

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 18th March, 1943

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Thursday, 18th March, 1943.

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

MEMBERS SWORN:

Maulvi Muhammad Hussain Choudhury, M.L.A. (Bakarganj cum Faridpur. Muhammadan Rural):

Mr. Harry (Greenfield, C.I.E., M.L.A. (Government of India: Nominated Official):

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

OFFICERS DISCHARGED FROM SERVICE OF THE FORMER BENGAL AND NORTH WESTERN RAILWAY.

†329. *Maulvi Muhammad Abdul Ghani: Will the Honourable Member for Railways please state:

(a) the number, separately, of high and subordinate officers of various grades and Departments discharged from the service of the former Bengal and North Western Railway when taken over by the Oudh and Tirhut Railway in 1943; and

(b) the number of Hindus, Muslims, Anglo-Indians, Christians and Sikhs discharged?

The Honourable Sir Edward Benthall: (a) and (b) Sixteen subordinate employees of the former Bengal and North Western and Rohilkund Railways were not re-employed when the State took over management. Of these, 13 were Hindus and three were Muslims.

HEAD CLERK OF ESTABLISHMENT BRANCH, DELHI TELEGRAPH ENGINEERING DIVISION.

330. *Syed Ghulam Bhik Nairang: (a) Will the Secretary of the Posts and Air Department be pleased to state whether the post of the Head Clerk, Establishment Branch, Telegraph Engineering Division, Delhi, has been held by the same incumbent for the last 6 years or more? If so, why was this man not shifted after three years according to rule?

(b) Is the same man getting extension after extension to the detriment of those whose promotion is blocked by his superannuated presence?

(c) Are Government prepared to allow him to retire and to allow others to be promoted or at least to shift him to some other place? If not why not?

Sir Gurnath Bewoor: (a) Yes. Appointments of Head Clerks of Engineering Divisions are not tenure posts. The question of prescribing a fixed period for tenure of such posts is, however, under consideration.

(b) and (c). Do not arise in view of the reply to part (a) of the question.

Syed Ghulam Bhik Nairang: May I know with reference to answer to part (a) of the question whether the present incumbent of the post of Head Clerk is a Delhi Kayast who throughout his service except for three years has been at Delhi?

Sir Gurnath Bewoor: I am afraid I must ask notice of that question.

Syed Ghulam Bhik Nairang: Is the Honourable Member further able to tell me whether the present Divisional Engineer is also a Kayast and is, therefore, favourably inclined towards this gentleman?

Sir Gurnath Bewoor: I know that he is a Hindu and he comes from the Central Provinces but I am not aware whether he is a Kayast or not and I have no reason to think that he is favourably inclined to anybody.

Syed Ghulam Bhik Nairang: Is he a Srivastava?

Sir Gurnath Bewoor: His name is Srivastava.

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

PAUCITY OF MUSLIMS IN THE DELHI TELEGRAPH ENGINEERING DIVISION.

331. *Syed Ghulam Bhik Nairang: (a) Will the Secretary of the Posts and Air Department be pleased to state whether it is a fact that the Divisional Engineer, the Sub-Divisional Officer, the Construction Officer, the Accountant and both the Head Clerks in the Delhi Telegraph Engineering Division are Hindus?

(b) Is it not a fact, that as a result of the present regime, the recruitment of Muslims is suffering as the proportion of Muslims recruited being hardly 20 per cent. although the proportion required for Delhi is 50 per cent.? If so, does the Honourable Member propose to consider the question of posting at least a Muslim Accountant and a Muslim Head Clerk there?

Sir Gurunath Bewoor: (a) Yes.

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

Syed Ghulam Bhik Nairang: With reference to the answer to part (b) of the question, may I know if there were as many as 500 applications from Muslims and this small percentage that I have complained of was selected in spite of more candidates being available and in spite of the fact that 50 per cent. was the minimum fixed for Delhi?

Sir Gurunath Bewoor: I am not aware to what particular class of recruits the Honourable Member is referring because the recruitment made is of clerks, mistries, line men and inferior servants. The recruitment of clerks and telephone operators is made by the Postmaster General and not by the Divisional Engineer who merely appoints them. The other inferior servants and line men are recruited locally. The number of Muslims recruited in the last three years for all appointments except those of lady telephone operators has been well above 20 per cent. of the total recruitment in each cadre and varies from 36 per cent. to 55 per cent.

UNACCOUNTED TWIN WIRE IN THE DELHI TELEGRAPH ENGINEERING DIVISION.

332. *Syed Ghulam Bhik Nairang: (a) Will the Secretary of the Posts and Air Department be pleased to state whether it is a fact that the present Divisional Engineer, Telegraphs, Delhi Division, could not give a proper account of 3,000 yards of twin wire in connection with the opening of the Avenue Exchange?

(b) Did a Deputy Postmaster-General, Lahore, after checking the store, also come to the conclusion that the above mentioned wire could not be accounted for by the present Divisional Engineer? If so, what action has been taken by the Department in the matter?

Sir Gurunath Bewoor: (a) and (b). The facts are not as stated. It is true that a full record could not be found of the manner in which certain wire had been utilised in the Delhi Division during 1942. The matter is still under detailed investigation of the Postmaster General and the Department will take adequate steps to ensure proper accounting in the future. There is no evidence of misappropriation.

REVERSION OF A MUSLIM MONITOR IN THE DELHI TELEGRAPH ENGINEERING DIVISION.

333. *Syed Ghulam Bhik Nairang: (a) Will the Secretary of the Posts and Air Department be pleased to state whether it is a fact that a Divisional Engineer, Telegraphs, is not empowered to sanction selection grade promotions or to revert selection grade officials?

(b) Was a Junior Selection Grade Monitor, a Muslim, reverted by the Divisional Engineer, Telegraphs, Delhi Division, and posted as an ordinary Operator in an Exchange where there is no Selection Grade post without issuing a charge-sheet and without taking the defence of the official concerned?

(c) If the answers to (a) and (b) be in the affirmative, what steps do Government propose to take to prevent the recurrence of such cases?

Sir Gurunath Bewoor: (a) A Divisional Engineer, Telegraphs, is not competent to make appointments to selection grade posts but he is empowered to revert selection grade officials.

(b) The facts are not as stated by the Honourable Member. As a result of an adverse report regarding his conduct, a Muslim lower selection grade Monitor was transferred by the Divisional Engineer, Telegraphs, Delhi Division, from the Exchange where he was working to another Exchange where there is no lower selection grade post, pending enquiry into the case. This official is continuing to draw pay in the lower selection grade until a decision has been reached on the charge-sheet which has already been served upon him.

(c) Does not arise in view of the replies (a) and (b).

Syed Ghulam Bhik Nairang: Can the Honourable Member tell me whether it is a fact that it was on the 19th February that this particular man was reverted and it was not till the 1st March, ten days later, that a charge-sheet was sent to him for explanation?

Sardar Sant Singh: On a point of order, Sir. Is it permissible to ask questions about the individual members of the community on the floor of the House?

Mr. President (The Honourable Sir Abdur Rahim): Yes, if there is a question of principle involved or whether the communal proportions are observed or not.

Sir Gurunath Bewoor: This is not a question of communal proportion. This is a question of a particular Muslim Monitor in a telephone exchange who has been transferred to another exchange pending an inquiry into the charges against him. I am not aware of the exact

Mr. President (The Honourable Sir Abdur Rahim): The question has been allowed and the Honourable Member can reply.

Sir Gurunath Bewoor: I am replying to the Honourable Member. I am not aware of the correctness of the dates which the Honourable Member has mentioned; but if it has taken ten days to serve a charge-sheet, I do not think that time could in any way be considered as too long, because, when a charge-sheet is framed after a complaint has been received, a preliminary inquiry is made in order to see whether there is a *prima facie* case for framing a charge-sheet.

Syed Ghulam Bhik Nairang: Can the Honourable Member tell me as a fact that a preliminary inquiry was made before an order was passed on 19th February transferring this man to another exchange or he simply presumes from the procedure which he has in his mind that it must have taken place?

Sir Gurunath Bewoor: All I have got here is this that two lady operators made serious personal complaints to the Divisional Engineer, Telephones, regarding the behaviour and language of this particular lower selection grade Monitor. It was considered undesirable, in view of this complaint, to continue to keep the Monitor in that particular exchange where there are a large number of lady telephone operators and he was therefore immediately shifted to another exchange but he has not suffered in any way in pay. The inquiry was then completed and a charge-sheet has been framed.

Syed Ghulam Bhik Nairang: Is it not a fact that one of these particular ladies

Mr. President (The Honourable Sir Abdur Rahim): It seems to be a matter purely of administration. Next question.

DEARNESS ALLOWANCE FOR STAFF OF THE SHAHDARA-SAHARANPUR LIGHT RAILWAY.

334. ***Mr. Lalchand Navalrai:** (a) Will the Honourable the Railway Member be pleased to state whether the scales of dearness allowance sanctioned for the State-managed Railway employees, *vide* Railway Board's Communiqué dated the 8th August, 1942, apply to the staff of the Shahdara (Delhi) Saharanpur Light Railway? If not, why not?

(b) What are the scales of dearness allowance payable to the employees of this Railway, and did the Railway Board approve of their grant? If the rates are lower than those payable to the State-managed Railway employees, what are the reasons for the discrimination?

(c) What are the categories of staff separately on this Railway which are classed as superior and inferior for the purpose of the dearness allowance?

The Honourable Sir Edward Benthall: (a) The answer to the first part is in the negative. As regards the second part, Government cannot sanction dearness allowance to servants of private companies.

(b) I lay a statement on the table of the House showing the dearness allowance sanctioned in 1941 to the staff in question. As far as information is available to Government, this has not since been increased. The rates of allowance were approved by the Railway Board at the time. As regards the third part, the rates vary both upwards and downwards, from the rates then prevailing on State-managed Railways. As regards the last part, there is no discrimination as the grant of allowances to the staff in question is a matter primarily for the Company.

(c) I have no information.

Statement showing Allowance to meet extra cost of living on the Shahdara (Delhi) Saharanpur Light Railway.

Delhi Head Office and Line Staff.

	Rs. Per mensem.
(i) Drawing up to Rs. 50 a month	3
(ii) Drawing between Rs. 51 to Rs. 73	2
(iii) Drawing Rs. 74 a month	1
<i>Menials or Inferior Staff.</i>	
Drawing Rs. 15 a month and above	2
Drawing below Rs. 15 a month	1

These rates will only apply to permanent monthly paid staff—the grade of allowance will be calculated by adding to the monthly salary the amount of House Allowance given or, if free quarters are provided, an amount of ten per cent. of the salary of each individual.

Mr. Lalchand Navalrai: I would like to know from the Honourable Member if he knows that this company makes difference between superior and inferior services?

The Honourable Sir Edward Benthall: That is entirely within the competence of the company.

Mr. Lalchand Navalrai: I would like to know whether it is a fact? My question is only this: whether he has got any superintending power over that company so far as this distinction between superior and inferior services is concerned in the matter of granting this allowance?

The Honourable Sir Edward Benthall: It is a matter primarily for the company.

Mr. Lalchand Navalrai: My information is that in giving this dearness allowance they make difference between inferior and superior staff, though there is no such distinction in other railways?

The Honourable Sir Edward Benthall: The rules governing the rates of dearness allowance on the State-managed Railways do not apply to private companies.

Mr. Lalchand Navalrai: That is true, but I understood the Honourable Member to say that these dearness allowances were approved by the Railway Board: Therefore I ask why this distinction is being made?

The Honourable Sir Edward Benthall: It was approved because it was included in the budget.

SUPERVISION OF SERVICE CONDITIONS ON SHAHDARA-SAHARANPUR LIGHT RAILWAY BY RAILWAY BOARD.

335. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the Railway Board appointed a Director on the Board of Directors of the Shahdara (Delhi) Saharanpur Light Railway? If so, who is the Railway Board's nominee on the Directorate and what relationship has he with the Railway Board?

(b) Is it a fact that the officers of the Shahdara (Delhi) Saharanpur Light Railway are appointed with the approval of the Railway Board?

(c) Is it a fact that the Budget of this Railway is approved by the Railway Board and any increase in the expenditure over the Budget allotment is subject to the approval of the Railway Board?

(d) What kind of supervision does the Railway Board exercise on the service conditions of the employees of this Railway, specially in the distribution of rations, in the dearness allowance scheme and in the application of the Control and Appeal Rules of the non-gazetted railway servants?

(e) Is it a fact that the Superintendent of this Railway who is also the President of the Railway Welfare Union, got a resolution passed by his Committee that foodstuffs would be supplied to members of his Union on production of a card issued by the Union on payment of the quarterly subscription of the Union? If so, why was discrimination made in case of members of the other Union, called the Shahdara-Saharanpur Light Railway Employees' Union, and such other members of the staff who did not belong to any of the Unions?

(f) What steps do Government propose to take to ensure that no discrimination is made for the supply of foodstuffs to railway employees on this Railway? If none, why?

The Honourable Sir Edward Benthall: (a) Government appoint a Government Director to the Board of the Company. The Government Inspector is the Director, and has no special relation to the Railway Board.

(b) The appointment of the Manager and other officers is made with the approval of the Railway Board.

(c) Yes.

(d) Beyond what is stated in reply to parts (b) and (c), the Railway Board exercise no control.

(e) I have no information.

(f) None; the matter is one which concerns a private company.

Mr. Lalchand Navalrai: Under the powers, whatever those powers are, which the Board have on this company will the Board look into the question of dearness allowance? The position is that there are two unions one of which is managed by the authorities of the Railway Board and the other is the union of employees. Will the Honourable Member ask the Board at least to look into the question of dearness allowance and see that equal rates are given to both the unions?

The Honourable Sir Edward Benthall: It is not within the competency of the Board: it is a matter for the Directors of a private company.

Mr. Lalchand Navalrai: Will the Honourable Member therefore send a copy of answers to these questions to that company or the Director who is appointed by the Railway Board, so that there may be equal distribution?

The Honourable Sir Edward Benthall: I have no objection to sending a copy of the question and answer to the Director; but I may once again point out that this is entirely within the competency of the company.

Mr. Lalchand Navalrai: Will the Honourable Member please say if it is not unfair?

Mr. President (The Honourable Sir Abdur Rahim): Order, order, the Honourable Member is arguing.

Mr. Lalchand Navalrai: I am putting in the form of a question, the Chair should hear to the question.

Mr. President (The Honourable Sir Abdur Rahim): One can argue in the form of a question.

Mr. Lalchand Navalrai: When it is glaringly unfair will the

Mr. President (The Honourable Sir Abdur Rahim): Order, order, next question.

AUTHORITY FOR REDUCTION OF FREIGHTS AND FARES ON THE SHAHDARA-SAHARANPUR LIGHT RAILWAY.

336. ***Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state which authority is empowered to increase or reduce freights and fares on the Shahdara (Delhi) Saharanpur Light Railway, and what control does the Railway Board exercise on changes in freights and fares?

(b) Is it a fact that the Superintendent of this Railway reduced freights on the carriage of sugarcane and sugar to rates much below those prevailing over the adjoining railway, the North Western Railway? If so, what effective voice did the Railway Board exercise against such reductions in freights, and what is the Government's portion of loss on account of these reductions in freights?

(c) Is it a fact that the General Manager of this Railway, in his letter No. S.S./2910, dated the 16th September, 1941, to the Superintendent at Delhi, has warned the latter for the last time that he had no authority to issue rate circulars of any sort or description?

(d) What action do Government propose to take to safeguard their share of revenue which is affected by such unauthorized reductions in freights and fares? If none, why?

The Honourable Sir Edward Benthall: (a) The Shahdara (Delhi) Saharanpur Light Railway is empowered to make any alterations in rates and fares that they may consider necessary in the interests of their traffic within the maxima and minima prescribed by the Government of India.

(b) I understand there was a reduction in the rates. These rates are additional to the freight to be paid over the North Western Railway section for traffic *via* Saharanpur or Delhi Shahdara. The reduction therefore did not result in a loss of Government revenues.

(c) Government has no information.

(d) In view of the reply to the second portion of part (b), the question does not arise.

Mr. Lalchand Navalrai: May I know whether the Superintendent has got that power to reduce freights?

The Honourable Sir Edward Benthall: It is entirely a matter for the company, within the maxima and minima.

Mr. Lalchand Navalrai: My question is with reference to part (c), whether the Superintendent has got the power to reduce freights? If the Honourable Member has got no information he may make enquiries.

The Honourable Sir Edward Benthall: I have no information about this matter. It is purely a matter for the company.

EXTENSIONS OF SERVICE TO TRAIN EXAMINERS ON NORTH WESTERN RAILWAY.

337. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the General Manager, North Western Railway, Lahore, in his letter No. 912-E/31, dated the 6th June, 1942, explained the policy of giving extensions of service to the superannuated staff?

(b) Is it a fact that the General Manager definitely ruled that it was proposed to create supernumerary posts in higher grades to accommodate persons granted extensions of service?

(c) If the replies to (a) and (b) be in the affirmative, have these orders been applied to the Train Examiners on the North Western Railway? If not, why not?

(d) If the reply to (b) be in the affirmative, how many such supernumerary higher grade posts have been created in the North Western Railway, and for how long?

(e) How many Train Examiners have either given extensions of service upto the 28th February, 1943, or retired hands re-appointed, and in what grades?

The Honourable Sir Edward Benthall: (a) to (d). I regret my inability to disclose the contents of official letters not meant for publication.

(e) I would refer the Honourable Member to my reply to part (d) of his starred question No. 15 asked in this House on 10th February, 1943.

Mr. Lalchand Navalrai: Does the Honourable Member know whether the General Manager has passed orders to say that he would create supernumerary posts?

The Honourable Sir Edward Benthall: The Honourable Member is quoting from an official letter not meant for publication.

Mr. Lalchand Navalrai: I am asking whether it is a fact or not that the General Manager wanted that supernumerary posts should be created?

