

14th March, 1922

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

SECOND SESSION

OF THE

LEGISLATIVE ASSEMBLY, 1922



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LEGISLATIVE ASSEMBLY.

Tuesday, 14th March, 1922.

The Assembly met in the Assembly Chamber at Eleven of the Clock. Mr. President was in the Chair.

STATEMENT LAID ON THE TABLE.

Mr. H. Sharp: Sir, I beg to lay on the table the information promised in reply to a question by Mr. P. P. Ginwala on the 15th September, 1921, in regard to the municipalities that have made or promised to make contributions towards the maintenance of 'national' educational institutions.

Statement showing the Municipalities that have made or promised to make contributions towards the maintenance of 'national' educational institutions.

Province.	Name of Municipality.
Madras	No information.
Bombay	Amalner, Baramati, Ahmedabad, Nadiad, Surat and Karachi.
Bengal	Raniganj, Chandpur and Tangail.
United Provinces	Azamgarh, Etah, Meerut, Moradabad, Bareilly and Allahabad.
Punjab	<i>Nil.</i>
Burma	<i>Nil.</i>
Bihar and Orissa	<i>Nil.</i>
Central Provinces	Raipur and Amraoti.
Assam	<i>Nil.</i>
Coorg	<i>Nil.</i>
Delhi	<i>Nil.</i>
North-West Frontier Province	<i>Nil.</i>
Administered Areas	<i>Nil.</i>

QUESTIONS AND ANSWERS.

THE CENTRAL RAILWAY ADVISORY COUNCIL.

264. * **Mr. K. C. Neogy:** (a) With reference to the decision of Government to convert the Railway Finance Committee into a Central Railway Advisory Council, will Government be pleased to state their reasons for departing from the recommendations of the Acworth Committee, namely, that one-half of the non-official members of such a Council should be nominated by the leading commercial and industrial associations, both European and Indian, and that the other half should be representative of rural interests and of the Indian travelling public to be appointed by the Legislative Council of each of the Provinces?

(b) What will be the term of office of the said Council; and what questions will be referred to it for consideration?

Colonel W. D. Waghorn: (a) The Government agreed generally with the views of the Acworth Committee regarding the interests which should be represented on the Advisory Council but considered that representation of those interests could most conveniently be secured by selection from the Indian Legislature.

(b) The question of the term of office has not been specially considered, but presumably the members who are Members of the Legislature will retain office until the next election, provided that they do not sooner resign their seats in the Assembly or Council of State.

The Council is an Advisory Council only. It will be for the Member of Government in charge of Railways to decide what cases are placed before it. It is intended to consult them on important questions of Railway policy.

Rao Bahadur C. S. Subrahmanayam: May I ask a supplementary question, Sir? Does not this decision depart from the recommendations of the Railway Committee as set forth in that part where the Committee lays down the formula for the constitution of such a Committee?

The Honourable Mr. C. A. Innes: The view of the Government, Sir, is that it does not depart from the recommendations of the Acworth Committee. In our view, the important thing was to secure the representation of the interests suggested by the Acworth Committee and we consider that we have secured that representation.

Rao Bahadur C. S. Subrahmanayam: May I understand that the provinces are represented as provinces and that other interests are also represented as contemplated in that recommendation?

The Honourable Mr. C. A. Innes: We endeavoured to secure representation of passengers and rate-payers in the provinces through the representatives of those provinces in this Legislature and in this Council of State.

Mr. K. C. Neogy: Does not the very constitution of this Council constitute a departure from the undertaking that was given to the House that no action would be taken upon the recommendations of the Acworth Committee without first of all consulting this House?

The Honourable Mr. C. A. Innes: We do not take that view.

Mr. K. C. Neogy: May I draw the attention of the Honourable Member to the answer given to Question No. 550 at Simla? In reply to Mr. Manmohandas Ramji it was stated that the Government proposed to get the sanction of the Legislative Assembly before action was taken upon this Report. Besides, will the President of the Railway Board state if he remembers to have written a letter to me stating that no action would be taken upon this report without consulting this Assembly? It was on this undertaking that I did not propose to move a Resolution of which I had given notice during this current session.

The Honourable Mr. C. A. Innes: I am sorry if there is any misunderstanding; but on all the most important financial and other recommendations the Assembly naturally will be consulted. This question was discussed in the Government of India and it was decided that the fact that the Assembly had had the report before it for some months and were at perfect liberty to move

any Resolution on any of the subjects contained therein was a sufficient fulfilment of the pledge to which the Honourable Member refers.

Mr. K. Ahmed: Is it not a fact that the President of the Railway Board wrote to me demi-officially on the 31st January, 1922, requesting me to withdraw my Resolution also, an undertaking being given that the whole thing *i.e.*, the proposals of the Government on the Report of the Railway Committee would be placed before the Assembly before any effect to it was given?

Colonel W. D. Waghorn: I think that was in reply to a question as regards State and Company management; that is coming before the Advisory Council and will come before this Legislature.

Mr. K. Ahmed: Was it not as regards the whole recommendation of the Acworth Committee?

Colonel W. D. Waghorn: As far as my memory goes, the question which the Honourable Member raised was with regard to Company and State management.

ALLEGED FIRING NEAR THE JAMA MOSQUE ON 27TH FEBRUARY, 1922.

265. * **Maulvi Miyan Asjad-ul-lah:** On Monday, 27th February, 1922, was there firing near the Jama Mosque? What was the cause? Who was killed? How are those who were injured? Is Government able to give information to the House about it?

The Honourable Sir William Vincent: It is presumed that the question refers to an incident which occurred on the 27th February last in a bazaar near the Jama Masjid of Delhi. In the course of a quarrel between some men of the Rampur State and certain employees of the Bombay Parsi Theatrical Company. One of the former party fired two shots with a revolver. One man, apparently not connected with the quarrel, was seriously injured and is in hospital. The man alleged to have fired the shots was immediately arrested and the case is under investigation.

Mr. K. Ahmed: Was not the cause known at the preliminary inquiry? There must be some cause or causes, Sir.

(No answer was given.)

INCREASED EMPLOYMENT OF INDIANS AS TRAFFIC INSPECTORS (TRANSPORTATION) ON THE NORTH-WESTERN RAILWAY.

266. * **Bhai Man Singh:** 1. Is it a fact that there is only one permanent Indian Traffic Inspector (Transportation) as compared with 46 Europeans or Anglo-Indians on the North-Western Railway?

2. Is it also a fact that there is only one permanent Indian Traffic Inspector Claims and one permanent Indian Traffic Inspector Trains, and thus there are only three permanent Indian Traffic Inspectors as compared with 46 Europeans or Anglo-Indians on the North-Western Railway?

3. (a) Is it a fact that the starting pay of the post of Traffic Inspector Transportation (mostly held by Europeans or Anglo-Indians) is Rs. 300 per mensem, while that of the posts of Traffic Inspector Trains and Claims (chiefly held by Indians) is Rs. 200 per mensem?

