFICE AND HIGH COMMISSIONER'S ESTABLISHMENT CHARGES.

"That a supplementary sum not exceeding Rs. 24,70,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'India Office and High Commissioner's Establishment Charges'."

DEMAND No. 30—AUDIT

"That a supplementary sum not exceeding Rs. 22,30,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Audit'."

DEMAND No. 31—ADMINISTRATION OF JUSTICE.

"That a supplementary sum not exceeding Rs. 3,46,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Administration of Justice'."

DEMAND No. 34—PORTS AND PILOTAGE.

"That a supplementary sum not exceeding Rs. 7,87,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Ports and Pilotage'."

DEMAND No. 38—ZOOLOGICAL SURVEY.

"That a supplementary sum not exceeding Rs. 14,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Zoological Survey'."

DEMAND No. 40—MINES.

"That supplementary sum not exceeding Rs. 44,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Mines'."

DEMAND No. 41—ARCHAEOLOGY.

"That a supplementary sum not exceeding Rs. 1,30,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Archæology'."

DEMAND No. 47—AGRICULTURE.

"That a supplementary sum not exceeding Rs. 1,91,50,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Agriculture'."

DEMAND No. 49—INDUSTRIES.

"That a supplementary sum not exceeding Rs. 19,52,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Industries'."

DEMAND No. 49-A—OVERSEAS COMMUNICATION SERVICE.

"That a supplementary sum not exceeding Rs. 8,57,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Overseas Communication Service'."

DEMAND No. 53—DEPARTMENT OF INDUSTRIES AND SUPPLIES.

"That a supplementary sum not exceeding Rs. 10,43,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Industries and Supplies'."

## DEMAND No. 54—EMIGRATION.

"That a supplementary sum not exceeding Rs. 21,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Emigration'."

## DEMAND No. 56—CENSUS.

"That a supplementary sum not exceeding Rs. 32,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Census'."

## DEMAND No. 58—IMPERIAL DAIRY DEPARTMENT.

"That a supplementary sum not exceeding Rs. 56,000, be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Imperial Dairy Department'."

## DEMAND No. 59—MISCELLANEOUS DEPARTMENTS

"That a supplementary sum not exceeding Rs. 2,84,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous Departments'."

## DEMAND No. 66—MISCELLANEOUS.

"That a supplementary sum not exceeding Rs. 3,81,56,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous'."

## DEMAND No. 67—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

"That a supplementary sum not exceeding Rs. 1,67,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous adjustments between the Central and Provincial Governments'."

## DEMAND No. 68—POST-WAR PLANNING AND DEVELOPMENT.

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Post-war Planning and Development'."

## DEMAND No. 69—CIVIL DEFENCE.

"That a supplementary sum not exceeding Rs. 24,60,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Civil Defence'."

## DEMAND No. 70—DELHI.

"That a supplementary sum not exceeding Rs. 12,12,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Delhi'."

## DEMAND No. 71—AJMER-MERWARA.

"That a supplementary sum not exceeding Rs. 4,47,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Ajmer-Merwara'."

## DEMAND No. 73—ANDAMAN AND NICOBAR ISLANDS.

"That a supplementary sum not exceeding Rs. 29,87,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Andaman and Nicobar Islands'."

**DEMAND No. 79—CAPITAL OUTLAY ON INDUSTRIAL DEVELOPMENT.**

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Capital Outlay on Industrial Development'."

**DEMAND No. 83—DELHI CAPITAL OUTLAY.**

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Delhi Capital Outlay'."

The Assembly then adjourned till Eleven of the Clock on Monday the 31st March, 1947..