The Honourable Sir Edward Benthall: Sir, as the question arises out of the official letter which is of a confidential nature and as the Honourable Member has, I suspect, come into possession of it by unauthorised means. Sir, I do not propose to answer that question.

Mr. Lalchand Navalrai: I am asking a particular question apart from any letter or anything. I am asking did or did not the General Manager want that there should be supernumerary posts?

The Honourable Sir Edward Benthall: I have nothing to add.

UNSTARRED QUESTION AND ANSWER.

INCREASED RATES TO RAILWAY LABOUR CONTRACTORS.

60. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether any increase has been allowed over the tendered and accepted rates to railway labour contractors in goods sheds, locomotive sheds, etc., on the North Western Railway to compensate them for the increased cost of living? If so, what the percentage of such increase is?

(b) How does the increase allowed to railway contractors compare with the dearness allowance paid to railway workers?

(c) If the railwaymen are paid lesser compensation for the rise in the cost of living as compared with the compensation allowed to the railway contractors, is it proposed to give further relief to railway workers? If not, why not?

The Honourable Sir Edward Benthall: (a) Increases amounting to 50 per cent. over the rates in force prior to 1st January, 1942, have been granted to goods handling contractors on the North Western Railway. At certain locomotive sheds coal handling contractors have been granted increases ranging from 25 per cent. to 50 per cent.

(b) For the class of labour employed by contractors, the railway rates of Dearness Allowance in general compare favourably with the increases granted to contractors.

(c) Does not arise.

MOTION FOR ADJOURNMENT.

SITUATION CREATED BY THE APPOINTMENT OF THE BROOME COMMISSION IN DURBAN.

Mr. President (The Honourable Sir Abdur Rahim): I have received notice of a motion for adjournment from Mr. Deshmukh. He wishes to discuss a definite matter of urgent public importance, namely, the situation created by the Broome Commission set up to investigate in the acquisition of sites owned by Indians in the so-called predominantly Europeans areas in the Municipal area of Durban. Has the Government Member anything to say?

Mr. A. V. Pai (Government of India: Nominated Official): Sir, I have received this notice just this morning. I submit that no useful purpose will be served by a debate on this motion now, because Government have no information to give on this matter except what they have seen in the newspapers this morning. The Honourable Member spoke to me about this matter yesterday and I have taken most urgent steps to obtain information. If the Honourable Member would put a short notice question I am prepared to accept it and give him the information as soon as I receive it. I submit, Sir, there is no sufficient reason to adjourn the business of the Assembly.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): May I request that this motion itself be treated as a short notice question and a statement may be made in reply thereto as early as possible. Last year, some lands were expropriated on the excuse that they were slums and this time, they are acquiring lands from the most sanitary and civilised area, where are the Indians to live?

Mr. President (The Honourable Sir Abdur Rahim): Order, order. Why cannot the Honourable Member put down a short notice question? It is no use discussing a matter like this when the Government is not in possession of any information: except what has appeared in the newspapers.

Mr. Govind V. Deshmukh: This motion itself may be treated as a short notice question.

Mr. President (The Honourable Sir Abdur Rahim): No, that cannot be done. The Honourable Member must put down a question in proper form.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now take up the Finance Bill; clause by clause. Clause 2.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I move: "That clause 2 of the Bill be omitted and consequential amendments be made in the Bill."

Sir, when I move this amendment to the Finance Bill it looks like one which was being moved year after year in the past. In those years when refusal of supplies failed and the Bill was considered clause by clause, this amendment generally came in, in a sense as a part of refusal of supplies. It was then refusal of supplies in another form. But this year, I will make it clear in the very beginning that there is no intention on my part of any refusal of supplies. I may give a little explanation on this particular point. I believe that when war is on and war efforts are to be supported there is no question of refusal of supplies. I do not belong to those who, in season and out of season, imitate certain traditional ways ineffectively and without any thought of adjustment to the present circumstances. There is also another way of looking at the thing, and that may be generally described as the Muslim League way.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Why drag in the Muslim League?

Pandit Nilakantha Das: I am not dragging the Muslim League. I am not dragging any other body or section of people, but I simply want to make it clear that I put this amendment for the consideration of the Government for I feel surprised and rather sorry that at a time like this the Honourable the Finance Member could not visualise that a free salt would go a great way to help in war efforts. It is the time when besides the war in several fronts, the greatest calamity is the problem of food. If we successfully tide over this calamity of food shortage, practically we should have won more than half the war. If war continues and food shortage becomes acute, we do not know, even though we have large arms and victory is in all the fronts, things may collapse at home. So, at a time like this any money that may be secured by taxation should primarily come from direct taxation. We must tax people directly either by income-tax or excess profits tax or by enforced investment and such like. That is the proper way to tax people particularly at this time. Indirect tax is very bad at a time like this. The budget discloses a deficit of 60 crores, at the same time we are told that we do not mind these deficits. We can borrow, for we have large balances either here or elsewhere, whether in the form of gold or not and if the war is won, all those balances will be surely available. When they will be available in bad times like the present we may incur debts. Then again, there is a deficit of 60 crores. The Finance Member proposes to meet only about 10 to 15 crores by indirect taxation. Practically the rest of the money is to be borrowed. I do not think that there is any sense in not borrowing a few odd crores more and give this relief to the poor which has been eternally demanded for one reason or another. This free salt is the demand of Indian nationalists and in 1931, there was the Gandhi-Irwin pact regarding salt. Of course, unfortunately under the very shadow of the Gandhi-Irwin pact, the tax was increased by four annas first, then again by five annas surcharge. Now it is Rs. 1-9-0, per maund, I believe. That is an unfortunate fact about the matter. That is only a way of doing things under an atmosphere created to

pacify the people. That is not good.

But whatever be the history of this tax, I am sure repeal of this tax at the present moment will go a long way to help in the food situation. I do not know if my Honourable friends know how poor people use only a pinch of salt with their staple dish. They do not sometimes get *dal* or any other supplementary dish for their rice, gram, *chattu* or *roti*. I have seen people mixing their rice with water and taking it with a pinch of salt and one or two red pepper. I do not know whether my Honourable friend the Finance Member can ever believe that such a life is ever lived anywhere in this world. But it is a fact in India. Day in and day out, throughout many months of the year our people use only a pinch of salt and red pepper with rice. People in other parts of India do the same thing with, what they call, *chattu*—fried gram or wheat made into powder. They mix *chattu* with water and take that with a pinch of salt and red pepper. I have also very often seen in this part of the country people by the road-side taking their *roti* with salt and pepper. In spite of your "Grow More Food" campaign, our people are not getting enough vegetables and *dal*. Government should somehow see to it that they are provided with rice or wheat, and then this pinch of salt will be very useful to them.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has said that several times; he need not go on repeating.

Pandit Nilakantha Das: Then, Sir, I come to another use to which this salt is put and at this time it is very essential. Salt is useful for cattle. The agriculturist wants it for milk as well as for ploughing the field. If they do not get enough salt to give to their cattle, the ploughing will practically be half done and milk will not be available in expected quantities. Again, it is used as manure for plants like coconut. The coconut plant does not bear fruit unless you give salt. You have some provision for supplying salt for commercial use in curing fish—I do not know whether people ever get it actually free—but I have not heard whether any provision of salt is made for manuring and for feeding cattle. If you want money by indirect taxation, I find you have imposed a tax on tobacco and on Vanaspati. Of course amendments will be moved but generally, I think, people who are using high class cigarettes and cigars should pay some tax. About Vanaspati, though I am not an expert

Mr. President (The Honourable Sir Abdur Rahim): That is not before the House at present. The Honourable Member's amendment relates to salt, not to Vanaspati.

Pandit Nilakantha Das: I am saying that if the Government want more money they should tax those who smoke high class cigarettes, and about Vanaspati

Mr. President (The Honourable Sir Abdur Rahim): We have not reached the question of Vanaspati yet.

Pandit Nilakantha Das: If that is the attitude of the Chair, I move.

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

"That clause 2 of the Bill be omitted and consequential amendments be made in the Bill."

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Mulhanmadan Rural): Sir, I rise to support the motion moved by my Honourable friend on grounds of broad public policy and welfare of the masses, and I beg of the Treasury Benches to seriously consider the submissions that I am making. I am assuring them that my support is not being given simply for repeating a stereotyped amendment every year, but in the vital interest of those people whose welfare should be nearest to our heart today. My point is that in addition to the usual reasons which we are giving from year to year that salt tax is iniquitous because it is a taxation on an article of food, there are other reasons which have supervened in the course of the war and have become cumulatively more eloquent than they were. That the major portion of the taxation of the Government of India, directly or indirectly, is coming from the poor middle-class and the lower middle-class and my Honourable friend will

[Mr. Jamnadas M. Mehta.]

remember that either the Percy Committee or the Niemeyer Report distinctly says that India is a country in which the rich man escapes taxation.

The Honourable Sir Jeremy Raisman (Finance Member): It is not so true now as it was then.

Mr. Jamnadas M. Mehta: It is as true, even more true, now. You cannot avoid that simply by *obiter dictum*. The fact is that the pockets of the rich are bulging with money. They do not know what to do with it.

Mr. Lalchand Navalrai (Sind Non-Muhammadan Rural): Don't you remember dacoities?

Mr. Jamnadas M. Mehta: No, I don't. You must be right because your association is so close to the Hurs. I am a mere peaceful man and my neighbours are also more peaceful.

These Reports said that the taxation in this country is more on the poor than on the rich, and today it is even more because the large mass of people have suffered more by the rise in prices than benefited by any rise in their income. Therefore on net accounting the huge masses of people in this country are in a worse position, whatever the Finance Member might say. If arithmetic is any guide, they must be feeling much worse economically than they ever were. In view of the additional taxation which you are imposing on them and the fabulously heavy cost of living, which is now having its cumulative effect after three years, this amendment of my Honourable friend is the most opportune, the most humane and the most helpful for the well-being and contentment of the people. If this amendment is accepted, India will resound with the gratitude of the poor towards the Government. Their troubles will virtually come to an end, and for the first time an indication will have been given that the Government of India, in the midst of this war, have not forgotten the poor. And why should they hesitate? There is no reason to hesitate either. There are not one or two but many more alternatives for the Government of India to fall back upon in order to accept the amendment of my Honourable friend, Pandit Nilakantha Das. The first is, as everybody has told them, you are just exercising your borrowing powers for meeting the deficits of the budget during war time. In fact, in the current year an appreciably large sum is being borrowed to meet a budget deficit; in the budget year also a large amount is being borrowed. But if you could borrow 94 crores in one year, what is this 9 crores which is the burden on the poor? Therefore, borrowing is the royal road during the war for him to bring some happiness, some little relief to the poor, and for getting over his budget deficits. If he does not want to resort to borrowing, there are other ways, and one is to tax the rich with E.P.T. to a larger extent than he has done. He knows, he ought to know, that all these huge incomes to which he refers to day after day, month after month, and week after week, in his great admonitions about the needs of sterilizing the purchasing power, he knows that the purchasing power is not being sterilized among the rich where it is increasing by leaps and bounds every day. The purchasing power is increasing not in the hands of those masses but in the hands of 5 per cent. of the population whom he very rightly stigmatized yesterday as anti-social. Go there. You will find not 7 crores, but 14 crores: not 14 crores but 21 crores. Therefore the second alternative, which my Honourable friend has, is to tax those whose pockets can bear it and whose incomes are to-day so steeply rising, and even if that tax is above 66 per cent. it will not be out of place. If he is not still content, I can ask him—of course I do say that not with confidence but still with a fair amount of justification—this. My Honourable friend knows that before 1935 when the Reserve Bank of India was constituted, there was a metallic reserve of nearly Rs. 100 crores in the

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is really going into things which are not relevant to this motion.

Mr. Jamnadas M. Mehta: Will you kindly hear my view. I am going to show that there is something there. I will limit myself only to that portion.

Mr. President (The Honourable Sir Abdur Rahim): He had an opportunity to show that when the motion for consideration was discussed.

Mr. Jamnadas M. Mehta: I beg your pardon. This point was not touched on by anybody.

Mr. President (The Honourable Sir Abdur Rahim): On that occasion it would have been more relevant.

Mr. Jamnadas M. Mehta: This is an alternative source.

Mr. President (The Honourable Sir Abdur Rahim): There can be no end to alternative sources. You must confine yourself to this motion. The Honourable Member can say this salt tax is not justified. He cannot go into all sorts of other possible sources at this stage.

Mr. Jamnadas M. Mehta: If you bear with me, it won't last for two minutes, and it will be a most constructive suggestion. If after two minutes you find I am simply amplifying, I shall be the first to carry out your wishes with the greatest reverence. But I am saying something in favour of the poor.

Mr. President (The Honourable Sir Abdur Rahim): It is not relevant at this stage.

Mr. Jamnadas M. Mehta: But will you hear me?

Mr. President (The Honourable Sir Abdur Rahim): I think the Honourable Member should accept the ruling. This is not the first time that it has been laid down that such discussions are not relevant at this stage.

Mr. Jamnadas M. Mehta: I am powerless in the face of your ruling.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not make any reflection on the ruling of the Chair.

Mr. Jamnadas M. Mehta: I will not go on.

Mr. President (The Honourable Sir Abdur Rahim): I have given my ruling.

Mr. Jamnadas M. Mehta: I was just saying that if, he will refer to page 87, he will find that he has 100 clauses to investigate whether they are . . .

The Honourable Sir Jeremy Raisman: Page 87 of which?

Mr. Jamnadas M. Mehta: Of the Currency Report, 1935.

Mr. President (The Honourable Sir Abdur Rahim): Sir Jeremy Raisman.

The Honourable Sir Jeremy Raisman: Sir, in rising to oppose this amendment, there are one or two matters which I should like to emphasize. In the first place it will of course be obvious that the acceptance of this amendment would mean a reduction of something approximating Rs. 10 crores and would seriously increase our deficit.

Pandit Nilakantha Das: Rs. 8-34 crores net.

The Honourable Sir Jeremy Raisman: But I will not confine myself to that financial point although it is a very formidable matter. My argument would rather be this. Whatever may be said about the merits in normal times of a salt tax—and it has been argued with some force that it is the supreme example of a regressive tax, and one which therefore falls more heavily on the poor than on the rich—I would submit that during the difficulties of war time finance, we must at least be prepared to accept the continuance of some disadvantages which already exist in normal times. I am not saying that in the conditions of India it would ever be possible to dispense with sources of revenue of this kind. My Honourable friend, Mr. Jamnadas Mehta, is well aware that India represents a pyramid which is very very broad at the base and which has a very small apex; and however much you may go in for the pastime of soaking the rich or taxing the fat cigar . . .

Mr. Jamnadas M. Mehta: Is it a pastime to tax the rich too? I am very sorry to hear it.

The Honourable Sir Jeremy Raisman: I was referring somewhat lightly or semi-humourously to that activity, but my point is that however much you may base your system of taxation on levying heavy taxation upon those who are fortunate enough to be at the small apex of your large pyramid, you will never be able to found a system of finance on the basis that nobody else should make

[Sir Jeremy Raisman.]

a contribution. That is the general position. I can quite understand that my Honourable friend might not agree with me, but it is the justification and probably the only justification for a tax of this kind; but in my opinion it is a powerful justification. But I would draw attention rather to the circumstances of the present time. In addition to the extreme importance of mobilising all our sources of revenue, there is the fact that at the present time the burden of a tax fixed in terms of money like this one, a tax which is not *ad valorem* but a fixed amount, is far less than it was in normal times. It has after all to be viewed in relation to current levels of, say, agricultural prices and also to current wage levels; and I claim that at the present moment the incidence of this tax on the poor and on the lower middle classes is less than it was before the war. For that reason, I think the amendment is peculiarly ill-timed. My Honourable friend, Mr. Jamnadas Mehta, put forward the argument that the burden of taxation during the war has been thrown more heavily on the poor than on the rich. I would draw his attention to the figures which are given on page 25 of the Explanatory Memorandum—analysis of the tax revenue of the Central Government. In the last year before the war, in 1939-40, indirect taxation, that is to say, customs and central excises and salt altogether provided something like 62 crores, out of a total tax revenue of about 80 crores of rupees: those were the indirect taxes which fall so largely, I admit, on the poorer and lower middle classes. The direct taxation in that year only yielded something less than 17 crores of rupees. Now, in 1943-44, which is the year for which we are now making provision by this Finance Bill, the position is entirely different. Out of a total tax revenue there shown of about 156 crores, you will find that some 90 crores are direct taxation, and I am not sure whether that is before taking into account the additional direct taxation which we propose to levy. In other words, the rough position is that whereas previously only about a fifth of our total tax revenue was derived from direct taxes, in the present scheme of things something like two-thirds is derived from direct taxation.

Pandit Nilakantha Das: What is it in England?

Mr. Jamnadas M. Mehta: May I submit that on this page the figures are not as you say? Show me the income-tax separately and the rest is all borne by the poor.

The Honourable Sir Jeremy Raisman: I am afraid I cannot go into details on the matter. I am prepared to claim and to prove that direct taxation is essentially taxation of the rich and not of the poor. It may be that other causes are at work which make it difficult to avoid exploitation of the poor by the rich; but it still remains a fact that direct taxation is a tax of the rich and not of the poor.

Pandit Nilakantha Das: May I know the proportion in England today between direct and indirect taxes? Is it not more than 50 per cent. direct?

The Honourable Sir Jeremy Raisman: I cannot at this moment produce the exact figures; but I think that my Honourable friend will find that indirect taxation plays quite a large part even in the budget of the United Kingdom and that it probably accounts, I should say, for at least 30 or 40 per cent. of the total revenue even at the present time when direct taxation has been raised to such enormously high levels in the United Kingdom. The structure of our tax revenue at the present time is far more justifiable from the point of view which my Honourable friend, Mr. Jamnadas Mehta, represents than has ever been the case before, as far as I am aware, in our history. There never has been a time when taxation has been directed so predominantly to the classes who can bear it than at the present time, and that is due to the deliberate policy which has been pursued of placing the burden of war time taxation as far as possible on the shoulders of the classes which are able to bear it.