(b) Are there any special reasons why, if any, Indians are taken as Traffic Inspectors, they are mostly taken as Traffic Inspector Trains or Traffic Inspector Claims which posts carry about two-thirds of the pay of a Traffic Inspector Transportation to which posts mostly the Europeans or the Anglo-Indians are appointed?

Colonel W. D. Waghorn: The information asked for is being obtained from the Agent, North-Western Railway, and will be sent to the Honourable Member on receipt.

CERTAIN INDIAN GRADUATES RECRUITED AS CLAIMS INSPECTORS IN 1915 ON THE NORTH-WESTERN RAILWAY AND THEIR PROSPECTS.

267. * **Bhai Man Singh:** 1. With reference to reply given by the Honourable Khan Bahadur M. Mohamed Shafi in the Council of State on 6th September, 1921, in reply to the question by R. B. L. Ram Saran Dass, will the Government be pleased to state :

- (a) If it is a fact that some Indian graduates were recruited as Claim Inspectors in 1915?
- (b) If the work has been found satisfactory by their superior officers?
- (c) If they have not even yet been sufficiently tried to show their capacity in the railway work?
- (d) Has any of them been promoted to a higher appointment in the Traffic Department?

2. Is it a fact that these Indian graduates appointed as Claim Inspectors in 1915 have been superseded by an Anglo-Indian gentleman appointed as Claim Inspector in 1920, who has been appointed as Officiating Assistant Traffic Superintendent Claims, while none of these Indian graduates were given even such a chance?

Colonel W. D. Waghorn: The information asked for is being obtained from the Agent, North-Western Railway, and will be sent to the Honourable Member on receipt.

COST OF AN INDIAN AND BRITISH SOLDIER AND OFFICER, RESPECTIVELY, OF THE ARMY IN INDIA.

268. * **Bhai Man Singh:** Will the Government be pleased to lay on the table a statement showing the monthly average cost of an Indian soldier and officer below the rank of a Lieutenant and above it in Infantry, Cavalry and Artillery, respectively, as compared with that of a European soldier and officer of the same or equivalent grade in the same branches of the Indian Army while in service and when they retire on pension?

Sir Godfrey Fell: Two statements are laid on the table. Statement "A" shows the monthly average cost of an Indian officer and soldier as compared with that of the nearest equivalent rank in the British Service.

With regard to statement "B", I would explain that Indian officers below the rank of Lieutenant are Subedar-Majors, Subedars or officers of the equivalent rank in the Cavalry, etc., and Jemadars, whose cost is as shown in

Statement "A". Indian officers holding Honorary King's commissions as Captains and Lieutenants receive the same regimental pay of rank as British officers of corresponding ranks in the Indian Army, but do not receive the staff pay which the latter receive. Officers of the Indian Army holding permanent King's commissions, whether British or Indian, at present receive the same rate of pay and allowances.

I regret that it has not been possible to furnish the Honourable Member with detailed information as to the cost of the Indian soldier and officer and that of a British soldier and officer when they retire on pension, because the pension admissible depends on the length of service and also on other factors varying in each individual case. In the case of British officers and Indian officers holding permanent King's commissions, pensions would not ordinarily be admissible to officers of the rank of Lieutenant or Captain who would not have completed the necessary qualifying service. Indian officers holding Honorary King's commissions draw double the rates of pension admissible for Risaldar-Majors, Subedar-Majors, Risaldars and Subedars according to their length of service, including any service rendered while holding an Honorary King's commission.

STATEMENT "A".

The monthly average cost* of an Indian officer and soldier is as shown below :

	Rs.	<i>Nearest equivalent rank in British Service.</i>
<i>Subedar-Major or equivalent rank—</i>		
Infantry	274	} No corresponding rank.
Artillery	275	
Cavalry	325	
<i>Subedar or equivalent rank—</i>		
Infantry	174	} Ditto.
Artillery	175	
Cavalry	225	
<i>Jemadar—</i>		
Infantry	105	} Ditto.
Artillery	105	
Cavalry	115	
<i>Havildar or equivalent rank—</i>		
Infantry	52	} <i>Sergeant.</i>
Artillery	52	
Cavalry	58	
<i>Rs.</i>		
		<i>Married</i> 260
		<i>Unmarried</i> 204
<i>Naik or equivalent rank—</i>		
<i>Corporal.</i>		
Infantry	48	} <i>Married</i> 226
Artillery	49	
Cavalry	53	
<i>Sepoy or equivalent rank—</i>		
<i>Private.</i>		
Infantry	42	} <i>Married</i> 206
Artillery	44	
Cavalry	45	
		<i>Unmarried</i> 150

*Excluding free accommodation.

STATEMENT "B".

Comparison of the emoluments of officers holding the King's Commission.

INDIAN SERVICE.		British Service.	
Honorary King's Commissioned Officer.		Permanent King's Commissioned Officer.	
	Rs.	Rs.	Rs.
2nd-Lieutenant	425	525	425
Lieutenant	475	575	475
Captain	750	850	750

ESTABLISHMENT OF A PUBLIC SERVICES COMMISSION IN INDIA.

269. * **Mr. M. G. Mukundaraja Ayyangar:** (a) Have rules been finally framed by the Secretary of State in Council for the establishment in India of a Public Services Commission as required by section 96C of the Government of India Act?

(b) If so, will the Government be pleased to lay the said rules on the table?

The Honourable Sir William Vincent: (a) Rules have not yet been finally framed.

(b) Does not arise.

INQUIRY ABOUT PAY OF ATTACHED OFFICES.

270. * **Mr. M. G. Mukundaraja Ayyangar:** Will the Honourable the Home Member be pleased to state whether he made the inquiry promised by him in answer to Question No. 102 (b) in this Assembly on the 10th of September, 1921, and, if so, will he be pleased to state the result of the inquiry?

The Honourable Sir William Vincent: I made no such promise: I expressed my readiness to have inquiries made, but, as the Honourable Member did not ask me to do so, no action has been taken in this direction. If the Honourable Member does, in fact, desire it and will specify the particular offices to which he refers and the point on which he wants inquiry, I will have the inquiries made. I will remind the Honourable Member we are very unwilling to increase expenditure at the present moment unless it is absolutely necessary.

CREATION OF CHILDREN'S COURTS.

271. * **Mr. M. G. Mukundaraja Ayyangar:** Have the Government taken any, and if so, what, action in the matter of the recommendations of the

Indian Jails Committee, 1920, in paragraph 369 of their report for the creation of Children's Courts ?

The Honourable Sir William Vincent: The opinions of Local Governments have been invited on this question but all replies have not yet been received ; replies from three major Local Governments are still awaited.

PRACTICE OF *RASAD* AND *BEGAR*.