Mr. Jamnadas M. Mehta: Your intention is not carried out in fact.

The Honourable Sir Jeremy Raisman: There is only one other aspect of the matter on which I would say one or two words, and that is the difficulties of supply to which I think the Mover of this amendment referred. Those difficulties do not concern the level of the tax. It is true that they have led at times to very unfortunate rises of prices; and the Government of India view that with concern and have given attention to the matter, and they have every intention of preventing as far as possible those difficulties from arising and of ensuring the maintenance of a supply of salt at reasonable prices as far as is in their power, but I do not think that the removal of this small tax, which is a very small tax in relation to present day conditions, would contribute anything appreciable to the solution of that problem; and I regret that I cannot agree that it could be hailed as a remarkable event. Sir, I oppose the amendment.

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

"That clause 2 of the Bill be omitted and consequential amendments be made in the Bill."

The motion was negatived.

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

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 and 4 were added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): Clause 5.

Sir John Sheehy (Government of India: Nominated Official): Sir, I beg to move:

"That the proviso to sub-clause (5) of clause 5 of the Bill be omitted."

This proviso and the other one of which I am proposing the deletion were included in this Bill by inadvertence.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): So, Government officers are also sometimes inadvertent!

Mr. Jamnadas M. Mehta: More often and not sometimes.

Sir John Sheehy: In this House we have an opportunity of correcting any

12 Noon. mistakes, and that is why I am taking advantage of the opportunity. The proviso is in last year's Finance Act, and the necessity for it there arose from two facts. First, the fact that the previous year's rates were applied to income from salaries, securities and dividends, and secondly, the fact that the previous year's rates of tax for incomes between Rs. 1,500 and 2,000 were nil. Consequently, when we introduced last year the tax and deposit scheme in respect of lower incomes we had to exclude incomes for these sources. Now, the position this year is entirely different because there was a tax on these lower incomes last year under the 1942 Finance Act. Therefore, the proviso should be deleted. Sir, I move.

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

"That the proviso to sub-clause (5) of the Bill be omitted."

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): I am glad that there is a confession on the part of the Government to-day that there is sometimes inadvertence on their part. If a Member of the Assembly gives notice, by some slip, of 18 questions instead of five questions, there can be no inadvertence.

Dr. P. N. Banerjee: Unpardonable!

Mr. Muhammad Azhar Ali: Yes, it is unpardonable. But the Government will take advantage of the inadvertence on the part of any Member of the House and raise a hue and cry; not only that, but the Leader of the House will come here with a very scathing criticism of the Members of this august Assembly. We have come to that position now. It is high time for Government to reconsider and at least admit that the mistake, if committed, was pardonable, and that it should not have been made so much fuss of as to deserve a scathing criticism.

Dr. P. N. Banerjee: To err is human.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not speaking to the amendment.

Mr. Muhammad Azhar Ali: There is this amendment. I do not want to oppose this amendment, but there is a sort of lacuna in the income-tax rules and the Act about the qualifications prescribed by the Central Board of Revenue for purposes of sub-clause (b) and sub-clause (c) of clause 4 of sub-section (2) of section 61 of the Indian Income-tax Act.

Sir John Sheehy: Sir, this is not relevant to the amendment.

Mr. President (The Honourable Sir Abdur Rahim): I could not follow the Honourable Member.

Mr. Muhammad Azhar Ali: It is only a sort of lacuna that I want to put before the House which will be to his interest and it is not in the interest of anybody else. It is to the interest of Government that I put this forward before the House.

Syed Ghulam Bhik Nairang (East Punjab: Muhammadan): He will confess to another inadvertence!

Mr. Muhammad Azhar Ali: I think it may amount to inadvertence in future, if not to-day. Under the rules a degree in economics is recognised as evidence of adequate

Sir John Sheehy: Sir, the Honourable Member is talking about the qualifications of income-tax practitioners.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not deal with questions that do not arise.

Mr. Muhammad Azhar Ali: It is about qualifications of people under the Income-tax Act and Rules

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must speak on the amendment.

Mr. Muhammad Azhar Ali: If I am ruled out, I have no alternative but to sit down.

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

"That the proviso to sub-clause (5) of clause 5 of the Bill be omitted."

The motion was adopted.

Sir John Sheehy: Sir, I beg to move:

"That the proviso to sub-clause (5) of clause 5 of the Bill be omitted."

This proviso was also in last year's Finance Act and it was necessary there in order to deny to incomes from salaries, securities and dividends which were taxed at the lower rates of the previous year the benefit of the funding scheme which was meant for incomes taxed at the higher rates of 1942-43. The proviso should now be obviously deleted because incomes from the sources in question have been or will be taxed at the 1942-43 rates in respect of which the funding scheme was introduced. Sir, I move.

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

"That the proviso, to sub-clause (5) of clause 5 of the Bill be omitted."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): Schedule I.

Mr. Amarendra Nath Chattohadhyaya (Burdwan Division: Non-Muhammadan Rural): Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head 'Letters' for the words 'One anna' the words 'Half an anna' be substituted."

Sir, I fully realise the unreality about this Finance Bill. We cannot alter one comma or semi-colon as it comes from the hands of the Finance Member's Department. We have to take it as it comes. All our pleading, all our advocacy for the poor can do nothing. We have been taxed in all matter and nothing can prevent the Honourable the Finance Member from taxing on from year to year. Still we have to discharge our duty towards our people, and as a consequence I again plead before him the case of the poorer people. The postal

department is a very progressive and income-producing department and it should not be allowed to go on making income further by taxing all letters but leave the matter as it was in the last year. We already pay $1\frac{1}{2}$ annas on letters of one tola and less. We had been paying one anna before, but now we are paying $1\frac{1}{2}$ annas. For every tola above one tola it was half an anna but now we are being asked to pay another half an anna extra. I do not see why this department should levy a tax on letters simply for the sake of getting something out of it. Government have got many items to be taxed yet, without taxing the poorer people and the middle class people. The middle class people at present are feeling the pinch of the high prices of food. They cannot make their both ends meet. At the same time, they cannot give up writing letters and using the Postal Department for their correspondence. The Honourable the Finance Member, if he pays any heed to public opinion, will see the advisability of not imposing this small tax. Although it seems very small, really it pinches mostly on the middle class people and the middle class people cannot afford to be taxed any further. I do not want to waste the time of the House by further dilating on this small matter and I leave the whole thing entirely to the judgment of the Honourable the Finance Member and I appeal to him not to impose this tax.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head 'Letters' for the words 'One anna' the words 'Half an anna' be substituted."

Mr. Lalchand Navalrai: Sir, the last speaker left it to the judgment of the Honourable the Finance Member but that judgment has been formed long ago and the only thing that now remains at this stage is to appeal to him to be open to conviction and revise his judgment. If he is not in that mood and is adamant, then of course there will be no use speaking at length on this motion but I will point out one or two reasons to him. He is raising the tax over one tola to one anna. That means six pies or half an anna more.

The Honourable Sir Jeremy Raisman: For the second tola.

Mr. Lalchand Navalrai: For the first tola it is the same and we are paying it even now. With regard to that, I see that he is causing more loss to the Government, because now people write on thick papers and when the weight goes over one tola

The Honourable Sir Jeremy Raisman: We want them to use less paper.

Mr. Lalchand Navalrai: But what they will do now is to write on very thin paper. (*An Honourable Member:* "That will save paper.") That is true but they say they have got much paper. The other day the Honourable the Labour Member said that there was no question of shortage of paper. What does the Government do? They have been writing on thick papers and thick letters. There are two disadvantages. One is that people will begin to write on thin paper and they will put many letters in one envelope and that will mean loss to the Government, whereas Government themselves will use thick papers. They shall have to pay more. Who will suffer? Again the public. Therefore these two disadvantages should be considered by the Honourable the Finance Member. The Honourable the Finance Member wants pice from every corner and from every direction. That is not a good policy, especially in these days. He has got so much surplus in this department and why squeeze out this money from the people.

I therefore support this amendment.

Dr. P. N. Banerjee: In supporting this amendment, I should like to ask the Honourable the Finance Member whether he regards the Department of Posts and Telegraphs as a public utility department or as a commercial department. Their description of this department has not always been consistent. Whenever it suits their purpose to describe it as a public utility department, they do so, and whenever it suits their purpose to describe it as a commercial department, they describe it as such. Now, we want a definite answer from the Finance Department as to what the real description of this department should be. If we look at the question from the point of view of public utility, is it desirable

[Dr. P. N. Banerjea.]

that the department which is yielding so much revenue to Government should be further burdened? Is it desirable that the department which is intended to serve the public should instead of serving the public place a further burden on the public? If it is looked at as a commercial department, you find that this department has earned large dividends for the Government for several years past, and is it desirable to kill the goose that lays the golden eggs? Therefore, looked at from either point of view, I maintain that it is undesirable that further additions should be made to the postage rates under the provisions of the Finance Bill. I would ask the Honourable the Finance Member to revise his opinion with regard to taxation measures and as a very small amount of money will be obtained from this source, I would ask him to give it up.

Sir Gurunath Bewoor (Secretary, Posts and Air Department): Sir, I rise to oppose this amendment and in doing so I shall deal with the argument which was put forward by Dr. Banerjea. He referred to the previous announcement regarding the policy of the Government on the working of this department and he accused the Government of using the policy that suits them best at different times. Now, Sir, Government have stated in the past that the Indian Posts and Telegraphs Department is a commercial department. That is perfectly true but the circumstances that have changed are not those which are within the control of Government.

Dr. P. N. Banerjea: And the character of the department has also changed.

Sir Gurunath Bewoor: The question was very clearly dealt with by the Honourable the Finance Member when for the first time in December 1940, rates were raised and I think, Sir, it would be useful to state to the House what the Honourable Member said on that occasion: This is what the Finance Member said:

"The provisions relating to the increase in postal rates are of a simple and self-explanatory character. It is, of course, the case that in normal times our policy in regard to postage rates has been to produce a state of affairs over a sufficient period of time in which this public service results neither in a profit nor in a loss. And it is true that the present proposed increase is, in effect, a proposal to use the Posts and Telegraphs as a vehicle for an indirect tax. But I think that action of that kind is defensible in certain circumstances and that the present emergency is one which justifies the levy of an indirect tax of this character."

That is the reply to Dr. Banerjea. Nobody regrets more than Government that the war is going on and is costing more and more and therefore the Posts and Telegraphs Department is being utilised in order to earn more revenue to meet the war expenditure. Mr. Lalchand Navalrai says that the action of the Government would result in a loss and he therefore wanted this amendment to be accepted. Now, Sir, Government would not have brought forward this addition to the rate if they were not more or less confident that it would involve a substantial addition to revenue. Our own estimate is that the additional revenue would be of the order of 75 lakhs. Mr. Lalchand Navalrai thought that there would be a loss to Government because people would use thinner paper. The answer to this was already given. If people use less paper, it would be all to the good. Apart from that, our statistics show that 70 per cent. of the letters which are posted are within the first tola. Therefore, the increased rate is only going to affect 30 per cent. of the letters and they would be mostly from Government Departments, business houses and perhaps from lovers who write very heavy letters.

Dr. P. N. Banerjea: So, it is a tax on love!

Sir Gurunath Bewoor: The lovers will have to control in war time their exuberance. Mr. Lalchand Navalrai further stated that Government will have to pay more postage and therefore they will lose, but if the Honourable Member had referred to the announcement made by the Honourable the Finance Member in his Budget speech, he would have seen that in the year 1943-44 the whole of the surplus which is estimated at about 836 lakhs would go as a contribution

to general revenues. Therefore, Government, as a whole, is not losing by giving something to the Posts and Telegraphs Department.

Now, Sir, Mr. Chattopadhyaya referred to the Department as being very prosperous and therefore it should be left alone. All I can say is that the prosperity of the Posts and Telegraphs Department in war time is to a large extent, like that of the Railways, somewhat illusory and no one can possibly say that such prosperity is likely to continue after the war. The justification of the present increase in rate is that Government is in need of revenue and in proposing this increase Government have taken care to see that the poor man or the ordinary middle class man is not affected. The Honourable House will take note that the post-card rate has not been touched even though there have been four years of war. I oppose the amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head 'Letters' for the words 'One anna' the words 'Half an anna' be substituted."

The motion was negatived.

Mr. Lalchand Navalrai: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head 'Parcels' for the words 'Six annas' the words 'Four annas' be substituted."

Sir, the present rate is four annas and it is going to be increased by two annas. I cannot understand why the Government does not say in a straightforward and honest manner that they want war tax to be levied. Instead of saying that they want money for the war, they go about in a round about manner and ask for an indirect tax which, they say, they will use for war purposes only. Now, Sir, the Posts and Telegraphs Department is already rich and prosperous and there is no reason for any increase in postal rates. That is one ground. The second ground is that the people will now send lesser number of parcels than they had been doing up till now. Therefore, the very purpose for which this tax is being increased will be frustrated. Furthermore, I submit that the Posts and Telegraphs Department has already increased the burden on the people because of the additional tax on telephones and telegrams and so forth. Therefore, there is no need that in small things like parcels also any impediments of this nature should be put in. Then, Sir, greater use of these parcels is made by the commercial community and I do not think the commercial community should be discouraged in any way from doing their business in times of war. From that point also I submit that there should be no insistence upon this tax on parcels.

Sir, I move.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head 'Parcels' for the words 'Six annas' the words 'Four annas' be substituted."

Sir Gurunath Bewoor: Sir, the rate on parcels has been increased for the first unit of 40 tolas. The estimated additional revenue is of the order of 14 lakhs of rupees. The parcels traffic has been increasing and in the last year it increased by about a million parcels, from about 11 millions to 12 millions. The increase which we are proposing is unlikely to affect the parcel traffic materially. Secondly, the House having accepted the rate on letters, if the amendment now proposed by Mr. Lalchand Navalrai is accepted, there would be a further loss of 36 lakhs of rupees, because if the 4 anna rate is kept, it would be advantageous to a member of the public to post all letters weighing more than 3 tolas at the parcel rate. The total loss of revenue, if the amendment is accepted, would be of the order of 50 lakhs of rupees. Sir, it is obvious that Government cannot accept a loss of revenue of this magnitude which they have estimated for the next year. I oppose the amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head 'Parcels' for the words 'Six annas' the words 'Four annas' be substituted."

The motion was negatived.

Schedule I was added to the Bill.

Schedule II was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Jeremy Raisman: Sir, I move that the Bill, as amended, be passed.

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

"That the Bill, as amended, be passed."

The motion was adopted.

THE TOBACCO (EXCISE DUTY) BILL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That the Bill to provide for the imposition and collection of excise duties on tobacco be taken into consideration."

Whatever divergence of opinion may exist as to the merits of tobacco as an article of human consumption, there must surely be general unanimity as to its suitability for taxation; and indeed this has long been recognised in almost every other civilised country in the world. India annually consumes a thousand million pounds of tobacco and British India's share of this gigantic total is 850 million pounds. As I explained in my Budget speech, the feasibility of drawing upon this obviously fruitful source of revenue has many times been investigated during the last eighty years; but the difficulties arising out of the wide dispersion of the cultivation and manufacture of tobacco in India and the fact that it was until recently a provincial revenue head have hitherto been found insuperable.

An argument in favour of a tobacco excise in India which has acquired increasing force during the last two decades is that the existence of a high import duty on tobacco, unbalanced by a countervailing excise, involves inequality in the taxation of the same article as between different classes. From the revenue aspect also, such a position is obviously unstable and therefore unsatisfactory and there are clear signs that the inevitable tendency for indigenous tax-free tobacco to replace revenue-bearing imports is active and increasing. The cultivation of better quality tobacco in India has steadily expanded in recent years and the improvement already achieved is evidenced by the fact that the export of unmanufactured tobacco, which in 1922-23 amounted to 21 millions lbs. had in 1940-41 risen to 54 million lbs. excluding 16 million lbs. sent to Burma. There has similarly been a notable increase in the use of Indian-grown tobacco in the manufacture of cigarettes made in India and it is manifest that the customs revenue from imported cigarettes and unmanufactured tobacco must in time undergo a substantial decline and may ultimately disappear. For these reasons, and because of the urgent need for new sources of revenue, and since, moreover, duties of excise on tobacco are now specifically included in the central legislative list and the Government of India has in recent years built up its own machinery for the collection of central excise duties, it was decided to examine the problem afresh. Much valuable information regarding the cultivation and distribution of tobacco was compiled during an agricultural marketing survey conducted a few years ago and in the light of this knowledge, supplemented by investigations carried out by central excise officers, the whole subject has been carefully and thoroughly re-explored by the Central Board of Revenue during the past ten months.

The framing of an all-India tobacco excise system is extremely difficult, because, while there are certain areas of special concentration, tobacco is grown in innumerable scattered plots in every province and because the number of persons engaged in its distribution and sale and into its manufacture into the

several forms in which it is sold in this country is very large. Production and distribution are, moreover, wholly unorganised, and a further and considerable difficulty is that a great deal of the tobacco consumed in India is not manufactured at all but is very roughly cured by the grower and is sold in this semi-natural state. Various alternative methods of taxation have been examined in the past and all have been rejected as being, for one reason and another, impracticable or impolitic. Those chiefly discussed were:

- (1) the taxing of cultivation;
- (2) a Government monopoly of production and manufacture;
- (3) the levy of licence fees on sale; and
- (4) an excise on manufacture.

Each of these methods has certain superficial attractions but their advantages and disadvantages have been exhaustively discussed by a series of our ablest administrators and I need say no more here than that the objections which were held to disqualify them from adoption in the past are still valid and irresistible. Our task has been to devise a system to which these objections would not apply.

Now it is self-evident that the internal taxation of tobacco, if it is to be satisfactory, must be comprehensive, if only because consumption would otherwise be merely diverted from one form of tobacco to another, a consequence which would not only vex the consumer and disorganise the trade but would severely limit the level at which the duty could be pitched. Again, an impost which is essentially a consumer's tax ought clearly to be applied when the goods are about to pass into consumption, but so numerous and scattered are the units producing the various forms of tobacco consumed in this country that a comprehensive taxation at the stage of manufacture would be impracticable; and such taxation would in any case leave untouched the large quantity of tobacco which is retailed to the consumer in the form of cured leaf. It would be a simple matter to tax cigarettes at the factory and a fairly large section of the biri manufacture could similarly be brought under tax, but cigarettes and biris combined represent only a very small proportion of the total consumption of tobacco in India and it is from the consumption of the cruder products and raw material that revenue results at all commensurate with the population of India could be obtained. The total quantity of Indian leaf used in the manufacture of cigarettes, cigars, cheroots and biris is less than a quarter of that used for chewing, hookah-smoking and snuff; but probably the greater part of the biris and cheroots, and even some of the cigarettes, are made in small premises which would be very difficult to bring under effective excise control, and these agencies would undoubtedly multiply if factory production alone were taxed, so that it is doubtful whether a tax on this group of tobacco products would touch more than 10 per cent. of the total crop. As a matter of equity also, if tobacco is to be excised, all consumers and all forms of tobacco should as far as possible be made to share the burden. It follows, therefore, that if the excise is to be productive and equitable, it must be directed to the cured leaf and must be levied at the stage of wholesale purchase. An excise system on these lines has now been devised and has been incorporated in the Bill which is now before the House. The provisions of the Bill conform generally to the pattern of existing Central Excises Acts and need little explanation. All persons engaged in the production, sale, storage and manufacture of cured tobacco are required to be licensed, but no licence is needed for its cultivation. Where, as, for example, in Bombay and Madras, wholesale trade in tobacco is now taxed by Provincial Governments, we are negotiating for the withdrawal of the present taxation measures, subject to reasonable compensation.

The rules were published on the 1st March and are clear and self-explanatory and I need not therefore burden the House with more than a brief account of the system. The basic principle on which it proceeds is that the tax should be charged on the raw tobacco but that its levy and collection should be postponed until the tobacco is about to go into use and provision is accordingly made for

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official supervision and control of the commodity from the stage of its production until it is finally marketed. In framing the system regard has been paid to the practical conditions of the industry with a view to reducing the inconvenience to a minimum and to ensuring that official operations fit in with the requirements of the trade. If the curer or the purchaser so desires, the duty may be paid immediately the tobacco has been cured and made fit for sale, but for the general convenience of the trade and in particular to allow remission of duty to be claimed in respect of losses incurred during storage and of refuse, tobacco unsuitable for manufacture and in order also to postpone payment until the tax can be transmitted to the consumer with the least possible delay, the wholesale dealer is permitted to warehouse his goods under bond and to pay the duty when they are ultimately despatched to the manufacturer or retail dealer; and in order to facilitate the disposal of tobacco, the ultimate market for which is situated at a considerable distance from the original place of production, provision is made for transport under bond from one warehouse to another. Abatement of duty will be allowed in respect of evaporation during storage of waste due to handling within the warehouse, and of refuse such as butts and stems, provided that this is destroyed in the presence of an excise officer or that satisfactory proof is given that it is to be utilised for manure or some other agricultural purpose; and full refund of duty will be allowed in respect of all tobacco exported from India by sea. The rules relating to warehousing operations are generally akin to similar provisions in the Sea Customs Act which have operated satisfactorily over many years and should, therefore, present no difficulty to merchants.

Numerous difficulties will doubtless be encountered in the operation of the system and it may have, from time to time, and perhaps in particular areas, to be altered in certain details of its working; but while some of the difficulties may be formidable we do not regard them as insuperable; and we were satisfied that, given close supervision and careful governance, which we have arranged to provide, the system can be made an efficient fiscal instrument which will impose no check on production nor be burdensome to the trade.

On the other hand, it is clear that the operation of the excise cannot fail to have certain incidental consequences advantageous to the cultivator and that it can be accompanied by measures designed to bring substantial benefit to both the producer and the consumer. Thus the necessity for weighing the tobacco for excise purposes means that weighment will have to be made by standard weights instead of "the numerous and often incomprehensible system of weights" which were noticed during the marketing survey conducted a few years ago and which obviously "provide much scope for exploiting illiterate producers and stand in the way of the development of trade and market news service". Excise control over wholesale transactions will also tend to discourage other malpractices found during the survey and to reduce the market charges, which are described as being "scandalously high"; and even a small percentage of improvement in price returns owing to better marketing would clearly entail a considerable addition to the cash income of producers. The Agricultural Marketing Adviser emphasised that quality is "the most outstanding factor of importance in the marketing of tobacco" and expressed the opinion that "if the general level of quality is to be raised and maintained it can only be done by organised direction and control". The excise machinery now being set up will enable the Provincial Governments to secure more direct control over the quality of tobacco produced in their Provinces and to ensure that curing barns and redrying plants handle only leaf of approved types and of a quality suitable for the purpose for which it is intended; and steps can similarly be taken to put a stop to the grosser forms of adulteration to which hookah, chewing and biri tobaccos are now subjected. By these means the quality of Indian tobacco and of various products made therefrom can be materially improved

and a wider market for Indian tobacco both in this country and abroad can thereby be ensured.

In order to distribute the burden as fairly as possible between the different classes of consumers and to recognise in some measure the greater element of luxury in the more expensive forms of smoking, the tax has been graded according to the purpose to which the leaf is to be applied; and for the sake of convenience a separate duty will be levied on certain manufactured products in addition to the tax on the leaf of which such products are made. The general effect will be to increase retail prices of all forms of tobacco by about 20 per cent which is in keeping with the general rate of tax on consumption goods and will not entail a serious handicap for the consumer; and the ordinary and medium qualities, which form the bulk of the consumption, will still be sufficiently cheap to place the luxury within reach of the poorer classes of the community.

Where the cultivation takes place over such a wide area and often in tiny plots, correct statistics of production are difficult to procure; and there is also a good deal of fluctuation from year to year. We have not, moreover, been able to ascertain precisely how much tobacco is retained by the cultivator for his own personal use or that of his dependents; and some variation is also to be expected in the quantities passing into the various forms of manufacture. Not merely are there changes in the area of tobacco cultivated each year, the yield varies also according to the neighbourhood, to the skill and assiduity of the individual farmer, and to the particular season; and there is similarly some variation in the quantities of tobacco which, because of unfavourable weather or flaws in curing, become unfit for consumption or which cannot for other reasons find a purchaser. It is impossible therefore to calculate with any degree of precision the total revenue likely to be derived from the excise duty, but taking all these factors into account, so far as we are able, we have estimated that the yield will amount to Rs. 10.5 crores.

In the course of our investigation of this problem we have been impressed by the possibilities of developing the cultivation of tobacco. India is even now one of the greatest producers of tobacco in the world and experience has shown that she can produce high quality cigarette tobacco. Other producing countries, such as America, Southern Rhodesia, South Africa, Greece and Nyasaland have taken special measures to improve their cultivation and marketing, and similar measures in India should substantially benefit both the producer and the consumer. Thus the grower now obtains only a comparatively small share of the consumer's or manufacturer's price; and there is ample scope for extending both internal and external trade in high quality leaf. Better prices can be secured for the growers by economies in distribution, by the production of high quality tobacco, by establishing regulated and open markets in the main producing areas, by the reduction and regulation of market charges and by the adoption of uniform standard quality grades. Through the enterprise of a private company, considerable progress has been made in developing the cultivation of cigarette tobacco in certain areas and the acreage and yield of virginia leaf in and around the district of Guntur in the Province of Madras increased from 80 acres and 42,000 lbs. in 1928 to 126,000 acres and 55 million lbs. in 1941, while during the same period the number of flue-curing barns rose from 2 to nearly 8,000. This development has greatly benefited the local people and similar results might be achieved in other parts of the country. If, as would appear, good quality cigarette tobacco could be grown in Bengal, Bihar, the United Provinces, the Punjab and Bombay, India ought to be able to expand her exports of this variety, which, though they have undergone a remarkable increase in recent years, still amount to less than four per cent. of her total annual crop. Indian tobacco has latterly been assuming increasing importance in the English market and no less than two-fifths of the unmanufactured tobacco imported into Britain from Empire countries in 1941 was Indian. The internal market for this tobacco also seems likely to expand considerably. The

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Indian Taxation Enquiry Committee found in 1924 that there had even then been a considerable development of the manufacture of cheap cigarettes in India and they estimated the production at that time at between 4,000 and 4,500 million cigarettes a year. The present production amounts to over 10,000 millions and a further and still greater increase in the future is likely in view of the growing popularity of the cigarette, which is evident here as in other countries, and of the fact that India formerly supplied the major portion of Burma's demand for cigarettes and may expect to do so again before very long. An innovation which would greatly advantage the tobacco grower is a markets-news service. Since much of India's tobacco is purchased on the growers' holdings, prices are bound to vary considerably from one area to the other; and the grower on the whole is liable to get the worst of the bargain. Another beneficial reform would be the establishment of markets in the producing centres where growers could bring their tobacco for sale and be able to compare the prices offered for their produce with those paid for other lots. Such markets would also enable buyers to obtain their supplies quickly and would in themselves help to educate the grower in producing and curing his tobacco in the right way. The introduction of standard grades in the chief areas of production, would help to establish a market reputation for particular varieties of tobacco and thereby improve the demand and enhance selling prices; and the adoption of standards in regard to quality, moisture content and packing would also minimise the sorting and resorting which now takes place at almost every stage and is an outstanding feature of the trade. Finally, there is room for substantial improvement in the yield and quality of the tobacco used for biris, hookah, chewing and snuff; and much might be done to improve both these and other kinds of tobacco, by arranging a supply of reliable seeds. This is only a very brief outline of the improvements which might be brought about, given the co-operation of producers, merchants and manufacturers; but I can assure the House that much careful study has already been devoted to the subject by the Agricultural Marketing staff and, as I have already stated, we are allotting an annual grant of rupees ten lakhs from the proceeds of the excise duty for the purpose of financing measures designed to bring about such improvement. Sir, I move.

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

"That the Bill to provide for the imposition and collection of excise duties on tobacco be taken into consideration."

Mr. T. T. Krishnamachari (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Sir, would it be in order to raise a point of order?

Mr. President (The Honourable Sir Abdur Rahim): What is the point of order?

Mr. T. T. Krishnamachari: I wish to raise a point of order that this motion before the House in connection with the levy of a tax on tobacco is *ultra vires*.

Mr. President (The Honourable Sir Abdur Rahim): I have already given considered ruling on a previous occasion that the question whether a legislative proposal is *ultra vires* or not cannot be decided by the Chair on a point of order.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadian Rural): Sir, with your permission, I move that this Bill be referred to a Select Committee.

Mr. President (The Honourable Sir Abdur Rahim): Is there an amendment to that effect?

Mr. Jamnadas M. Mehta: I have not put in an amendment.

Mr. President (The Honourable Sir Abdur Rahim): Then the Honourable member cannot move it.

Mr. Jamnadas M. Mehta: Then I wish to make my submissions.

Mr. President (The Honourable Sir Abdur Rahim): Of course, the Honourable Member can speak on the motion before the House.

Mr. Jamnadas M. Mehta: Sir, I do not want to oppose it because with the large part of it I am in agreement. The Honourable the Finance Member gave us a very illuminating statement and I am sure the abysmal ignorance of the public will to some extent be enlightened as a result thereof. But if he thinks that the public know all this or even one-hundredth part of all this, he is too optimistic. His exposition of the case is very commendable but is somewhat too late.

The Honourable Sir Jeremy Raisman: Purely descriptive.

Mr. Jamnadas M. Mehta: But so far as I am concerned, he is preaching the converted. With a large part of the measure I am in agreement. I remember, Sir, when about seven years ago I was in Europe, all Governments controlled the carrying of cigarettes and cigars, and the taxation measures taken by all the Governments on the Continent and in England were so severe that nothing corresponding to it exists in this country. An ordinary cigar for a poor man like me in England used to cost one shilling, and it was the poorest. Therefore, I am not saying that the tobacco for the cigarwalas and cigarettewalas in this country should not be taxed. Tax it as much as you like . . .

Mr. M. Ghasuddin (Punjab: Landholders): Not "as much as he likes".

Mr. Jamnadas M. Mehta: As he is a sensible man he will not go beyond a certain limit. When you say "as much as he likes", he has to use his own discretion; he will only go to the point that is discreet. There I give him credit for a great deal of commonsense and high degree of judgment which you don't seem to share with him. When I say "tax the cigarwalas and cigarettewalas as much as you like", it means use your discretion and whatever you think the "traffic will bear". The prospects of great improvement in the quality of tobacco and expanding of the market and improvement of the seed and the benefit to India both internally and in the foreign market, while very inviting prospects they are, so far as the present Bill is concerned are not particularly relevant and finally, the promise of ten lakhs for the benefit of the tobacco grower is on a level with tactics similarly adopted in the past by Government when they wanted to force an obnoxious measure, i.e., to offer a small bribe. I do not say this is a bribe, but when they wanted to pass the ratio of 1:6 they bought the North-West Frontier Province vote by giving them 300 schools. They said, if you want 300 schools pass this measure, otherwise there is not a single school in the North-West Frontier Province, and the Nawabs and other members of the family said "very well", but really speaking their pocket suffered a big hole as they afterwards found out. So I am not tempted by these ten lakhs unless on merits. You really satisfy the House that so far as the agriculturist and the consumer of the lower quality of tobacco and biriwalas are concerned, you are doing any good either to you, or to the agriculturist or to him, I can support the whole Bill.

First of all, I will point out three or four points of importance to the Honourable Member: He should avoid any extra burden on the grower of the tobacco or extra harassment to him as a result of the strict rules which I am sure the Government will promulgate and enforce. And remember, the agriculturist, who grows the tobacco, is still an illiterate man. The first thing that the Honourable the Finance Member should do is to leave alone the agriculturist. Therefore I suggest to him not to include

1 P.M. the agriculturist in the word "curer". He is not a curer in the true sense of the term, and it will create a great deal of harassment and the tyranny of petty officials. If this poor man, under the guise that he is a curer is subjected to all the rigours of the Act and its rules, it will be a very serious hardship for him. Therefore, subject to the price of the quality of the tobacco he grows, exempt the agriculturist from the definition of the word "curer". Then you will be doing a real justice to the men who need your sympathy and support. Therefore, I say that the "curer" definition should apply to the purchaser from the agriculturist and not to the

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agriculturist himself. The second thing which I wish to impress upon him is that the tax is in inverse ratio to the quality of the tobacco. One should have thought that the quality of the tobacco which is superior will cost more.

The Honourable Sir Jeremy Raisman: So it is.

Mr. Jamnadas M. Mehta: Last year the price of the lowest kind of tobacco was Rs. 4 and of the highest kind Rs. 24 according to my information. The people who have come in deputation to Delhi to enlighten the Members of the House on the pros and cons of the Bill have published a statement that the highest price of the lowest kind of tobacco last year was Rs. 4 and the highest price of the best kind of tobacco was Rs. 24. This year, according to them, it is Rs. 8 for the lowest kind and Rs. 50 for the highest kind of tobacco. And yet the Bill imposes on all tobacco a flat duty of six annas per pound, that means Rs. 30-12-0 per Bengali maund, the result being that the lowest kind of tobacco whose market price is Rs. 8 will be subject to a tax of Rs. 30-12-0. I think that is most unreasonable that the quality of tobacco at Rs. 50 will also be subject to Rs. 30-12-0. This, to my mind, is extremely unreasonable.

The Honourable Sir Jeremy Raisman: On the lowest quality of tobacco it is one anna in the schedule and not six.

Mr. Jamnadas M. Mehta: Even then, if my Honourable friend will compare the incidence of taxation on the lowest quality of the tobacco which ought to be treated far more softly, he will find that that is greater than the incidence of taxation on the highest quality.

The Honourable Sir Jeremy Raisman: You have to take the incidence on the cost of the product to the consumer.

Mr. Jamnadas M. Mehta: I am coming to that. The consumer is also the person who deserves yours and my sympathy.

Then there is a technical kind of tobacco, which is really not the genuine tobacco, but which grows within a few months after true tobacco has been already harvested. That is the stump, and it is mixed with the better kind of tobacco and used for marketing tobacco to the poor. If this stump tobacco, as I may call it, is taxed at the same level it will go out of the market and the position of the poorest will be worse affected. I, therefore, want that this should be carefully investigated, I understand that the people who are employed to pluck from these stumps—the remnant of the real tobacco, if there is any—are of the Harijan class, and the poorest of the poor who make a living out of it during the season, and if you tax this tobacco also at the same high level this tobacco will go out of the market and these poor people will lose their employment.

There is one more point which I wish to make. It is true that under the present schedule the cigar tobacco is taxed at two annas a pound and the biri tobacco taxed at six. Even if it is one anna, just see what a heavy incidence it is! These are what I understand the grievances of those to whom this Bill will directly apply. But once you impose the taxation, the consumers will also come within its orbit, and they are among the poorest of the poor. I do not want to cover the same ground covered on the general discussion of the Budget, but a few observations will not be out of place when this Bill is finally going through the Legislature. I may tell my Honourable friend that I have the experience of the jungle tribes in Thana and Colaba districts. They have for a house barely a thatched hovel. For furniture they have children. Cash they never see the colour of except when land revenue is to be paid. They cannot even use kerosene or matches. But these millions of people are accustomed to have the leaf from the trees which grow in the jungle for their biri, and out of their miserable income they buy some tobacco. Matches they don't use. There is a kind of stone called flint that they use. Well, they know how to light these biris from flint. I know these men by their hundreds and thousands, because it was my duty for years to go and

work amongst them, and still I have not lost contact with them, and sometimes when I have not a match-box they have lighted my cigars in the jungle of the Thana district. Therefore, I know them and I beg of you to exclude these consumers of the lowest kind of tobacco from your Bill. Your attempt to improve the quality of tobacco will remain unaffected: your right to tax the cigarettewallahs and the cigarwallahs will remain unaffected. I think the mass of the people of this country will have no objection. People who indulge in luxury must pay for it, particularly during the war. They have no right to indulge in luxury at the expense of the general citizen and taxpayer. Therefore, I beg of the Honourable Member to shape his Bill according to the following two points: the necessity of revenue and also the absolute need to tax luxury. But do distinguish between the two. I am your man for the purpose of taxing the rich man. Be my man for exempting the poor.