272. * **Mr. M. G. Mukundaraja Ayyangar:** Have the Government received replies from the administrations in territories where there are no Legislative Councils to their communications regarding the practice of *Rasad* and *Begar* during tours of officers in the mofussil, and if so, will the Government be pleased to place them on the table ? What action do the Government propose to take in this matter ?

Mr. J. Hullah: Yes. A copy of the correspondence that has taken place up to date is being sent to the Honourable Member. From this the action already taken will be seen. The administrations concerned will also be addressed in pursuance of the Resolution on the subject which was recently passed in the Assembly.

OFFICERS ATTACHED TO FIRMS IN INDIA FOR TRAINING IN ACCOUNTANCY.

273. * **Mr. M. G. Mukundaraja Ayyangar:** It was said in answer to Question No. 107 (*iv*) in this Assembly on the 10th of September, 1921, that it was intended to attach two officers temporarily to the representatives of the firms in India to learn work and to carry out the recommendations of the accountants when they have left India ? Will the Government be pleased to state if this intention has been carried out ? If so, will the Government be pleased to state the names of the officers and of the firms ? If not, why has not this intention been carried out ?

The Honourable Sir Malcolm Hailey: Yes. The names of the two officers are—

Captain E. Price of the Indian Audit Department.

Mr. C. F. George, an officiating Assistant Accounts Officer of the Office of the Deputy Accountant General, Central Revenues, Delhi.

There is only one firm in question, and its name is—

Messrs. Price, Waterhouse and Company of London.

FIXED WIRELESS STATIONS LICENSED IN INDIA.

274. * **Mr. P. L. Misra:** Will Government be pleased to state the total number of fixed wireless stations licensed in British India until the 31st December, 1921, to—

(a) Commercial stations worked for inland communication by—

(i) Private company.

(ii) Local Government.

(b) Colleges for instructional purposes.

(c) Private experimentors.

(d) Amateurs ?

Will Government also state the name and location of the station of each licensee?

Colonel Sir Sydney Crookshank : (a), (b), (c) and (d). *Nil*. The form of license was not finally approved and printed until the 29th December, 1921.

The necessity for replying to the latter portion of this question does not, therefore, arise.

GRANT OF LICENSES FOR FIXED WIRELESS STATIONS.

275. ***Mr. P. L. Misra :** Will Government be pleased to state the number of applications that they have received for the grant of wireless license, under the new license rules, for fixed wireless stations from —

- (a) private person, or persons, or company to establish commercial stations for inland communications ;
- (b) Local Governments to establish commercial stations for inland communications ;
- (c) colleges for instructional purposes ;
- (d) private experimentors ;
- (e) amateurs ?

Will Government also state the names of applicants and the location of their stations ?

Colonel Sir Sydney Crookshank : (a) For inland communication only 'limited commercial' licenses are issued. Five applications to establish stations under such licenses have been received.

(b) *Nil*, since licenses are not required for such stations, but inquiries have been received from the Governments of the United Provinces, Assam and Madras ; and also from Mysore, Jaipur and Baroda.

(c) Three, namely,—

- (1) Nutan Marathi Vidyalaya, Poona ;
- (2) Maharaja's College, Vizanagram ;
- (3) Benares Hindu College.

(d) and (e). Government do not differentiate between experimentors and amateurs as regards wireless licenses. They are all granted 'non-commercial' licenses. The number of applications received is twenty-one.

A list of licensed stations will be published regularly, showing the name, locations, wave-lengths, call signs, etc., as is the case in other countries.

It is not proposed to state the names and locations of applicants, since they may not be granted licenses, but if granted, the necessary details will be published periodically in the list referred to above.

SCHEME FOR TRAINING AND ENLISTMENT OF YOUNG INDIANS FOR WIRELESS.

276. ***Mr. P. L. Misra :** (a) Will Government be pleased to publish for information of general public the scheme for training and enlistment of young Indians for the wireless section of the Indian Telegraph Departments ?

(b) Will Government be also pleased to state what grade of wireless service the young Indians at the Karachi school are to be trained for?

Colonel Sir Sydney Crookshank: (a) Yes. The publication in question is already in an advanced state of preparation and will shortly be issued.

(b) Civil Wireless Operator, from which grade it is intended ultimately to recruit Supervisors, Deputy Assistant and Assistant Engineers (Wireless). It is also intended to encourage men to undergo technical courses, apart from operating, with a view to undertaking private research and wireless engineering work.

SOLE CINEMA RIGHTS FOR OFFICIAL FUNCTIONS DURING ROYAL VISIT FOR
ANGLO-ORIENTAL FILM CORPORATION.

277. * **Sardar Bomanji A. Dalal:** (1) Will Government be pleased to state whether it is a fact that the sole rights for taking cinema pictures in British India of official functions during the tour of His Royal Highness the Prince of Wales are given to the Anglo-Oriental Film Corporation which has been incorporated in England?

(2) Will Government be pleased to state whether in the consideration of this question the settled policy of the Government of India as announced by Mr. A. C. Chatterjee during the debate on 2nd March, 1922, on the question of encouraging Indian industries, namely, that no concession shall be granted to any firm that has no rupee capital, has no proper proportion of Indian directors and does not take Indian apprentices for training, was strictly observed?

(3) Will Government be pleased to state whether the Anglo-Oriental Film Corporation fulfils any of these conditions?

(4) Is it a fact that only Rs. 40,000 have been guaranteed by the above mentioned firm for royalty rights to the Government of India?

(5) Is it a fact that Messrs. Madan Theatres, Limited, had obtained facilities to film the tour of His Royal Highness the Duke of Connaught and that their work was highly spoken of by His Royal Highness, His Excellency the Viceroy and provincial Governors?

(6) Will Government state the reasons that led them to give preference to an English Company over this Indian Company?

Mr. Denys Bray: The Government attached great importance to the proper utilization of the cinematograph in connection with the tour of His Royal Highness the Prince of Wales. They considered that the whole work of filming the tour should be conducted, if possible, by a selected Indian Company and that copyright of films should be owned by the Government of India who should also share in exhibition rights in India, England, the United States and other countries. By this means, it was anticipated that the large profits obtainable from exhibition in England would help to exhibit the film broadcast to Indian masses under conditions where it is not possible to expect any profit. Tenders were accordingly invited from firms in India for the exclusive rights of producing the official film. In response, eight tenders were received and considered by a Sub-Committee consisting of representative officials and non-official business men. The Committee were unanimous in their recommendation that the tender of the Anglo-Oriental Film Corporation

should be accepted on the understanding that the Corporation agreed to develop the film industry in India with Indian capital and talent as far as possible. In making this recommendation, the Committee attached great weight to the ability of the Corporation to produce results worthy of the occasion as also to the fact that this Corporation alone among those who tendered was prepared to produce a colour film of the tour simultaneously with the production of the black and white film.