Mr. T. T. Krishnamachari: Mr. President, I oppose the Bill moved by my Honourable friend the Finance Member. There are two matters of principle connected with this . . .

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member speak up?

Mr. T. T. Krishnamachari: There are two matters of principle connected with this Bill which I would like to place before the House. One is whether it is right for the Government of India to encroach on the limited finances of the Provincial Governments? The second is that the Bill, as it is framed at present, is going to impinge on the agricultural economy of the provinces in such a manner as to affect that economy seriously. I wanted to refer to the second point when I got up a few minutes ago. I am not convinced that, in the manner in which this tax is sought to be levied, it is going to be easy from the administrative point of view. I have experience of similar legislation in my own province, and I wish to tell this House that the people who have framed this type of tax legislation in the provinces or who have attempted to do it, have been doing it under a system of trial and error. I would like to impress upon the Government that the way in which it is sought to control the grower—Mr. Jamnadas Mehta mentioned that the grower need not be included in the definition of curer. I do not think it is quite exact—the only mention of the grower within the body of the Bill is in section 14, sub-clause (6), and in the rules that hang around that particular sub-clause. What I object to most in this Bill is the manner of interference contemplated with the liberties of the grower who will be subjected to severe restrictions; he will have to say what acreage he proposes to put under tobacco cultivation.

The Honourable Sir Jeremy Raisman: No.

Mr. Jamnadas M. Mehta: Because he will have to be his own curer.

Mr. T. T. Krishnamachari: That is merely a matter of difference in understanding the word—the grower is brought in under clause 14 (6)—and the relative rules hang around it. I foresee that the ordinary agriculturist without equipment and education will not come forward to grow tobacco under such conditions, at any rate, in the initial stages until he finds that it is profitable to grow tobacco; at any rate, not the small agriculturist. It is no going to help the growing of tobacco so far as the small agriculturist is concerned. The Central Government seeks to impose restrictions in a manner which will not be understandable to the small grower. I feel that the working of it from the point of view of the scheme of licensing the grower is all wrong. If the Government really want to impose this tax, the only way to do it is to administer it in much the same way as the salt tax. Let the Government come forward and purchase all the tobacco in the open market, take it over and warehouse it as soon as it is harvested. There is no use trying to impose restrictions on the agriculturist in order to avoid taking this step and that is where the real conflict comes in. Agriculture is the primary concern of the Provinces and the Central Government is coming in to interfere not merely in regard to this tax; but also perhaps on account of any

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subsequent excise duties they may impose—where then is the question of liberty of action in the field of agriculture so far as the Provinces are concerned? I have some experience of how Provinces are administered and how difficult it is for them to find revenues, how difficult it is for them to re-order their agricultural economy; and any interference at this stage, the formative stage, with the relationship between the Provinces and the Centre and with the liberties of the Provinces in a matter so vitally concerning their agricultural economy, is, I think, a very serious matter, and that is one of the principal reasons why I oppose the Bill.

So far as the rate of taxation is concerned, it is a matter which will have to be considered at the time when the clauses of the Bill are taken into consideration; my friend, Mr. Jamnadas Mehta, pointed out how the taxation does not fall exactly in the same manner on every type of tobacco; But before I go further I would ask, is there not a possibility of Government's revising their method of collecting this tax? I say that the Bill before us is a bald one: the rules that are going to be made will really indicate how the tax is to be collected, how much hardship it will impose on the people, how its repercussions are going to be felt; and the mere consideration of the Bill without consideration of the draft rules will not lead us anywhere. If the Government can give us an assurance that they would examine the question of how it affects the cultivator before actually embarking on taxation, then it may make the position better. But it does not do away with the vital objection to this Bill that it impinges on the provincial resources.

There is another matter that I would like to say here.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can resume his speech after lunch.

I ought to bring to the notice of the House that a number of amendments have been handed in by Mr. Jamnadas Mehta and some other Members after the House commenced this Bill today. Those amendments cannot be possibly moved because the office have not even had time to circulate them to the Members. The amendments, therefore, will not be in order.

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

The Assembly reassembled after Lunch at Half Past Two of the Clock. Mr. Jamnadas M. Mehta (one of the Panel of Chairmen) in the Chair.

Mr. T. T. Krishnamachari: Mr. Chairman, before the House adjourned for lunch, I mentioned two points which entitled this House to go deeper into the consideration of this Bill. The one thing is that this Bill seeks to impinge on the area of provincial taxation, the only source left to the Provinces of enlarging their income, and the second thing is that it seeks to affect the grower, the agriculturist, an interest which is primarily of provincial concern into which the Central Government is not called upon to enter.

Sir, there is another point which I wanted to raise, and it could not be raised in the form in which I wanted but I think this House is entitled to know that a legislation which has been brought before this House is perfect in all its contents. I do feel, Sir, that I am called upon to tell this House that there are certain provisions in this Bill that are not strictly legal. It is no doubt true that the position as to the legality or otherwise has got to be decided elsewhere, but it is a valid point that so far as the House is concerned, in giving its verdict, it has the right to know whether a particular legislation that is brought before it is perfectly valid in all its contents, especially with regard to the position of the grower who forms an important and integral part of the legislation before the House. I would like Honourable Members of this House not to be misguided by reason of the fact that this Bill in its present form hardly mentions the grower except in one place, that is, in section 14 (6). But the grower will appear to be a fairly important part in regard to the operation of

this tax if the rules are read. Sir, as this seems to have caused a tremendous amount of misgiving in certain minds, I submit this should have been investigated at length, and I would crave for the indulgence of the House and its permission to dilate on a point which, though not of immediate interest, is however, ultimately of paramount interest. It is not right for any Government to make its subjects resort to court of law in order to establish their rights, if it is possible for the Government to avoid it. I say, Sir, that the Government of India today have not investigated this position whether this Bill is perfectly legal in all its contents. Sir, I feel that it is not right for the Government of India to seek to regulate or in any manner interfere with the process of agriculture in this country since List I of Schedule VII of the Government of India Act expressly excludes agriculture from the purview of the Federal Government who are supposed to be the successors of this Government.

Mr. Chairman (Mr. Jamnadas M. Mehta): Does the Honourable Member challenge the ruling which the Chair gave this morning?

Mr. T. T. Krishnamachari: No, Sir. I bow to the ruling of the Chair. I am mentioning that the Government of India should have investigated this position.

The Honourable Sir Jeremy Raisman: I have done so.

Mr. Chairman (Mr. Jamnadas M. Mehta): That is concluded by the ruling of the Chair. The Honourable Member is precluded from raising the point again.

Mr. T. T. Krishnamachari: I bow to the ruling of the Chair, Sir. But the position of the agriculturist is sought to be interfered with by the rules. I am simply asking whether the Government of India have gone fully into this question, how it is going to affect the agriculturist; how it is going to make it impossible for him to grow tobacco under the conditions imposed by the rules, how it is impossible for the small grower to comply with the demands made by these rules. Bureaucratic omniscience is a well known phenomenon in this country, bureaucrats sitting in their room under electric fan can produce a blue print for every activity of human beings. But are these blue prints going to be as perfect when they are put into operation?

Sir, before the House rose for lunch, I mentioned that some Provinces have investigated this position of tobacco tax. With the experience I have of the investigations made in Madras, I am in a position to say that nobody seemed to know exactly what the incidence of this tax will be or the effect of this tax will be on the industry or for the matter of that what the income from it will be, how much it will affect people engaged in the task of growing tobacco. In fact, there is a similar Act in operation in Madras with regard to tobacco. But even there—I have been a participant in the passing of the Act—we found there was much difficulty felt in its operation and in spite of the fact that we had local knowledge we could not definitely say what was right and what was wrong. In fact, the rules framed under the Act had to be altered a number of times since the Act was passed.

Here are the rules framed under section 14. This calls for a complete blue print, absolutely perfect and if anybody sits in a room and reads it, he will say that the Government of India has a complete and correct grasp of the problem that the Government of India will be able to collect every pie due to it and that there would be no difficulty at all in the administration of the tax. But if the Government of India really investigated the position of the grower, they would have found that the grower will not be able to fill in all the prescribed forms. There are about 35 forms which are needed for the administration of this Act. Any man who grows tobacco has to fill about four or five forms, he has to declare how many acres of tobacco he is growing, any man who grows tobacco has to fill up another form under Rule 11—form T. E. B. 1, the first form is T. B. He has to keep a log book, where he has to enter how many acres he has sown, how many acres he has planted, what quantity

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of tobacco seedings he purchased from other growers. He has to maintain a record of the varieties of tobacco which he is planting, he has got to maintain a record of when he is going to harvest it, he has got to maintain a record of the actual weight of the produce harvested and so on and so forth. Well, Sir, all the people are not educated in this country. You know, Sir, that the agriculturist in this country is generally an uneducated person. How are the Government of India going to implement all these rules? Are they going to undertake a process of educating the agriculturist? Surely, Sir, any person who stays in Delhi, in the South Block or the North Block of the Imperial Secretariat, can easily produce a blue print. But who is going to actually work it out? Sir, I say that these rules reveal a colossal ignorance on the part of the framers of the Bill of the agricultural economy of the country, it betrays total ignorance of the competency or otherwise of the agriculturist and still the bureaucrats may rush in where angels fear to tread. But if you exclude the grower from the purview of this Act, you are on fairly safe ground. But whether you are able to collect the tax or not, whether trade suffers or not from one point of view or other, are all different questions. But why go to the primary producer. That is my main objection. But I do say Sir, that this process of getting at the producer and make him fill up various forms, 1, 2, 3, 4 and so on is simply un-understandable. The agriculturist has got to fill up a form where he is transporting tobacco after harvest, whether before or after selling it and all these various forms to be filled are a source of harassment in the life of the ordinary villager. Even if a man has one acre or half an acre of tobacco, he has to conform to many of these rules. My primary objection to this Bill is the restrictions contemplated under the rules so far as the grower is concerned. I do say that it would be impossible for the grower to fulfill any of the expectations that the framers of the Bill have in their mind that he should fulfill.

Sir, I should like to ask if before this Act was brought before the Legislature, any of the Provincial Governments were consulted. Of course, the position of the Provincial Governments, at any rate as regards a majority of them, is not what it used to be. If popular Governments were in functioning in all the Provinces, I am sure there would have been a howl of protest. Even as it is today, if the Government of India had consulted the Provincial Governments, they would have got some picture about how the people will be affected. Did any of the Provincial Governments say that the grower can be brought within the framework of this Bill. That is an information which is vital to enable this House to come to a correct decision and give its approval or disapproval of this Bill. So far as Madras is concerned, I, as a taxpayer of that Province should like to know how the Government of India are going to work this Act along with the Madras Act. What is the nature of the compensation that is going to be given to Madras in the event of the Madras Act being repealed? It is fortunate or unfortunate as the case may be according to the parties affected that those who bring forward this Bill have not got to seek the franchise of the people. If any person in power has to face an election after passing this Bill, I doubt very much whether he would get a single vote from the agricultural population in tobacco growing areas. I am sure the bureaucracy is not hampered by any such idea, and they will proceed with the Bill. From my experience in Madras with regard to an innocuous Bill as compared to this which does not contemplate as much harassment as this Bill, it produced repercussions in Madras which would have had its own story to tell, if there had been elections in Madras after the passing of the tobacco Act. The Government fully know that the people can never enforce their opinion on them because the Government do not have to seek the franchise of the people. The need for examining a Bill like this which vitally affects the primary producer and which affects the welfare of the producer is, therefore, all the greater. I should like to ask the Government if within their experience there had been another

excise Bill which had sought to interfere with the agriculturist in such a way as this Bill will interfere with the agriculturist. Looking at the various excise Bills passed by this House and by its predecessors, I cannot see any Bill which has had such a wide scope so far as it affects the internal economy of the people of the country as this Bill.

Sir, I do feel that apart from the question of rate of taxation which in itself as was mentioned by you, Sir, when you were speaking from the floor of the House, the Bill itself needs drastic revision. The rate of taxation is not fair. It is unfair to those people who manufacture biris. That is a matter which has to be gone into. There are two amendments tabled relating to this question and I think the rate of taxation can be gone into at that time.

What I should like to say at this stage is this, whether by alteration of the definition of the word 'curer' or by elimination that particular clause in section 14 the grower should be eliminated from the scope of this Bill. It is not my duty to suggest amendments for the efficient working of this Bill. It is for the Government to find out suitable amendments. I do say that if the grower is eliminated, you can buy all the tobacco that he grows by all means. You can have a system of private or public warehouses. I do not feel called upon to make any suggestions for improvement so far as a money Bill is concerned. I am not a participant in the power which the Government of India exercises. I do not feel that in this House I shall be called upon to make any suggestion how more monies can be collected by the Government. I would simply protest against your including this particular types of people, the growers and subject him to all the harassment contemplated under the draft rules. They cannot fill up all the forms. Whoever happens to be the author of this Bill I challenge him to fill up these forms intelligibly at the first attempt. What is the use of your multiplying all these forms. What the Honourable Member in charge of the Labour Department said the other day with regard to the question of economising stationery has an important bearing on this question. He made some pertinent remarks. Is this question of filling up 35 forms an attempt at economising stationery? Are you going to undertake a process of educating the agriculturists to fill these forms? It is absolutely fantastic, that is the mildest word that I can imagine for characterising this attempt on the part of the Government to make the grower fill up all these forms and subject him to such harassment in the bargain, the whole thing resulting in acute suffering to the grower. The people of the country are totally alien to this organisation which is sought to be set up by the Government. The Government of India themselves do not know what their requirements are. This Bill is going to inaugurate a species of harassment which will ultimately drive out the small grower from this field of activity. As a man who comes from a Province where the Act to tax tobacco is already in operation, I say that the Government should first of all eliminate the grower. They would lose nothing by it. There must be various other ways by which the Government can get money from tobacco. They can purchase and store tobacco, Government can enter the trade if they like, but whether trading interests will object or not, that is a different matter. I plead for the agriculturist. I plead for the man that grows tobacco. He may grow it on one land this year, grow the same on another land next year. There are places in southern India where this thing happens, where tobacco is grown on one land in one year and on another land in another year and he grows vegetable or cereals on the land on which he had previously grown tobacco. To ask him to fill up these forms is a harassment to him and is highly objectionable. I would urge upon the Government that so far as this particular portion of the Act is concerned, it should be amended. There was a motion for circulation. Call it circulation, call it postponement, call it amendment, let it be by any means, I plead for the elimination of the grower from the operation of this Act. I do not think that the Act can be worked as it is, and none of us can go back to our Provinces and justify our conduct to our constituencies if

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an Act like that is placed on the Statute Book. I earnestly plead that the position of the grower under this Bill must be reconsidered by the Government.

Mr. Hooseinbhoj A. Lalljee (Bombay Central Division: Muhammadan Rural): I cannot object to the duty being put on the use of tobacco in the shape of cigarettes or cigars. In fact, as you pointed out, in most of the countries there is a heavy duty put on the tobacco. Not only that, but our Provincial Governments and all local bodies have also taxed the use of tobacco. When conceding this principle you have also to consider very seriously the condition of the masses of poor people who use biris, and with regard to that, I say that conditions in this country are quite different from those existing outside India where this tax has been found to be a right tax to be levied. I remember very well what a huge campaign was directed against prohibition in my presidency. A large number of officials, a large number of enlightened people, even the sympathisers of labour, some of them, said that in the condition in which labour was in India, they should have something by which they could have a little enjoyable time or a time when they could forget their miseries. They said that therefore to stop a little drinking of toddy a light drink was cruelty to a great extent. Prohibition so far as labouring classes in Bombay are concerned does exist. I admit it has not been felt very much, but still I would say that in those areas where prohibition is prevalent, there is a lot of under-dealing, or what I may say, manufacturing liquor here and there

The Honourable Sir Jeremy Raisman: Illicit distillation.

Mr. Hooseinbhoj A. Lalljee: I did not want to mention it purposely. It is going on, and Government has not been successful in stopping it because poor people even would like to have that drink. If liquor which is much more costly, which is much more injurious than biri cannot be stopped from the poor man, because of the peculiar circumstances I have stated, it is almost impossible to believe that a little biri or a hookah could be kept away from those poor people who are said to be—and rightly too—living on only one square meal a day. If that is the position, what a great burden would it be on those poor people, and would we be justified in taxing their little luxury or a little smoke which they indulge in to forget their miseries. Often when he is very much tired in the evening, it is a welcome thing, and we ought to consider that aspect of the case more seriously than we have done. We want money and I concede that so far as the use of tobacco is concerned many people are of opinion that it should be taxed. In fact, my Honourable friend, Sardar Sant Singh, has welcomed it, and probably his influence in the Cabinet or on the Treasury Benches may have had something to do with the taxation of tobacco. They do not want it; it is prohibited to them. But a large number of people do need it and need it very badly. My appeal to Government is, take their case into consideration very seriously. We must admit that we have not been able to do anything for improving the condition of the mass of people who are the users of biri. In this state of affairs I do not think it is fair that we should tax them.

I find a provision has been made with regard to tobacco that will be imported. That is quite right, but I would ask the Honourable the Finance Member not to treat excise duty as a tax which should be equivalent to import tax or import tax must be equivalent to excise tax. Imports into this country must be judged on their own merits. At present I do not think we have large imports, but when you are going to tax the poorest people, not in this country, but probably throughout the world, then the importation of good tobacco into this country and duty on manufactured imported tobacco must be much more

The Honourable Sir Jeremy Raisman: It is.

Mr. Hooseinbhoj A. Lalljee: Because I do not find it here.

The Honourable Sir Jeremy Raisman: The customs duty on imported tobacco is very much higher than anything mentioned in this Bill.

Mr. Hoosainbhoy A. Lalljee: I am very glad. Another point which I should ask the Government to consider—and that has also been made by my friend from Madras—is this. I do not know how the grower can ever keep a record or any return. You have been telling us, everybody is crying hoarse that the poor agriculturist does not know even the amount of borrowing that he makes. The other day Sir Muhammad Yamin Khan said that people take his thumb impression and mark any amount. Huge numbers of these people do not know writing, they cannot afford to spend any cash. In fact, I have seen that they cannot afford to pay even a quarter of an anna to people who would write a postcard for them to be sent to their relatives. From that class of people, you want a return! Surely, Sir, I know that the Government, when their attention has been drawn to the subject, will exempt the growers from making any returns and when I make that appeal I also want to make one other appeal and that is this. It is high time that we should have marketing arrangements all over the country, if you really wish to do something for the agriculturists and here is a commodity from which you want to get a large sum. It is your first essential duty to get from the growers, either yourself or through an agent these quantities at a fair market price and then distribute it to others. It will remove all chance of the thing going underground at times. At the same time, it will also improve the condition of the agriculturist in that he will not have to put this *tambaku* under bondage for the advance that he receives from the baniyas or, I may say, the Pathans or anybody else. I do not want to be communal in any respect. But you must do something of that kind if you really want to help the agriculturist and if you do not want that they should be harassed and if you do not want that he may pay the duty indirectly by having to pay somebody for preparing the returns. The amount that they will have to pay for this purpose would be as much as this duty. If it is to be provided by somebody else, then I have nothing to say, otherwise you will be taxing the growers. So far as my presidency is concerned, we have a very bad position in this respect. We are the worst in the whole of India in the matter of agricultural conditions. In Deccan, the condition of the agriculturist is the worst. So far as the fragmentation of land, to which my friend, Mr. Jamnadas Mehta referred is concerned, we have been fighting that matter for the last 30 years and we have not been able to do anything. These people were also growing *tambaku* and I ask in all fairness, now that you are going to have large revenues, will you not provide for taking over their *tambaku*. It is a commodity in which if the Government does invest it is not going to lose. They ought to have warehouses. They can even appoint agents, much more so because they are going to have this *tambaku* sold to those people who will cure it and give you a revenue out of it. It is a raw material which the curer must have, which you must preserve to get your excise duty, in like manner you have got the control of salt pans all over India. The removal of salt from the pan is under the Salt Revenue Collector. Nobody can remove a pound of salt from the salt works, even for sampling, without the permission of the Collector. Why all that restriction? That is because of the fact that you have to get 7 to 8 crores of rupees from the salt consumed by these people. If you are going to have *tambaku* in the same manner, have the same supervision. Give the same facilities as you give to the salt manufacturer. Take their salt. See that their salt is sold at a proper rate. See that their salt is not taken away when the prices are likely to go up. See that the salt is not taken away at a lower rate, when the market all over the country is high. I need not say much about salt to the Honourable Members of this House who are connected with the Central Board of Revenue and if they can manage so well with regard to the salt pans which are also cultivation pure and simple, why should not that facility be extended to the growers of *tambaku*. I know it is a fact that often when storms or other unforeseen circumstances happen and when the salt agricul-

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turists are unable to produce the required quantity of salt, even grants are given to them. Government undertake to carry out some of their repair works. If you are going to do that in that manner, then there is no difficulty whatsoever but even with regard to the salt cultivation you have not put on those conditions as you are trying to put on with regard to the *tambaku*, that they should make returns. It is the *karkuns* that the Government have employed in a number of salt works who prepare these returns and not the agriculturists. So, if you are agreeable to that and remove the growers from here, it will be something fair and equitable.

Sir, I am very glad that a rebate of the duty paid will be allowed when it is exported. Finally, when I come to the Schedule, I once again ask the Government to seriously consider the rates. We find that six annas are provided for biris and two annas for cheroot. I am thankful to the Honourable Members who have explained to me that it is two annas to the cheroot, only because when it is manufactured there will be a heavy duty on the cheroot as much. Even then I contend that six annas is a very big sum. It ought to be reduced and in my opinion it would be much better if the rate is put at an average of three annas. It might be, as it is at present six annas in one case and two annas in another. It makes an average of four annas but I would suggest three annas. That will be very easy to work. So far as the *tambaku* that is used in biris is concerned, in some cases it is a better class of *tambaku*. In Madras I am told that poor people take to cheroots which are formed by a biri. However, whatever it may be, I do feel that a uniform rate of two annas or a maximum of three annas may be put if Government desire to do so. I do hope that the Honourable the Finance Member will carefully consider the position of the agriculturist and of the poor biri users.

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division: Non-Muhammadan Rural): Sir, I wonder how at this moment

3 P.M. when people are suffering from want of food this Bill could have been drafted, introduced, discussed and passed in this House. The Bill affects the agriculturists most and the consumers to a large extent. It is a Bill meant for harassing the growers, the poor agriculturists, who are absolutely helpless, being illiterate, to understand the rules which have been framed under clause 14. Under this clause they are required to be cognizant of all the rules which they can hardly understand and which they have never followed. Not only that, this Bill has been very badly drafted. It requires a good deal of amendment and I am sorry that the amendments of which I have given notice cannot be discussed today because the Bill is erebefore under consideration. People in the Mufassil as well as in the towns are getting rather disgusted with the food situation and this tobacco has become a part and parcel of food. It does not give nourishment or nutriment but it has become a habit with people who can ill-afford to give up; they can give up their bread for a day but cannot give up this, their tobacco. This is their habit and habit is second nature.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): It is a bad disease.

Mr. Amarendra Nath Chattopadhyaya: You have tolerated this disease for centuries and consequently you cannot do away with it. It is not a pernicious habit like that of wine or opium or *ganja*. Tobacco has become a natural stimulant. Every Indian home has become habituated to tobacco either as snuff or as biri or as cigar or as hookah. Consequently, when this Bill is going to tax tobacco, it is practically following the same principle which induced Government to tax salt. This Bill should have been sent out for eliciting public opinion but that we have failed to do. This Bill ought to have been examined by a Select Committee of the House. None of us has given any amendment to that effect. We are sorry that we have failed to do our duty. Almost every clause requires amendment in order to free the growers from the evil effects of this Bill. I have given notice of some amendments which I shall

have to deal with later on, but the whole Bill should have been opposed by this House and should be opposed even now but that is not possible. Opposition has no force in this House. Every Bill that the Honourable the Finance Member introduces here on behalf of Government will be passed even if we object to it. Consequently, my only appeal to him is to consider the whole situation. Had this Bill been drafted by an Indian, he would have been called a fifth columnist because he was creating disturbances and discontent throughout the whole agricultural population. In Bengal at the outset they had taken away all the boats from boatmen to create discontent in accordance with the "Denial policy". Similarly, Government are taking away tobacco from the agriculturists, who will be very much handicapped and who will feel the brunt of this tax. I am sure this Bill will create a good deal of disturbance in the villages and in the masses. Sir, I need not dilate upon the objections raised in this House by the previous speakers. My objection to this Bill is that the Honourable the Finance Member should give his best consideration to what we have said and also find out ways and means so that tobacco for biris, tobacco for snuff, tobacco for chewing and tobacco for hookah is not taxed. We appeal to him to give up these taxes and then have the Bill passed.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, if this Bill is passed and if this tax is levied, I am afraid of certain consequences which I want to bring to the notice of this House. Up to this time every edible object has been taxed and I do not want to repeat the names of those articles. Already the Government knows them. But this tobacco was a matter of recreation. Somehow, it has become a matter of habit for the people not only in India but all the world over. The villagers have not taken much notice of what was going on in this House. They were prepared and they have been prepared to pay tax on articles which were bringing them some profit. It has already been said in this House from the Government Benches that the prices of things have risen. Now, this ordinary tobacco is a thing which people in the villages enjoy as a recreation or on the occasion of their Panchayats or on the occasion of their marriage ceremonies. Even in your drawing rooms, even in your leisure hours and in your office, there is none, I think, who has not taken to this habit of smoking to concentrate himself on his work or for recreation.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): There are many exceptions.

Mr. Muhammad Azhar Ali: There are exceptions but even in the case of those exceptions I may say that they do take advantage of some other thing instead of tobacco.

Sir, tobacco was used in India by the poor cultivator to pay high rate of rent which the Zamindars used to exact from their tenants just as was the case with opium. A tenant paid his rent mostly from the yield and out of the income of opium. Tobacco is one of those articles from the income of which the poor tenant pays his rent more easily and quickly. We know that tobacco when it will be taxed like all other edible of the villages, the people in villages, towns and all over the country will know that it is also one of the measures to extract money out of the poor cultivator. This extraction of money, I submit, will not be a commendable object for the Government. Government have taxed salt and every one feels the pinch. If the Government is going to tax this article which was very great source of relieving the poor cultivator for the payment of his rent which is said to be very high in this country, I warn the Government, it will have a very deleterious effect on the minds of the villages of this country. When we know that you could get some money by borrowing or taxing the great mill-owners of this country, then where is the necessity of taxing an article from the yields of which the poor cultivator gets some relief in regard to the payment of his rent, etc. As I do not object to your levying tax as there is a great stringency for money, but is it a fact that you cannot do without this tax?

[Mr. Muhammad Azhar Ali.]

I know you can do without it. You can tax some other articles. You can tax more the mull-owners who are profiteering in cloth at a very high rate. Why tax an article which is very necessary for the poor cultivator. Sir, I warn the Government simply of the most deleterious effects that will be produced by this tax.

Mr. H. Greenfield (Government of India: Nominated Official): Sir, frequent reference has been made by Honourable Members to the difficulty which confronts us in the operation of this excise. The difficulties which beset an excise of this nature are obvious and we have them constantly in mind. I submit, Sir, that this fact is indeed evident from the care and deliberation taken over the preparation of this measure which, as the Honourable the Finance Member has told the House, has occupied ten months. He made particular reference to these difficulties and described them in his speech as being formidable but not insuperable. On this point, I cannot, I think, do better than to quote the words of a former Finance Member, Sir James Wilson, who, speaking on this very subject, in 1860, said:

"Sir, when a Minister in England complains of the difficulty of a task he is not unfrequently told that he occupies his high office for the purpose of overcoming difficulties. Let us accept the same obligation."

Reference has also been made to the dangers which would ensue from interference with the cultivation. We are fully alive to these dangers. It is clearly to our interest to protect the tobacco cultivator from any kind of discouragement and we have every intention of doing this. We have no intention of allowing our goose to be killed. The rules may, at a cursory glance, appear to be complicated, but closer study will reveal that their impact on the individual cultivator will be slight. Control will in fact be exercised mainly at the warehouse and most of the growers will come into contact with excise officials, probably only once or twice a year. The ordinary cultivator is not required to submit returns; he has only to state orally the amount of tobacco he has grown during the previous year and the amount he intends to grow in the following year and these amounts will be taken down by the officer who visits him for that purpose. It has been urged that we should exempt the primary producer from participation in the new system. Our sole purpose in going to the cultivator is to obtain a complete tally of the crop and it is only from the primary producer that we can get such a tally. It has been suggested that instead of the proposed excise system tobacco should be made a Government monopoly. I do not know whether the Honourable Members who suggested this course appreciate that the existence of a monopoly implies complete prohibition of the cultivation of tobacco except in the controlled areas. The Honourable the Finance Member explained in his speech that the feasibility of this and other alternative methods has been considered several times in the course of the last eighty years and that the objections then taken to it are still valid and irresistible.

The suggestion has been made that individual cultivators may be harassed by subordinate excise personnel. We shall take every precaution to guard against this risk and in drawing up the establishment for the administration of the excise we have provided a generous proportion of superior personnel.

The rates of tax have been discussed in relation to the wholesale prices of tobacco but as the Honourable the Finance Member pointed out this is a consumer's tax and the rates must therefore be considered in relation to the retail prices. Special mention has been made of the case of biris and we were informed that biris are sold at from thirteen annas to three rupees a thousand. It is in relation to such prices that the rates of tax must be considered. We have now definite evidence as to what the effect of the tax will be on retail prices. Enquiries which have been made shew that out of eighteen varieties which are sold in the neighbourhood of this city the retail prices of six have not moved at all since the tax was announced; only two have advanced by as much

as 20 per cent.; and, for the rest, the increases in prices vary between eight and 15 per cent.

The suggestion was also made that we should exempt ratoon leaf. I understand that the harvesting of such tobacco is bad farming because ratoon leaves perpetuate diseases of the tobacco plant. It may be, however, that the particular hard case which the Honourable Member had in mind will be sufficiently covered by the fact that only tobacco which is marketed will come under assessment. Moreover, exemption can if necessary be granted in particular cases under sub-clause (xii) of clause 14, under which the Central Government is empowered to exempt any tobacco from the whole or any part of the duty imposed by the Act; and exemption has, in fact, already been granted in respect of tobacco grown for the consumption of the cultivator or members of his household.

As to the rates of duty which have been prescribed in the Schedule, I may point out that a schedule of this nature has to be very carefully balanced and that in framing it a number of varied factors have to be taken into account; and any disturbance of the balance which has been struck may cause dislocation to the trade. As has been pointed out by the Honourable the Finance Member, it has been carefully calculated that these rates of duty will cause an increase in retail prices of not more than 20 per cent.

We were also reminded of the existence of provincial taxation on tobacco in certain parts of India. Negotiations have been opened with Provincial Governments and we hope that these local taxation measures will be withdrawn.

Finally, I should like to assure the House that the rules will be operated with the greatest sympathy and discretion and that the operation of the excise will be subjected to constant supervision which will be of a practical nature and will not be conducted from the seclusion of a fan-cooled office.

Mr. Ananga Mohan Dam (Surma Valley *cum* Shillong: Non-Muhammadan): Mr. Chairman, Sir, I want to draw the attention of the Honourable the Finance Member to the difficulties of agriculturists and request him to exempt them from this taxation. Sir, if you think of the difficulties of the agriculturist, you will find that salt was taxed long ago and the taxation is continuing, matches were taxed and it is continuing, postage was taxed and it is continuing, kerosene was taxed and it is continuing. In fact, we have not been able to give any relief to the poor agriculturist. Not only that, different measures have been introduced to decrease the rate of interest but what has been done for the poor agriculturist? Nothing at all. The result is he does not get money; his financial problem is acute. The Government has not brought forward any measure under which the agriculturist could derive some benefit and which will bring him some money. I also want to draw the attention of Government to jute crop in Bengal and Assam. There the poor agriculturist is getting nothing. Now tobacco is going to be taxed. At present the tobacco used for hookah is selling at Rs. 8 per maund and if the proposed tax of one anna per pound is imposed, the price of hookah tobacco will increase to 14 or 15 rupees. *i.e.*, about 40 per cent. increase. We have not been able to help the agriculturist in any way and now we are trying to take away the little that they get from their sale of tobacco.

Sir, there are so many clauses in this Bill that it is very difficult to understand it properly. Agriculturists, as you know, Sir, are mostly illiterate and do not know anything about this, and, therefore, this Bill will involve them into more and more complications. I, therefore, earnestly request the Finance Member to exempt these poor people and not impose this taxation on them. When there are so many other sources open to the Finance Member of collecting money by taxing other people, I hope this little luxury of the poor people will not be taxed.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, for a long time I was thinking why tobacco is not taxed. Salt is taxed, postcard is

[Pandit Nilakantha Das.]

taxed, kerosene is taxed, matches are taxed, and yet tobacco is not taxed. After all, its turn has come. Sir, I consider tobacco-smoking to be not only a vice but rather an emblem of the conquest by the uncivilized West of the civilized East. When I think of tobacco I curse the day, when Columbus discovered America or when Sir Walter Ralley entered that continent. I do not know who first brought this tobacco to India. I cannot say if the Portuguese ever brought it from South America to India. I do not know if Akbar's long *Aibata* and Hookah contained tobacco. But I am always put in mind of the day when Sir Thomas Roe entered the Court of Jehangir with the present of a dainty leaf of tobacco

The Honourable Sir Jeremy Raisman: I did not know that he was as old as that.

Pandit Nilakantha Das: Sir, I could have no objection when a thing which in my own way I have always considered to be a vice of humanity and not a material food is taxed. I do not think use of tobacco is a luxury. It eats into the very vitals of a person. I know our people chew it like the people of the South America chewing coca leaves with *chuna* (lime) only to kill their hunger. It is not a good thing and so I wanted that it should be taxed, and when this Bill actually came I considered it a very innocent Bill. But there is a clause (No. 14) under which all sorts of rules are to be framed. I did not know the rules had been framed already.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): A copy has been sent to us.

Pandit Nilakantha Das: I got it. But what do I find there? Is it contemplated that this year and next year some crores should be collected as penalty from cultivators and then our people would be prevented from cultivating a crop which means vice. If that is the intention, this Bill is all right. It is said that there is no intention of molesting the agriculturist, but what do we find here? My Honourable friend, Mr. Krishnamachari, took up this question, but he did not read these provisions to the House. They are so very appalling for it is so very cruel to the grower. Sir, rule 5 on page 2 of Tobacco (Excise Duty) Rules, 1943, reads as follows:

"Every grower shall in each year before making use of any land for growing tobacco make a true declaration in Form T. E. 1, in respect of all land upon which the tobacco is to be grown, giving the particulars specified in the Form and stating whether he intends to cure the whole or part of the tobacco when cut and gathered. He shall sign the declaration and deliver it to the proper officer:

Provided that where the grower intends to cultivate less than ten acres of tobacco he may furnish these particulars orally to the officer who visits him for this purpose.

6. Every curer shall in the month of November, each year, when applying for a licence to cure tobacco in the following year, make a true declaration in Form T. A. 1 in respect of every building or place to be used by him for the curing, sorting, grading or storing of tobacco giving the particulars specified in the Form and specifying the purpose for which each such building or place is to be used. He shall sign the declaration and deliver it to the proper officer."

Then, there is provision for inspection. The agriculturist has to tell the man who goes out for inspection whether tobacco is to be grown in less than ten acres, or more. If it is more than ten acres then there is another form.