Although incorporated in England, the Anglo-Oriental Film Corporation has been, and is still, negotiating in India with a view to the extension in India of its enterprise with Indian capital and Indian interests. The Corporation have contracted to supply the Government of India with four new copies of the black and white film for publicity purposes and also with one copy of the colour film. They have also undertaken to pay a royalty of 10 per cent. of the nett bookings or other receipts for the black and white film and have guaranteed that the sum to be paid to the Government of India as royalty shall not be less than Rs. 20,000. It is understood that the Corporation have arranged with Madan Theatres, Limited, for the exhibition of the film in India and that the film has in fact been, or is in course of being, shown in the principal towns in India and Burma.

This information covers (1), (2), (3), (4) and (6) of the question. In regard to (5) the answer to the first part of the question is in the affirmative; as regards the latter part, the Government of India have no information.

Sardar Bomanji A. Dalal: May I ask a supplementary question, Sir? What was the undertaking obtained from this Company in regard to satisfactory publicity being given to these pictures, and was this question considered at the time the claims of various Companies were adjudicated upon?

Mr. Denys Bray: I am sorry I shall have to ask for notice of that question. I would explain that in giving my answer I was only acting as the mouth-piece of the Political Secretary. I myself have no personal knowledge of the case.

Mr. W. M. Hussanally: May I also ask a supplementary question, Sir? Was the tender of this Company the highest?

Mr. Denys Bray: The answer I have just given applies here also.

REPRESENTATIVE OF RAILWAY EMPLOYEES ON CENTRAL ADVISORY COUNCIL.

278. ***Mr. N. M. Joshi:** Do Government propose to appoint a representative of the Railway employees on the Central Advisory Council and the Local Advisory Boards to be created in accordance with the Railway Committee Report?

Colonel W. D. Waghorn: No proposal of this kind was made by the Acworth Committee and, as at present advised, the Government do not propose to take the action suggested.

Mr. N. M. Joshi: Does not Government itself think it advisable to take steps?

Colonel W. D. Waghorn: Government do not propose to take the action suggested.

FORFEITURE OF THE SECURITY DEPOSITED BY THE 'TALIK PRINTING PRESS.'

279 * **Mr. Mahmood Schamnad Sahib Bahadur** : (a) Is it a fact that the Punjab Government passed orders for the forfeiture of the security of Rs. 2,000 deposited by the ' Talik Printing Press ', in which the *Zamindar* of Lahore was being printed, for publishing in the *Zamindar* an Urdu translation of the summary of the debate on Martial Law in Malabar on the 8th February in Legislative Assembly, as transmitted by the Associated Press of India, on the ground that the article ' is likely or has a tendency to arouse hatred and contempt against the Government established by law in British India ' ?

(b) Is it true that the article in question was a true translation and contained nothing more than what was contained in the debate ?

The Honourable Sir William Vincent : It is true that the security deposited by the Press at which the *Zamindar* newspaper was printed has been forfeited, but the Government of India are not aware on what ground this action was taken. They have not seen the article referred to in the question.

Mr. K. Ahmed : Would it not be surprising if exactly what Mr. Schamnad and Khan Bahadur Zahir-ud-Din Ahmed said was translated in the *Zamindar* and the *Siasat*, and still their security was forfeited ?

Will the Government be pleased to expedite in the matter of their inquiry and do the needful ?

The Honourable Sir William Vincent : Government are making no inquiry into the matter.

Mr. K. Ahmed : It will not take very long, Sir. (Laughter.) Government is aware that the papers are not published since the order forfeiting their security was passed. Is it not against public policy, Sir ?

RESTRICTIONS ON THE RECRUITMENT OF MOPLAHS.

280. * **Mr. Mahmood Schamnad Sahib Bahadur** : Is it true that there is some restriction imposed in the recruitment of Moplahs to the Indian Auxiliary or Territorial Force in Malabar ?

Sir Godfrey Fell : Subject to the authorised establishment not being exceeded, no restrictions, other than those applying generally under the Indian Territorial Force rules, have been imposed on the enrolment of Moplahs in the Indian Territorial Force in Malabar.

Moplahs are not eligible for enrolment in the Auxiliary Force.

EMPLOYMENT IN THE MILITARY WORKS SERVICES OF CERTAIN TEMPORARY NON-REGULAR OFFICERS.

281. * **Dr. H. S. Gour** : (1) Is it a fact that the Military Works authorities have organized a service for temporary non-regular and Civilian officers, and the same has been sanctioned by the Secretary of State for India ?

(2) Is it a fact that the number of such officers is to be about 249 ?

(3) That their minimum monthly emoluments are fixed at Rs. 650 and maximum at Rs. 1,350, with an annual increment of Rs. 50 with a month's bonus and two months' leave on full pay for each year's approved service?

(4) That their contract of service is nominally for 3 years, subject to six months' notice on either side extensible indefinitely thereafter?

(5) That the Director of Military Works is authorized to fix the initial pay of the incumbent?

(6) And that the several officers have been recommended for employment on the initial pay of Rs. 1,200 and none has started with the minimum pay fixed?

(7) Is it a fact that all officers so employed are Europeans and not a single Indian has yet been employed though the service was expressly non-denominational?

(8) Will the Government be pleased to state how many Indians applied for this service and why their applications were rejected?

(9) What are the qualifications of those engaged and those rejected?

(10) Is it a fact that some Indians who have already been in the service, and their services dispensed with through no fault of their own, have not been re-employed to any of these vacancies, but have been offered re-employment on a lower scale of salary and on more unfavourable terms?

Sir Godfrey Fell: As this reply is rather long, Sir, with your permission I will lay it on the table.

(1) The permanent officer cadre of the Military Works Services consists of Royal Engineer officers, who are borne on the Indian establishment. Owing to the temporary shortage of regular Royal Engineer officers during the war and up to the present time, it has been found necessary to employ temporarily, in place of Royal Engineer officers, non-regular military officers and civilian engineers and departmental officers of the Military Works Services.

(2) No. The total number of officers' posts of all kinds at present is 247, including regular Royal Engineer officers, of whom there are now about 130.

(3) and (4). The non-regular military officers and civilian engineers referred to have been engaged from time to time on varying agreements. With a view to uniformity, a new form of agreement for these officers has recently been approved by the Secretary of State. Such officers as it is desired to retain will be offered an opportunity of coming under the new agreement. Briefly, the terms of this agreement are:

- (a) Incremental scale of pay, starting at Rs. 650 per mensem and rising by annual increments of Rs. 50 to Rs. 1,350 per mensem.
- (b) Period of service—3 years, terminable at 6 months' notice on either side. To be extensible indefinitely thereafter, subject to 6 months' notice. Period to be actual service exclusive of leave.
- (c) Initial pay of each officer to be fixed by the Government of India.
- (d) To retain any existing right to a passage to Great Britain.
- (e) Two months' leave after 12 months' completed service, and bonus of one month's pay for each 12 months' completed service.