The Honourable Sir Jeremy Raisman: Does the Honourable Member realize that if it is less than ten acres he does not fill up any form at all?

Pandit Nilakantha Das: Rule 5 says if it is more than 10 acres. Does it not mean less than 10 acres?

Mr. H. Greenfield: Where the grower intends to cultivate less than 10 acres, he may furnish these particulars orally to the officer.

Pandit Nilakantha Das: But the form should be filled up all the same.

The Honourable Sir Jeremy Raisman: No, no.

Pandit Nilakantha Das: He shall enter separately, when it is more than 10 acres, on the day of sowing any tobacco seed or planting any tobacco, the day of the sowing and the variety of the tobacco planted, and if more than one

variety is sown or planted, the area of the land sown or planted with each variety. Then there is a penalty either of Rs. 2,000 or Rs. 1,000 which is provided later on. I have not discriminatingly read it or studied it. When he takes it from one house to another the number of plants of each variety should be recorded, and he shall at least 48 hours before commencing of cutting the tobacco enter the date on which it is intended to commence the operation, and the place or places to which it is intended to remove the tobacco for drying. These are all for agriculturists! I leave the part which relates to the

Mr. H. Greenfield: This provision relates only to those who cultivate more than 10 acres of tobacco, which is a considerable area. Such persons are required to enter these particulars in a book which they retain. No return has to be submitted. The book always remains with the cultivator.

Pandit Nilakantha Das: I see that it is for more than 10 acres, but many of our cultivators of this money crop cultivate more than 10 acres, and especially in the province of my friend, Mr. Krishnamachari. I know it, for it is contiguous to my province. Then "he shall not cancel, obliterate or alter any entry in the book". Those that know our cultivators must realise how difficult all this is. Then comes the question of transport. There are more stringent provisions here. Then there is the penalty if all these provisions are not complied with—either Rs. 1,000 or Rs. 2,000 as has been provided for in the Act itself. So in the course of a year or two you will for all practical purposes make the cultivation of tobacco just like the cultivation of *ganja* or opium. There will be no cultivator without a license. It will then come to this that cultivators will be completely ignored, and licenses will be given only to bigger men, men like those sitting in the Treasury Benches, if not bigger.

Dr. P. N. Banerjea: Do you insinuate that they smoke *ganja*?

Pandit Nilakantha Das: They get a contract for cultivation from Government. I do not object to smoking.

Dr. P. N. Banerjea: Smoking *ganja*?

Pandit Nilakantha Das: Yes. It may ultimately mean relief to the taxpayer. But it will be in effect a licensed cultivation just as in the case of *ganja* and also in the case of opium. Perhaps it has been stopped in the case of opium, for we now purchase only Malwa opium and provision opium has been stopped. So, I do not think this tobacco cultivation will remain the common money crop in the country.

I draw the attention of the Government to this aspect of the question. If they want to make money, it is for their interest I say that they should not put restrictions like these on our ordinary cultivator. They should not throttle this staple money crop all over the country. Jute is not grown in all parts of the country. Cotton is not grown everywhere. But tobacco, if you call it a money crop—for it is not a food crop—is grown everywhere in the country. So, if you do not want to stop it ultimately only after realising for a year or two during the war time your money only by penalties, then please for India's sake revise your rules. I have intrinsically no objection to a tax on high class tobacco, and perhaps none of my friends will have any objection for high class tobacco, and you may by compromise go some distance to meet the case of low class tobacco and its consumers. Personally, I do not consider it a food. It is a useless luxury and a vice. When that will come to be considered in course of moving amendments, I shall say what I have got to say about various items which have been perhaps taxed unequally.

Last of all as my friend has already remarked, the bureaucratic officers sit in their rooms under *punkhas* and study everything from the reports from below and provide for our people whom they do not know, whom they have not seen. But I believe there are now in highest places of administration, Indian Members, even Members like my Honourable friend, Dr. Ambedkar, who know our people, the very poor class of people, very well, for the doctor represents the poorest class of our population, and he may be asked whether what I say is true. Therefore, it is very doubtful whether these rules will operate properly to serve

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the purpose for which this Bill has been placed before the House. With these words, Sir, and this warning, I resume my seat.

(At this stage, Maulana Zafar Ali Khan and Dr. Banerjea stood up simultaneously.)

Dr. P. N. Banerjea: I give way to my Honourable friend, Maulana Zafar Ali Khan, as I wish to speak last.

Mr. Chairman (Mr. Jamnadas M. Mehta): In the meantime I have called upon you, Dr. Banerjea, to address the House. Unless you do so now, you may lose your right to speak later on.

Dr. P. N. Banerjea: All right. Sir, I am the most dispassionate and disinterested opponent of this motion. I am not a smoker and this Bill will not affect me in the slightest degree. As a matter of fact I find it exceedingly difficult to stay in a room where people are smoking, and I become very uncomfortable when persons smoke at a distance of a few yards from me. Why then do I oppose this measure? When I say that I am dispassionate, I mean that so far as my personal feelings are concerned, they are not affected; but I am not altogether dispassionate. I feel for the poor; I have a soft corner in my heart for the poor people of this country as well as of other countries; and it is because I feel that this measure will adversely affect the poor cultivator, the poor field labourer, the poor artisan and the poor factory labourer that I oppose this measure.

Now, as I suggested the other day, tobacco is good for manual labourers, men who work with their hands; but it is bad for brain workers, men who are engaged in intellectual pursuits. It is very unwholesome for brainworkers,—it is a sort of poison for them,—and I would advise all my friends in this Assembly to eschew tobacco altogether. But when I find that for the poor labourers it is a sort of conventional necessity, that it gives them some relief after toil, it produces a soothing effect on their nerves after hard work, I cannot but feel sympathy for them. I have seen with my own eyes the work done by the cultivators in the fields; and I have seen with my own eyes the work that is carried on by the industrial labourers in factories. I believe that this measure will adversely affect the health and comfort of the poorer sections of the community.

The Honourable the Finance Member told us the other day that the Taxation Enquiry Committee suggested the adoption of this tax in the tax system of the country. That is true, but at the same time the Taxation Enquiry Committee pointed out the difficulties which would have to be encountered in imposing a tax upon the production of tobacco. They suggested that there should be a sales tax and a licence tax. They do not wish that the tax should be extended to the production of tobacco.

Now, what are the difficulties which have to be encountered in pushing taxation to the extent that is desired by the Honourable the Finance Member. The previous speakers pointed out that in India the cultivation of tobacco takes place on very small plots, that the cultivators are generally illiterate and that they are exceedingly poor. When the tax-gatherer goes to these people, there will be a great deal of harassment and oppression. In order to avoid this harassment and oppression I would advise the Honourable the Finance Member to confine his attention to the levy of the tax only on the manufacture and sale of tobacco in factories, large or small, but not on the manufacture by the individual cultivator who produces the tobacco for his own use or for sale in the village. That would be a much simpler method of obtaining the revenue from these sources.

Then I should also like to point out that the Government will have to appoint a very large number of officers to go to the villages and to the fields, and the expenses that will be involved in this process will be very great. A large portion of the revenue which will be derived will be eaten up by the expenditure which will have to be incurred in collecting the tax. For these reasons I hope

the Finance Member will see his way to confine the taxation within reasonable limits. The Honourable the Finance Member pointed out the other day that tobacco is taxed in almost every country in Europe

The Honourable Sir Jeremy Raisman: In the world.

Dr. P. N. Banerjæa: but the conditions of India are very different from the conditions in many other countries. India is a land of small cultivation and India is a land of poor people. So, in view of these differences, I hope he will revise his opinion and will not embark on any policy which will create very great discontent among the poorer sections of the community.

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): Sir, everybody knows that there is no taxation without representation. My Honourable friend, Sir Jeremy Raisman, ought to know it because this principle was propounded by the mother of parliaments—Britain

Sardar Sant Singh (West Punjab: Sikh): He does not know it.

Maulana Zafar Ali Khan: Constituted as this House is, with a very comfortable majority for the Government, they can carry out any measure they like with these Benches empty, with us only having the power of raising our voice, however high-pitched that voice may be—we may have stentorian lungs but nobody listens to us; so I am sure that in spite of our opposition you will be able to carry this measure through. But we must have our say. My Honourable friend, Pandit Nilakantha Das, referred to Sir Walter Raleigh. Sir Walter Raleigh in the fifteenth century returned from America and introduced tobacco to England. From England it spread to Europe, from Europe it spread to Asia, till not a single spot on this whole broad earth was left, in which tobacco was not grown and tobacco was not smoked. Since that time tobacco has become a luxury with some and a necessity with most. Necessity for some, as in the case of Mr. Churchill who cannot sign his Atlantic Charter without having a cigar in his mouth. I am an inveterate smoker myself, and some of my Honourable friends give me credit for composing poetry, when I have a hookah in front of me, without it I cannot write even one line. So, with the help of hookah I composed two lines yesterday and asked my Honourable friend, Mr. Nauman, to repeat them to the House, but he forgot to do so because he does not smoke. So I will repeat those lines myself.

*“Dua do Raisman ko Maxwell ko aur Benthall ko
Hakumat chal rahi hai ajkal in teen ke sar par,”*

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

In plain English, it means, Long live Raisman, long live Maxwell, long live Benthall, for this Holy Trinity is piloting the barge of State.

Mr. President (The Honourable Sir Abdur Rahim): I am afraid that has nothing to do with the motion under consideration.

Maulana Zafar Ali Khan: Sir, I am one of those who think that if the deficit in the Indian Budget has to be met at all, it should be met by borrowing and not by taxation. I do not know the principles, acting upon which the Government made up its mind to tax up to Rs. 40 crores and borrow the rest of 20 crores. Why not borrow those 20 crores also as they could very well have done? But what they want is to tax, and tax, and tax

Mr. President (The Honourable Sir Abdur Rahim): All that has been urged repeatedly.

Maulana Zafar Ali Khan: It has been said. But, I have to cover the ground

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot go on repeating the same argument.

Maulana Zafar Ali Khan: With due respect to the Chair, we are on the tobacco question to-day. As I have told you, this measure will be carried, but the rules framed under it are so bewildering and so harassing to the poor agriculturist that they need to be revised in consultation with a committee of this House; and it is for the benefit of the Government that I make this suggestion. I

[Mauiana Zafar Ali Khan.]

admit that if the war is to be won, money is to be found. But money is not to be realised in this way, in the way in which they propose to realise it under this tobacco scheme.

There are many ways in which tobacco is consumed; cigarettes, high class cigarettes, cigars, Havana cigars, then there is hookah, there is biri, and then there are pipes and so on. The high class tobacco might be taxed, but the lower class which is the only luxury left to the poor agriculturist in this country should not be taxed at all. They say that luxuries ought to be taxed. Certainly, but the poor agriculturist who cannot keep his body and soul together—has only one luxury which is the soothing leaf called tobacco. You must look to him and to his requirements. He ought to have some solace. He does not get soup, he does not get fish, or omelettes, he does not get eggs, or butter or all those other luxuries. The only luxury that he has is tobacco. Why deprive him of that? You say you have made arrangements under this measure to exempt the agriculturist to the extent of meeting his requirements. But the rules that you have made in this connection will be causing great harassment to the poor agriculturist and you will find it very difficult to carry out this measure. Once again I remind you of your own interest. As a last resort I appeal to you to give up this tax altogether. But if you are bent upon carrying it, if you do carry it, then with the help of a committee of Members of this Assembly and in consultation with them, revise those rules, modify those rules and make them workable.

With these words, I oppose the motion.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): Sir, I do not wish to go into the ethics of smoking, or whether it is a right to be exercised by men or by women, or the history of the plant going from one country to another—but I want to put a few matter of fact questions and I want the Honourable Member to realise the difficulties of the tobacco grower in a village. The rules framed will show that the whole responsibility of filling up the Form is thrown on the grower himself. The grower in the village is illiterate, uneducated—and for this illiteracy this Government is responsible—and how can you expect the illiterate grower in a village to write all these details which you put down in rule 11 (a), (b), (c), (d), 1, 2, 3, and 4? When the seed is sown, when the plant is grown, when it is cut, when it is removed from one place to another place—if these are not properly entered, you are going to levy a penalty. Another thing is this. You say that the grower must inform 48 hours before he cuts the crop. Have you realised that after intimation, the weather conditions may not be favourable for cutting the crop, or manual labour may not be available? Is this poor man to suffer—for I do not say the folly of the framers of the rules,—but the weather conditions which prevent him from carrying out what he has written? I think it would be better if the responsibility of whatever you want filled up by the grower—the responsibility of that is thrown on the officer himself. Why do you wish to save the officer the trouble of filling in these details? Why do you wish the poor illiterate man to fill up all these minute details? I hope you will see the reasonableness of my suggestion. Again, so far as cutting part is concerned, when you say that the man must inform 48 hours before cutting the crop, there may be all the difficulties, such as, getting labour, or weather conditions. I hope that these two points which I have made are such as would meet with your consideration. After all, you have made an exception in the case of a man who cultivates 10 acres. You have to fix some limit and you have put down 10 acres. Do you not think that the man who grows 11 acres or 12 acres would have a similar difficulty? I can understand if the man who cultivates the tobacco crop is in a position to reap out of the crop as much money as will enable him to keep a clerk to fill up all these details. But how much according to your calculations is this grower of 11 or 12 acres likely to make as a profit? Moreover, the man has to fill up all these forms. It

may be that the crop may be spoiled. You want all these columns filled up. It may be that for some reason or other I do not get the crop in my hands, but I have to go through all this trouble unnecessarily. All these points are, of course, likely to strike a cultivator better and I would like to suggest, if it is not very late, that you should take into consultation some cultivators or men who are agriculturists in this House before you pass these rules.

The Honourable Sir Jeremy Raisman: Sir, I will only deal with one or two broad aspects of this matter, because the Honourable

4 P.M.

Member who spoke from these Benches a little earlier in the debate has explained the points of detail

which had been criticised up to that time, I would like to say by way of explanation that the idea of introducing this tax in this Budget occurred to me about the time of the last Budget. In fact, my first idea was to introduce it during the time of the last Budget. The more I studied the matter, the more I realised that it was a matter of very great complexity and that even in war time when the general necessity for additional revenue was widely accepted it would be difficult to introduce this tax unless a great deal of careful work had been done. It was, therefore, soon after the last Budget session that I placed an officer on special duty to study this matter in all its details, to go into the whole history of the proposals for tobacco taxation, to study the conditions in which the crop is cultivated, to familiarize himself with all aspects of the matter, to consult such persons in the Provincial Governments who would be primarily concerned, to get to know the trade aspects and to report to me whether it was feasible to go ahead with this scheme. Well, Sir, that officer has covered the whole of this ground with very great care, made a recommendation to me, from which I concluded that it was feasible and indeed that there were no serious difficulties provided that we kept in mind certain important principles. One of these principles is that the tax should be levied in such a manner that it was at a point most removed from the cultivator or the grower of tobacco. In fact, if it had been possible to work out this scheme by completely excluding from consideration the tobacco as grown in the field, no one would have been happier than myself. In fact, we found that if the scheme were not to lend itself to evasion at a higher level, it was necessary for us to attempt to collect a certain amount of information about the tobacco before it reached the stage at which the tax would be levied.

Now, Honourable Members have spoken about the difficulties and the hardships of the grower but I would ask them to recognise that our only dealing with the grower is in order to provide a check for our own purposes so as to be able to see that the wholesale dealer or trader at a later stage is not evading the tax. Unless we know from the beginning particularly how much tobacco was grown and where and when, it would be extremely difficult for us, when we come to levy the tax, to keep a check on the persons whom we are mainly concerned to deal with in the collection of the tax, because those wholesale dealers and traders are very well able to pass, and I have no doubt that they will pass, the whole of the tax on to the consumer and, of course, my object is to raise the tax from the consumer. It is from the consumer that the tax will be raised. Well, Sir, I can assure the House that we have taken the very greatest care in following this back from the consumer through the various channels of trade to the stage of cultivation. We have taken the very greatest care to refrain as far as possible from any undue interference with the grower or the cultivator.

Now, it is true that a body of statutory rules had to be drawn up which purport to attempt to cover every contingency but we are fully aware of the difficulties which Honourable Members have mentioned in this House and it is our intention to see that the administration of this tax is not burdensome to the grower. We realise quite well that if there is one way in which this tax will fail it will be because we do not have regard to the difficulties of the growers and if we were not prepared to see that that requirement was reasonably satisfied, then we might as well give up the idea of collecting this tax at all. I, therefore, wish to assure the House that that aspect, which has been brought out so

[Sir Jeremy Raisman.]

prominently by Honourable Members is the one aspect of this matter with which I have been primarily concerned throughout our consideration of this tax.

Now, Honourable Members have drawn attention to obligations in the matter of giving information only, which are laid on growers on ten acres or more of tobacco and my Honourable friend, Mr. Deshmukh, asked me what was the position—I suppose he meant financial position—of a man who grows 11 or 12 acres. I understand his financial position to be that that crop would result in a net profit of the order of Rs. one thousand. I submit that it cannot be contended that the man who is engaged in handling a crop which will result in a profit to him of that magnitude is incapable of attending to broad businesslike questions such as what is the time when he sowed the crop or when he intends to harvest.

Mr. T. T. Krishnamachari: A man's resources bear no relation to his being literate.

The Honourable Sir Jeremy Raisman: My Honourable friend from Madras tells me that the size of a man's financial resources and operations has no relation whatever to the extent of his knowledge. I quite agree that a man may be extraordinarily ignorant and yet be a millionaire. (*An Honourable Member:* "They often are.") What I do contend is that it is not beyond the resources or the ability of a man in that position to get somebody to perform simple operations for him.

Pandit Nilakantha Das: Is it net income that you refer to?

The Honourable Sir Jeremy Raisman: Yes. And what I do suggest is that already in the course of handling a business of this size, to call it business even if it is agricultural, he must be in a position to deal with requirements which are no more exacting than this. I am afraid my Honourable friend may disagree but I hold to my opinion and in any case I do not think, for the reason which I have already given, it will be through lack of ability on the part of particular growers to comply with our requirements that any penalties will arise because the Department will be fully impressed with the extreme desirability of assisting growers and cultivators to deal with this kind of matter.

Mr. Govind V. Deshmukh: May I ask a question? The rules, as framed, are obligatory. Supposing the man is not able to carry them out as, for instance the cutting of the crop, would he not be fined as is provided and would that also not be a weapon of harassment in case he is unable to carry out his promise?

The Honourable Sir Jeremy Raisman: It is impossible to carry out the administration of any tax without having an ultimate sanction, but what I am talking to the House about is our objects in regard to the administration of these matters and the spirit in which we intend to have them carried out. It will certainly not suit our purpose when a tax of such large revenue potentialities is involved to fail by reason of allowing the harassment of the grower by petty officials. It is for that reason that the Honourable Member who spoke from these Benches pointed out that we intend to provide good quality supervision of the administration.

Mr. Amarendra Nath Chattopadhyaya: Will the Honourable Member allow the discussion of the rules?

The Honourable Sir Jeremy Raisman: These rules can be amended at any time by us. The object of this tax is not, as I said, to oppress the cultivators if only for the reason that they will yield us no revenue. The object is to see that the tax is levied at certain later stages and that those who consume tobacco and those who provide tobacco for these consumers make their contribution to the revenue. That is the only object and everything else is merely subsidiary and ancillary. We should be committing suicide, so to speak, in relation to this measure if we allowed ourselves to fall down on the subsidiary or ancillary matters which are necessary for the efficient levy of this tax.

Pandit Nilakantha Das: Is it contemplated that the supervisor or any other officer will have any responsibility in the keeping of records for the agriculturist?

If he cannot, will any part of the responsibility be on the officer or the supervisor? That will solve matters.

The Honourable Sir Jeremy Raisman: The general responsibility will be to see that this information is forthcoming with the minimum friction and the minimum harassment. That is the policy.

Now, Sir, I would claim that so far from being any disadvantage to the grower, the enactment of this tax will be a very great advantage. I was at pains this morning to explain how in the course of our investigation of the best manner of levying this duty we found numerous opportunities whereby the position of the grower could be improved. Although my Honourable friend, Mr. Jamnadas Mehta, spoke somewhat slightly of the 10 lakhs of rupees which I have offered to provide in order to carry out these objects, I can assure him that those who are concerned with the improvement of the agricultural conditions, with the improvement of the quality of leaf and the conditions of marketing tobacco, regard 10 lakhs as a very useful sum indeed and a great deal can be done with 10 lakhs a year in the spheres which I indicated. The present position is that the grower grows very often a very poor type of tobacco and which is not as good as he could grow. When he comes to sell it, he frequently is defrauded in the matter of weight; if he takes it to market, he frequently gets a lower price than he ought to have got according to prevailing prices at the time and generally he is very much at the mercy of a number of people who are much more competent and capable than himself and whose business it is to trade in his produce. The grower is the least able of these parties to defend himself and, as I have indicated, there is plenty of room for doing tremendous benefit to the grower in this field. It has in the past not been followed to the extent that it should have been by reason of lack of finance, but precisely because this tax is capable of being a very lucrative tax, there will henceforward be no difficulty in providing the finance necessary to improve the position of the grower. And that is why I claim that so far from doing harm to the grower, the introduction of a system of taxation of tobacco in India will enable us to do him a tremendous amount of good.

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

"That the Bill to provide for the imposition and collection of excise duties on tobacco be taken into consideration."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The House will now deal with the Bill clause by clause. Clause 2.

Sir George Spence (Secretary, Legislative Department): Sir, I move:

"That in clause 2 of the Bill, after sub-clause (f) the following sub-clause be inserted:
'(g) 'factory' means any premises wherein tobacco is manufactured'."

Sir, this definition will operate in relation to the reference to factories in sub-clause (ix) of clause 14 (2). The object of the definition is to make it clear that the power conferred by that sub-clause to make rules for the inspection of factories is not confined to those factories which are factories within the meaning of the Factories Act.

Sir, I move.

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

"That in clause 2 of the Bill, after sub-clause (f) the following sub-clause be inserted:
'(g) 'factory' means any premises wherein tobacco is manufactured'."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clauses 3 to 14 were added to the Bill.

Mr. Amarendra Nath Chattopadhyaya: Sir, I move:

"That in Part I of the Schedule to the Bill, sub-part II be omitted."

Mr. President (The Honourable Sir Abdur Rahim): When did the Honourable Member give notice of this amendment?

Mr. Amarendra Nath Chattopadhyaya: I gave notice long ago. Sir, the rates of duties mentioned in the Schedule seem to me very heavy, particularly on biris. The rate of duty for biris is six annas. Biris are generally used by middle-class people and poor people. This rate of duty on biris as compared with the rate of duty on cigarettes and cheroots is very large indeed. In our country tobacco is of various qualities and its prices differ greatly. In Bengal the prices differ very largely. The difficulty with the growers in regard to tobacco is too much. They have to depend entirely on the rates of different types of tobacco. They produce different types of tobacco by a process of drying and through that process they have to make up their mind as to the quality of the tobacco. It entails a lot of trouble for the growers.

The proposed duty of six annas is very heavy and it works out to over 400 per cent. This is the idea which the tobacco manufacturers have given us. I am personally not at all interested in this, because I am not a smoker. But, Sir, whenever I feel that this Government is going to tax unnecessarily those poor people who cannot live without the articles chosen for taxation, I cannot but lodge my emphatic protest. My amendment aims to do away with Part II of Part I, namely, country tobacco intended for manufacture of biris, cigars, hookah tobacco and snuff. The Honourable the Finance Member has taken up the attitude of taxing tobacco in any shape. If he taxed only cigarettes, cigars and cheroots, which are generally used by people who are in a position to pay the tax, I would not have objected to his proposal. We all know that prices of every thing have gone up and we believed that this Government while imposing this tax will take into consideration the situation in the country. But it appears that Government has ignored it altogether. If the Honourable the Finance Member had no intention of growing difficulties of the poor agriculturists, the Government of India should not have chosen such articles for taxation as are generally used by that class of people. People are getting much disturbed on account of food and they do not find money. Now, this tax has been imposed. This article is used by about 90 per cent of the people who are really agriculturists and labourers. These people will have to pay for their smoke a tax which they can ill-afford to pay. Sir, it is really surprising that, although there are many other commodities, many other articles on which taxes could have been levied without disturbing the peace of mind of poor masses, the Honourable the Finance Member has chosen tobacco. Sir, these biris are generally used by poor tongawalas and people of that type, chew tobacco. In order to give these people some relief, I object to the passing of this part of the Schedule. Sir, I move.

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

“That in Part I of the Schedule to the Bill, sub-part II be omitted.”

Mr. Jamnadas M. Mehta: Sir, I am sorry to say that there is something topsyturvy about this part of the Schedule. Tobacco, which is most luxurious is least taxed and the lower the quality, the higher is the tax. In earlier part of the day when I was making my observations I invited the attention of the Honourable the Finance Member to that. I said that the tobacco which was now eight rupees a maund and the tobacco which was fifty rupees a maund were both liable to the duty of 0-6-0 per pound. He denied it and said that it was one anna and not six annas. At that time I could not lay my hands on my copy of the Bill. Therefore I relied on his authority. But now I have got even greater authority and that is his own Bill. There I find exactly what I was submitting. In Part II of the Schedule you will find that for cigarettes it is six annas and for biris it is six annas, for cigars and cheroots it is two annas and for hookah, which is the most luxuriant type of smoking, it is one anna. Hookah smokers are Nawabs.

An Honourable Member: The rickshaw coolies in Simla smoke hookah.

Mr. Jamnadas M. Mehta: Simla men to whom my Honourable friend is referring are poor people and their hookah is but a poor imitation of the real magnificent and genuine hookah which is an incomparable prince among the smoking instruments. Therefore, in any case, you will see, Sir, that the country tobacco for biris is taxed at six annas. My Honourable friend told me that it was one anna. Of course there is, later on, one anna for something different to that. But I was right when I was pointing out that cigars and cheroots are to pay two annas and the lowest kind of country tobacco is to pay six annas which is very topsyturvy that my Honourable friend, Sir Henry Richardson should pay two annas.

Sir Henry Richardson (Nominated Non-Official): I don't smoke.

Mr. Jamnadas M. Mehta: When you do. That Sir Henry Richardson should pay two annas and that a poor cooly who smokes a biri should pay six annas.

The Honourable Sir Jeremy Raisman: Has my Honourable friend realized that in addition to the tax on the leaf tobacco for cigars or cheroots, there is a heavy tax which is leviable in addition on the manufactured product.

Mr. Jamnadas M. Mehta: But I am only talking of this part. In this part they are so wrongly discriminated that it is better to bring them in proportion to their capacity on a level of equitable incidence of the taxation.

My Honourable friend forgets further that these biri smokers are poorest of the poor and one of the arguments given by Mr. Greenfield was that for a seer of this country tobacco you can manufacture one thousand biris and that is not the scale on which cigars or cigarettes are manufactured. Therefore, the tax, though apparently heavy, when spread over a thousand biris becomes, it is claimed, lighter in incidence, which means that so far as the article is concerned, it is taxed most heavily because otherwise you cannot tax every poor man who smokes on the same heavy scale lest on a thousand biris they have to pay less per biri. That is not a just scale of weighing their capacity to pay, and I think there is something really wrong about my Honourable friend's Schedule (Part II) about country tobacco. Therefore, my Honourable friends who are interested in the poor man's tobacco and the House which has so far pleaded for sympathy for the poor man's tobacco, will be justified in carrying this amendment to a division and testing Government's—I will not say sincerity, but I will say their—earnestness. We will see whether they are earnest in their avowals

Mr. T. T. Krishnamachari: They are neither sincere nor earnest about anything.

Mr. Jamnadas M. Mehta: I want to say it in their favour, being a charitably-inclined man.

My Honourable friend has realized what I told him for the first time during the discussion on the general Budget, that this is not the only tax which he proposes to levy. There are Provincial Governments which have levied taxation. Especially in Bombay, the country tobacco is taxed 400 per cent. over the level of 1932. We were told that the Government appreciated that point and that they are in communication with the Provincial Governments wherever such extra taxation exists and they have proposed to the Provincial Governments that they can receive their income through the Central Government and repeal their special additional taxation so that a kind of uniformity can be brought about in the country. So far so good. But I wish to point out to my Honourable friend that there are different causes for levying this taxation in the Provinces. For instance, in Bombay this tax was levied only for improving the deficits of the Bombay Improvement Trust. Now, if he gives this income to this Provincial Government, the origin of the tax will be forgotten and this will remain a permanent tax on the province although the deficit of the Improvement Trust might be over. So, I ask him to study further the problem to see how far further relief either for the Central revenue or for the tobacco man is available.

[Mr. Jamnadas M. Mehta.]

My Honourable friend has shown such genuine sympathy for the tobacco-grower that I am prepared to take him at his face value, and I am sure with such emphatic avowal of genuine sympathy for the grower he will see that in no way this will prejudice his economic prospects. Remember that every man who grows tobacco pays land revenue and agricultural produce after payment of land revenue has no obligation to pay any tax to the State. Land revenue is the only taxation on agriculture and tomorrow at this rate you will tax wheat, day-after-tomorrow millet. Therefore, this tax on tobacco will become in addition to the land revenue which I do not think you are empowered to levy although you may technically be right and your legal advisers may be right in advising you to do so. I would request that Government should keep in mind four things: Tax the luxurious man as much as you like; tax the profiters

Sardar Sant Singh (West Punjab: Sikh): Even if it is immoral.

Mr. Jamnadas M. Mehta: To some extent. But the two people who are to be spared by you, and whom this amendment seeks to protect are the agriculturists and the poor consumer. Therefore, if this part of the Schedule (sub-part II of Part I) goes out, our object will be largely met. Therefore, I beg of my friend, Mr. Chattopadhyaya, to carry this amendment to a division, whatever the result.

Mr. T. T. Krishnamachari: Sir, in this amendment the item (b)—biris—is largely consumed in the South. It has been said that the biri manufacturers—beedis as we call them in Madras—thrive on sweated labour. They engage labour for whom they pay very little and that is how the industry is carried on. In the city of Madras there are about 13,000 workers engaged in the biri manufacture. I would like to tell my Honourable friends of the Muslim League Party that 95 per cent. of these are Muslims. Sir, people who have been interested in this class of workers have been trying to get them better wages, but on every occasion the manufacturers were approached they said that their profits were very low and they could not afford to pay higher wages. It was demonstrated in some cases that any increase in the price of biris brings down the consumption of biris. In fact, those people who smoke biris are people whose income is below the marginal level of subsistence, and naturally when the prices of biris they smoke are increased, the consumption goes down and there is a lesser production of biris. There is a certain amount of justification in the plea of biri manufacturers when they say that if they increase the price of biris and pay the workers more the consumption drops. Anyway, it has been a matter of Hobson's choice. Workers have been underpaid. Manufacturers would not pay them more. If we press the matter to a strike, these workers will have to go out into the street. That is the position in which these workers are situated, and still the Honourable the Finance Member assures us that the officer who investigated the position has given him an assurance that every thing will be all right when the proposed tax is imposed. The tax at the rate of six annas for one pound of biri tobacco producing 1,000 biris will put up the price of the article which now sells at 1-8-0, 1-10-0 or 1-12-0, per thousand by another six annas. Does the Government believe that the same quantity of biris will sell when the price is increased by six annas. If that is so then the economics I have learnt must be completely wrong and I shall have to sit at the feet of the Economic Adviser to the Government of India and learn again. That the amendment is sweeping in its scope is not against it as the primary fault lies with those who have framed the rates of the tax at levels which are not reasonable. There is, I believe, a valid ground for revising the rate regarding biris, having in view that the workers in this industry should not be thrown out of work. If you insist on this tax, they will be the people who will suffer. It will not be the employer, but the

worker. I, therefore, add my voice to that of my Honourable friend, Mr. Jamnadas Mehta, and urge the House to tell the people of this country that they are not behind this Bill. I support the amendment.

Maulvi Muhammad Hussain Choudhury (Bakarganj cum Faridpur: Muhammadan Rural): In supporting the motion of my friend, Mr. Chattopadhyaya, I must tell you, Sir, that I was not at all prepared to speak on this Bill, but seeing that such a Bill is to be passed, I shall be failing in my duty if I do not speak on it. Sir, I come from Bengal and there there was a legislation like this. As a matter of fact, there was such taxation upon three items when I was a member of the Bengal Legislative Council, and one of them was tobacco. Sir, it was greatly resented by the people at large, so much so that during the elections one of the most prominent men took this plea against another prominent man and the result was that the man who was partially responsible for this taxation was defeated. So, Sir, from these bare facts, you can realise how this taxation was resented to by the people. Speaking of the poor agriculturist, they have nothing with which to entertain a friend. We can entertain a friend with a cup of tea. They entertain their friends with tobacco. Tobacco has become a part and parcel of their daily necessities of life. They only enjoy it when they feel tired. Then they take tobacco and feel soothed. So, Sir, I call this kind of taxation, the worst type of it, especially at a time like this when the question of supply of food and clothing has become so acute in the whole of India. Sir, I need not dilate upon this subject very much because my previous friends, the Honourable Members, have spoken at length, so I need not speak at length. I support the motion of my friend, Mr. Chattopadhyaya.

Mr. H. Greenfield: Sir, I oppose this amendment. In doing so I need only say that the price of biris per thousand goes up as high as Rs. 3. As one Honourable Member explained, the average weight of tobacco in a thousand biris is one pound. Some of the smaller and cheaper varieties, however, do not contain more than two thirds of a pound of tobacco per 1,000 biris and in such cases the incidence of the tax would be only four annas. But we have had practical demonstration of what will be the variation in price as a result of this tax, because enquiry in this neighbourhood has shown that out of 18 varieties which are sold here the prices of six have not advanced at all since the tax was announced. Only two have gone up by as much as 20 per cent. and the increase in the remainder varies between 8 and 16 per cent.

In regard to the point made by the Honourable Mr. Jamnadas Mehta as to the tax on tobacco used in the manufacture of cheroots, I must explain that the low rate of two annas a pound is applied to the leaf because a very large proportion of the cheroots made in Madras are consumed by poor people, and these cheroots will not bear a higher tax than two annas a pound.

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

"That in Part I of the Schedule to the Bill, sub-part II be omitted."

The motion was negatived.

Mr. Amarendra Nath Chattopadhyaya: Sir, I move:

"That in Part I of the Schedule to the Bill, in sub-part II, items Nos. (1) (b), (1) (d), and (1) (e), be omitted."

I pleaded for the deletion of the whole of Part II. Consequently knowing the fate of that amendment, I do plead again to the Honourable the Finance Member that this amendment on biris, tobacco and snuff be adopted. I have got no fresh argument to put forward except this, that these are the very things which affect the masses. Of course, my honourable friend, Mr. Jamnadas Mehta, said that hookah tobacco is for rich men mainly. I would point out to this House that generally all the agriculturists in Bengal smoke hookah

[Mr. Amarendra Nath Chattopadhyaya.]

tobacco. There is not a single house of an agriculturist that has not this tobacco. There is not a single house among the middle-class people that does not have the hookah. Generally speaking every poor man is addicted to the habit of smoking and every middle-class man also smokes biri. With regard to snuff, this is a stimulant of intellectual Sanskrit scholars and pandits. They do not smoke but they take snuff. Finally, when I plead for the deletion of these three heads from this Act, I plead with the idea that by taking away these taxes, Government will not lose much, and I hope the Honourable the Finance Member will accept this little amendment.

Sir, I move.

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

"That in Part I of the Schedule to the Bill, in sub-part II, items Nos. (1) (b), (1) (d), and (1) (e), be omitted."

The amendment will be discussed on Saturday.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 20th March, 1943.