This agreement will only apply to officers—already serving on temporary terms in the officer cadre of the Military Works Services.

(5) and (6). The Director Military Works has no power to fix the initial pay. His recommendations as to the initial pay to be offered to certain officers, selected from among those now serving on varying agreements, are at present under the consideration of the Government of India.

(7). Yes.

(8) and (9). Only one Indian has applied to be given the terms referred to above, but his qualifications were not considered to be sufficiently high to justify his appointment on such terms. He was offered employment on lower terms, but refused it.

Applications for temporary employment in the Military Works Services have been, and are being, received from Indians, but no applications have so far been received from men of high qualifications and experience. Five candidates of lower qualifications have been selected and are being recommended to the Government of India for appointment for 2 years on pay varying from Rs. 400 per mensem to Rs. 550 per mensem with annual increments of Rs. 100. These rates are analogous to those given to India recruited officers of the Indian Service of Engineers.

The Government of India are quite prepared to give temporary employment to well qualified Indians in the Military Works Services on suitable rates of pay.

(10). The answer to this part of the question is in the negative. It is not the case that the services of any Indian have been dispensed with through no fault of his own.

UNSTARRED QUESTIONS AND ANSWERS.

AMNESTY TO POLITICAL PRISONERS TO COMMEMORATE THE ROYAL VISIT.

289. **Maulvi Abdur Rahman**: Will the Government be pleased to state whether they propose to make any announcement declaring general amnesty to all persons convicted for acts of political, semi-political and religious nature including the under-trial ones to commemorate the most auspicious Indian visit of His Royal Highness the Prince of Wales, the would-be Emperor of India? If so, when they propose to do so?

The Honourable Sir William Vincent: No.

PREFERENTIAL TREATMENT OF PRISONERS UNDER THE INDIAN CRIMINAL LAW AMENDMENT ACT.

290. **Maulvi Abdur Rahman**: Will the Government be pleased to state whether those persons convicted under Section 17 (1) and (2) of the Indian Criminal Law Amendment Act, 1908, will be treated as special class prisoners according to the recent Government Communiqué? If so, whether effect has been given to that communiqué in every case?

The Honourable Sir William Vincent: The Government of India have issued no communiqué on this subject. It is presumed that the Honourable Member has in mind the communiqués issued by several Local Governments. The treatment accorded to individual prisoners is regulated by rules framed by

the Local Governments under their statutory powers. It is understood that, in the case of many of the persons convicted under the Indian Criminal Law Amendment Act, 1908, some form of preferential treatment is allowed.

PASSES FOR TRAFFIC CANVASSERS ON THE NORTH-WESTERN RAILWAY.

291. **Bhai Man Singh:** (a) Is it a fact that the Traffic Canvassers on the North-Western Railway drawing Rs. 125 per mensem get only Inter Class card passes and in 3 Up Mail (having no Inter compartment attached to it) these men travel in 3rd Classes, while guards drawing Rs. 90, stock verifier, local auditor, travelling ticket examiners drawing Rs. 60 get 2nd Class card passes?

(b) Does the Government propose to take any action in the matter?

Colonel W. D. Waghorn: (a) Traffic Canvassers on the North-Western Railway drawing Rs. 125 per mensem are given Inter Class card passes in accordance with the rules applicable to employees on the North-Western Railway. It is not necessary for these men to travel by 3 Up or any other Mail train on which Inter Class accommodation is not provided.

The class of pass issued is determined by the rules in the State Railway Open Line Code Vol. II, which permit the issue of Second Class passes—

(i) to certain classes of Audit staff on a progressive rate of pay the minimum of which is below Rs. 125.

(ii) to guards and travelling ticket examiners when their *total* emoluments exceed Rs. 125 per mensem.

(b) The question of free pass rules generally is under consideration.

INCREASED TRAVELLING ALLOWANCE FOR PURELY RAILWAY STAFF.

292. **Bhai Man Singh:** (a) Is it a fact that in North-Western Railway I. C. G's are getting Rs. 3-12-0 as daily travelling allowance while the Claim Inspectors are getting Rs. 2-8-0 a day?

(b) Does the Government propose to take any action in the matter?

Colonel W. D. Waghorn: (a) The reply is in the affirmative. I. C. G.'s are audit staff under the administrative control of the Finance Department, and as such, under the rules, receive the enhanced rates of travelling allowance recently sanctioned by the Government of the Punjab for their servants. They accordingly draw Rs. 2-8-0 (the same rate as is allowed to Claims Inspectors who are purely railway staff) *plus* the 50 per cent. increase sanctioned by the Punjab Government, or Rs. 3-12-0, as daily allowance.

(b) The question of increasing the rates of travelling allowance for purely railway staff is under the consideration of the Government of India.

EXPENDITURE IN TRAVELLING ALLOWANCE INCURRED BY THE CALCUTTA MINT ON COINING CASES.

293. **Mr. K. C. Neogy:** Will Government make a statement showing—

(a) the number of coining cases in which officers of the Calcutta Mint were called upon to give evidence, and

(b) the expenditure incurred by the Mint on this account, during the last five years?

The Honourable Sir Malcolm Hailey : The following statement gives the required information. Commissions before a Presidency Magistrate have not been included.

	Number of cases.	Expenditure in travelling allowance.
1917-18	19	Rs. 224
1918-19	27	304
1919-20	60	857
1920-21	97	3,891
1921-22	102	4,113

EVIDENCE OF MINT AND ASSAY MASTERS IN CASES OF COUNTERFEIT COINING.

294. **Mr. K. C. Neogy :** (a) Is it a fact that, in 1908, Government had under contemplation an amendment of the Code of Criminal Procedure to provide for reports of Mint and Assay Masters being accepted as evidence in cases of counterfeit coining, in the same way that reports of chemical examiners are admissible as evidence under section 510 ?

(b) If so, what are the reasons for not proceeding with the said amendment ?

The Honourable Sir William Vincent : (a) Yes.

(b) The proposal was not included in the Bill which has been referred to a Joint Committee of the two Chambers because on a consideration of the pros and cons the Government of India, as constituted in 1912, considered the objections to the proposal were greater than the advantages which would accrue from its adoption.

ACTION IN CASES OF COUNTERFEIT COINING.

295. **Mr. K. C. Neogy :** (a) Is it a fact that in a circular issued by the Bombay High Court, the Courts and Magistrates are recommended in cases of counterfeit coining to send the counterfeit coins or notes in question to the Mint Master, or to the Commissioner of Paper Currency, Bombay, and to issue a Commission for the examination of such officer as a witness under section 503, Criminal Procedure Code ?

(b) If so, what are the reasons for not adopting the same procedure in the case of the Calcutta Mint ? Have Government consulted the High Court of Calcutta in this matter ; if so, with what result ?

The Honourable Sir William Vincent : (a) Yes.

(b) The Government of India are not aware of the reasons for not adopting the same procedure in the case of the Calcutta Mint, and they have not hitherto addressed the High Court on the subject.

METHOD OF ADJUSTMENT IN MINT DEPARTMENTS.

296. **Mr. K. C. Neogy :** Has the attention of Government been drawn to the remarks of the Controller of Currency in his review of the Administration Report of the Mint Departments for the year 1916-17, under the head of operative losses ? What is the result of the investigations referred to therein ?

297. **Mr. K. C. Neogy**: Will Government be pleased briefly to explain the difference between the method of adjustment as proposed by the Mint Master, Bombay, and that now in force, *vide* remarks of the Controller of Currency in the Mint report for 1917-18?

The Honourable Sir Malcolm Hailey: Investigation showed that the large divergence was due in part to different accounting (*vide* paragraph 16A of the Calcutta Mint Report for 1917-18) but more to the different forms in which the two Mints received their silver. The bulk of silver arrives as bar sycee and foreign coin, for example, Philippine pesos. On sycee owing to indeterminate fineness gain results. On used coin owing to dirt loss results. If receipts at both Mints were of similar amounts of each form, losses should be approximately equal, but this can obviously never happen. The question of bullion accounting at the Mints has formed lately the subject of investigation by the firm of auditors on special duty regarding Government accounts generally and their report is under consideration.

CHARGES FOR NORTH-WESTERN RAILWAY THIRD CLASS BOGIE CARRIAGES FOR MILITARY TRAFFIC.

298 **Mr. N. M. Joshi**: Will Government kindly say:—

- (a) what is the ordinary carrying capacity of a North-Western Railway third class bogie carriage;
- (b) what is the military carrying capacity of one such carriage;
- (c) what is the total fare realised for one such carriage when fully loaded by ordinary passengers, say, from Amballa Cantonment to Peshawar Cantonment;
- (d) what is the total fare realised by one such carriage when loaded up to military carrying capacity by troops between the same places;
- (e) if (d) is less than (c), whether the difference is shown against the Army Estimates;
- (f) if the reply to (e) is in the negative, why not?

Colonel W. D. Waghorn: (a) The ordinary carrying capacity of a North-Western Railway bogie carriage varies according to the type of the vehicle from 98 to 112. The average may be taken as 100.

(b) The military carrying capacity is $\frac{2}{3}$ ths of the public carrying capacity for British troops and $\frac{2}{3}$ ths of the public carrying capacity for Indian troops, *i.e.*, 40 and 60, respectively.

(c) If a third class bogie carriage were utilised for 100 ordinary passengers from Ambala Cantonment to Peshawar Cantonment at public rates, the total fare realised would be Rs. 742-3-0.

(d) For a similar carriage when loaded up to military carrying capacity by troops between the same places the total fare realised would be Rs. 297.

(e) The difference is not shown against the Army Estimates.

(f) The fares charged for Military traffic are based upon rates agreed to mutually between Railway administrations and the Army Department. The realizations from Military traffic at the rates laid down for such traffic are treated as earnings in the ordinary way and consequently no further entries are made in the Railway or Army accounts.

OMISSION OF 25 ASSISTANT ENGINEERS ON BENGAL-NAGPUR RAILWAY FROM STATEMENT OF DEMANDS FOR 1922-23.

299. **Mr. N. M. Joshi** : Is it a fact that there are on the Bengal-Nagpur Railway 25 Assistant Engineers on the Rs. 450—50—1,150 scale as shown in Appendix B of the Statement of Demands for 1921-22, and if so, why the provision has been omitted from the Statement of Demands for 1922-23?

Colonel W. D. Waghorn : The reply is in the affirmative. A different scale of pay for Assistant Engineers is now in force. This scale is divided into basic pay, technical pay, and overseas pay, and as eligibility for overseas pay is dependent on domicile, it has been excluded by the Railway in calculating the value of the appointments the maximum of which exclusive of overseas pay falls below Rs 1,000. The Bengal-Nagpur Railway Company have accordingly omitted Assistant Engineers from the statement showing appointments on Rs. 1,000 and above attached to the Statement of Demands for 1922-23. In the case of other Railways, the overseas pay has been taken into account in valuing the appointments for the purpose of inclusion in the Statement of Demands and this fact has been explained in a note in the statement.

The Bengal-Nagpur Railway will be asked to follow in future the practice of other Railways.

EMPLOYEES IN FACTORIES AND WORKSHOPS UNDER CONTROL OF GOVERNMENT.

300. **Mr. N. M. Joshi** : Will Government be pleased to place on the table a statement containing a list of the different kinds of factories and workshops under the control of Government together with information regarding the number of the persons (men, women and children) employed in each, and stating how many of these are paid on the basis of monthly salary, how many on the basis of daily wages, and how many as piece workers, and, also, stating for how many hours each factory and workshop works?

Mr. A. C. Chatterjee : A list of the different kinds of factories and workshops under the control of Government and of local Funds during 1920 will be found on pages 6 and 7 of the last Annual Report on the working of the Indian Factories Act in British India. The average numbers of persons employed in each class of factory is given on pages 12 and 13 of the same report. The numbers of persons employed in each of the large factories are detailed in the statistics of Large Industrial Establishments in India, published by the Department of Statistics, of which the fifth issue will be published during this month. I regret that no separate statistics are available for the other details asked for in the Honourable Member's question, and the labour and cost of collecting them will be incommensurate with the results.

REPORT OF THE PRINCE OF WALES' CAR BEING FIRED AT.

301. **Dr. H. S. Gour** : (1) Has the attention of Government been drawn to a statement published in the English press to the effect that His Royal Highness the Prince of Wales' car while proceeding from Delhi to Patiala was fired at?

(2) Is it a fact?

(3) If not, will the Government inquire as to who sent the wire?

(4) Has the Government taken any steps, if so, what, to contradict the malicious report?

Mr. Denys Bray: (1), (2) and (4). The attention of the Honourable Member is invited to the communiqué on the subject issued on the 28th February.

(3) The telegram was sent by a newspaper correspondent accompanying the tour of His Royal Highness the Prince of Wales.

MOTION FOR ADJOURNMENT.

Mr. N. M. Samarth (Bombay: Nominated Non-Official): Sir, I ask for leave for the adjournment of the Assembly to-day to discuss a definite matter of urgent public importance of which I have given notice,—I gave notice on Friday last—namely, the situation created by the resignation by the Right Honourable Edwin Samuel Montagu of the office of Secretary of State for India.

Mr. President: The matter is no doubt of public importance, but I should like to hear from the Honourable Member how he defines the word 'urgency' in relation to this case.

Mr. N. M. Samarth: Well, Sir, there are four points on which I submit the motion I have made to be a definite matter of urgent public importance. Firstly, I think, Sir, that it is of urgent importance that this House should have an opportunity of expressing its deep sense of regret at the resignation by Mr. Montagu of his office of Secretary of State for India in which capacity he rendered invaluable services to India and the Empire, and for which this House begs to convey its profound gratitude to him and its unabated confidence in the policy pursued by him as the only policy which wise statesmanship would dictate in the best interests of the Empire. Secondly, to convey to His Majesty's Government the expression of this House that, if the resignation of Mr. Montagu, in the circumstances which have brought it about, means a suspension, or an abandonment, or a reversal of the policy for which Mr. Montagu stood and fought for India, it would produce deplorable and disastrous consequences in India.

Mr. President: The Honourable Member is entering into the merits of the question. He is not meeting the point that I have put to him, namely, to bring his motion within the definite terms of the rules and standing orders governing motions for adjournment of the public-business of the Assembly.

Mr. N. M. Samarth: It is urgent that this should be done. There are two more points which shows that it is urgent that this should be debated to-day, and there I will end. They are constitutional points of great urgency, and the third point is this.

Mr. President: The Honourable Member is using the word 'urgency' in its ordinary sense. The word 'urgent' in the rules has a definite meaning. It means that this question must be debated here to-day because of some action which Government has taken or may take and in which there can be no delay. The Honourable Member has not yet satisfied me that the delay of a day or even of a week in drawing the attention of this House to this particular matter will have any effect on public policy.

Mr. N. M. Samarth : I submit that the consideration of the Treaty of Sevres is going to take place on the 24th, and I consider that it is urgent that the view of this House should be communicated in regard to certain constitutional matters connected therewith and that is why I brought this as a matter of urgent public importance. Otherwise there would be

Mr. President : If the Honourable Member makes his motion relate to the Treaty of Sevres it will be out of order because that is a question of foreign policy.

Mr. N. M. Samarth : May I make it clear ? I do not mean to do anything with regard to foreign policy, but I wish to emphasise the point of view of India as an original member of the League of Nations. In our own right, in the right of India, we say that we have a right unhampered, unfettered and un-controlled by the British Cabinet to publish our own views, and it is urgent that this matter should be brought forward before the British Cabinet, and as there is, in my opinion, an infringement of that right, this matter should be referred to the Judicial Committee of the Privy Council by the command of His Majesty the King-Emperor.

Mr. President : If the Honourable Member wishes to express his own views or the Assembly their own views, there are other ways more effective than a motion for an adjournment for doing so.

Sir Jamsetjee Jeebhoy (Bombay City : Non-Muhammadan Urban) : Sir, would it not meet with the wishes of the Honourable Mover and the House generally if this question were dealt with on a Resolution, and may I request Government to appoint as early a day as possible for the purpose ?

The Honourable Sir William Vincent (Home Member) : Provided a Resolution is put in a form which is admitted by the President and is not disallowed by His Excellency the Viceroy, I will do my best to secure an early date for the discussion. But I understand that this week will be occupied with examining budget demands, and it is impossible to say what date exactly we shall be able to give. But this assurance I can give subject to the conditions that I have mentioned,— I hope I have been clear with regard to them—that Government will do its best to find the earliest possible date, I hope it may be next Saturday or Monday, but it must be clearly understood that I make no promise.

Mr. N. M. Samarth : I see it is not a promise, but it is a hope held out, and in those circumstances, I do not wish to press for an adjournment of the House to-day.

THE BUDGET—LIST OF DEMANDS.

SECOND STAGE.

Expenditure from Revenue.

CUSTOMS.

Mr. President : The question is :

‘ That a sum not exceeding Rs. 64,02,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1923, in respect of ‘ Customs . ’

Mr. S. C. Shahani (Sind Jagirdars and Zamindars : Landholders) : Sir, Rao Bahadur Rangachariar is unavoidably absent, and, as this is a Party motion, I beg leave to move his amendment. My own amendment is that from this Demand No. 1, Rs. 10,00,000 be taken away. My reason for the amendment I propose is that the expenditure over this Department has gone on increasing. I find that from the year 1911 to 1919 the cost of collection has amounted to 2½ per cent., whereas from 1919 to 1922

Mr. President : Is the Honourable Member moving his own motion for reduction ?

Mr. S. C. Shahani : I beg to move Rao Bahadur Rangachariar's amendment :

'That the Demand under the head 'Customs' be reduced by Rs. 3,52,900.'

Mr. President : I called upon the Honourable Member from Madras to move the first of the motions for reduction standing in his name. The reduction which the Honourable Member refers to stands No. 11 on the list and not No. 1.

Mr. S. C. Shahani : I move :

Assistant Collector, Madras, 'That the provision of Rs. 12,000 for 1 Assistant Collector, Madras, be reduced by Rs. 3,600 to provide for the pay being fixed at Rs. 350 to 1,000.'

In support of this amendment I beg to urge that the scale of salaries that has been sanctioned for this Department is very high. In the Budget presented last year, I find that the maximum for the pay of the Senior Assistant Collector was shown as Rs. 1,200, whereas in this Budget it has been raised to Rs. 1,750. There has been a corresponding increase in the salaries of other officials too. I, therefore, beg to point out that this indiscriminate manner of increasing salaries should be put an end to. I find that the persons who are appointed to do duty in this Department are not specially qualified. They do not go in for any technical training and there is absolutely no reason why their pay should not be in line with, for instance, the pay of the Executive Engineers in the Public Works Department, or the pay of the Superintendents of Police. I propose, therefore, that the Assistant Engineer's pay, namely, Rs. 775, should be deemed an adequate salary for Assistant Collectors. High salaries do not occur merely in Madras, but are repeated in every other part of India. On these grounds, I beg to move the amendment that has been proposed by Rao Bahadur Rangachariar.

The Honourable Mr. C. A. Innes (Commerce and Industries Member) : Sir, I am afraid, on behalf of Government, I must ask the House not to accept an amendment of this kind. Let me first explain our arrangements for the recruiting of non-civilian Assistant Collectors of Customs and also remove certain misstatements which were made, no doubt unwittingly, by my friend, Mr. Shahani. We have in the Customs Department 21 non-civilian Assistant Collectors and, under the rules which are now in force, these Assistant Collectors are recruited alternately from Home and by open competitive examination in India, held in conjunction with the examination for the Indian Finance Department. Mr. Shahani has said that the scale of these Assistant Collectors is unduly high and that it has been unduly increased in

recent years. That statement is not correct. The scale of these Assistant Collectors was fixed in 1911 at Rs. 300 rising by increments of 50 to Rs. 1,450. The maximum was Rs. 1,450 before the last revision. In the last revision, we altered the scale only very slightly. We raised it to 350 rising by 50 to 1,500 and we attached to the officers recruited from Europe an overseas allowance varying from 150 to 250 a month. But we found that we had done absolutely nothing or practically nothing for Assistant Collectors, Indian and Anglo-Indian, recruited in this country. As a special case, therefore, we gave these Assistant Collectors the same overseas allowances as have been given to men recruited in Europe, but that applies only to men who were in service when the new scale was introduced. Future Assistant Collectors will be on this scale of 350 rising to Rs. 1,500. Now, Mr. Shahani does not propose that this scale should be reduced or altered for future entrants. He makes a definite proposition to the House that the pay of men already in service may be cut down. I ask the House if that is a reasonable proposition. We have recruited these men, the more recent of them, by open competitive examination. We stated the terms which we were prepared to offer and these men went in for that examination on that understanding. Take the case of the latest recruit. He was a gentleman who was employed in one of the Departments of the Government of India. He gave up that appointment and went in for the open competitive examination and he gained the vacancy. Is it fair, is it right that we should now, by a stroke of the axe, reduce the pay which that man was promised when he entered the service? I am quite sure that the House will realise that it is not a practical proposition for it to reduce the pay or the prospects of men already in the service. Whether the pay of officers in India should be on a lower scale is a different question. It is an important question, but it is a question which cannot be discussed to-day, for it will have no effect upon the present Budget. I put it to the House that it is not right that this House should cut down the pay or the prospects of men already in the service. Any revision or changes that may be made in this respect must be made with reference to future entrants, and it is, therefore, not a matter which will affect the Budget. It is a matter obviously which must be considered not in relation to one or two appointments in the Customs Department but to all Indian Services. That is to say, it is a question which should be referred to a Retrenchment Committee. I hope, Sir, that the House will not accept the Resolution which may do irremediable harm, which will cause Assistant Collectors and officers not only in the Customs Department but in other Departments also to believe that they cannot trust this Legislative Assembly, this Indian Legislature, not to embark on a policy which would amount to a definite breach of faith.

The Honourable Sir Malcolm Hailey (Finance Member) : If I may, I will add one point to what my Honourable friend, Mr. Innes, has said. Mr. Shahani, in introducing either the Resolution which he intended to introduce or the motion which he did not intend to introduce, stated that the cost of collection had amounted to 24 per cent. Now, if that were true, the House would indeed have reason to complain. I can imagine the feelings of a business man on being told that the cost of collecting our customs amounted to 24 per cent. of the revenue. It amounts actually to 1·97, which is a very different figure indeed.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : Is it not 2·16? It has gone up since 1919. See the statistics.

The Honourable Sir Malcolm Hailey : I have given it on the Budget figure for next year, but, even if it were 2·16, there is some slight difference between that and 2½ per cent. I would further add that the increased expenditure, only 2¼ lakhs occurs in the salaries of officers and the remainder of the increase, 19½ lakhs, is purely in the pay of the subordinate establishment.

Mr. President : The question is :

‘That the provision of Rs. 12,000 for 1 Assistant Collector, Madras, be reduced by Rs. 3,600 to provide for the pay being fixed at Rs. 350 to 1,000’

Mr. S. C. Shahani : I beg to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

Mr. B. S. Kamat (Bombay Central Division : Non-Muhammadan Rural) : Sir, I move :

‘That the provision for contribution towards the maintenance of the Customs Recreation Club under sub-head ‘Sind Division’ be omitted.’

This amendment is more or less an old friend of this Assembly. It is proposed that a contribution of Rs. 2,520 be made this year also to the Customs Recreation Club, Sind. Members will recollect that this time last year the same item was discussed by this Assembly and an explanation was given by the Honourable Mr. Innes purporting to say that he would look into this question. On a division this contribution of Rs. 2,400 was negatived last year by this House and yet we find this year.

The Honourable Mr. C. A. Innes : May I rise on a point of explanation, Sir? This is a different item and refers to Karachi. The other one was Bombay.

Mr. B. S. Kamat : That makes little difference. The principle is the same. Sind forms part of the Bombay Presidency and the principle is just the same. I object to the principle. I think the system of making contributions to social or recreation clubs is not a very healthy one. Last year the Honourable Mr. Innes told us that the practice was to levy a small fee, called the Sunday fee, from certain ships in some parts of India, and out of the collections from these fees it was the practice to make contributions to different clubs and also to certain other kinds of welfare work amongst the Customs Officers. At that time the Honourable Mr. Innes promised to look into this file and to see that the distribution of this fund was regularised and was made uniform so far as such clubs in different provinces were concerned. I want to elicit from him what are the total collections from this fund called the Sunday fees fund and out of the total collection I want to know what are the disbursements and whether Government have in their hands any surplus or any extra revenue from the Sunday fees fund.

I am sure the Secretary of State's orders are that Government should not make any profit out of such fees. I have no doubt that the Department over which the Honourable Mr. Innes presides must be distributing this fund equitably, but still I am not satisfied whether there are established similar recreation clubs for Customs Officers in all the ports of India. I am not also sure whether this fund is not utilised for other purposes than recreation clubs. Last year, for instance, the Honourable Mr. Innes told us that in Calcutta here was no recreation club whatsoever, but a part of this fund was utilized

for assisting officers of the Customs Department in their sickness. That is to say, it was a nursing fund or something like a 'sickness fund.' Now, I do not see why there should be different ways of utilisation of this fund, and I think the Honourable Mr. Innes owes an explanation to this House regarding the distribution of this fund. Indeed, I rather feel that after the rejection of this particular item in one form at any rate last year at the hands of this Assembly, a similar item should not have been inserted in this year's Budget at all. It strikes me that this attempt to introduce this item is like a man who although he is turned out at the door, tries to enter the house through the window and I therefore have no doubt that this item ought to be entirely rejected. I move that this item be omitted.

Mr. W. M. Hussanally (Sind: Muhammadan Rural): Sir, coming as I do from Karachi, I should like to say a few words with regard to this club which stands on a separate footing altogether from any club of the kind in other parts of the country like Bombay, Calcutta or elsewhere. The Customs Officers of the Preventive Department at Karachi have to reside at a place called Keamari, the port or harbour of Karachi, far away from all kinds of society, about 6 to 8 miles away from the city; therefore, they are practically ostracised from all company or society; and it is absolutely necessary for them to have a club of this kind for their recreation in their hours of leisure. A club has been started there, and I have seen it myself personally. It would be absolutely impossible for the employees of the Customs Department at Keamari to support this club out of their own funds, and it is on that ground, I understand, that Government has been contributing this small sum for the upkeep of this club. If this sum is withdrawn, Sir, I am perfectly certain that this club will have to be stopped, resulting in considerable disadvantage to the service. The little amenity of life the employees have at present will be taken away. I therefore strongly recommend that this sum be retained.

The Honourable Mr. C. A. Innes: Sir, it is a fact that this question of a contribution to the Customs Recreation Club at Bombay was under discussion at the last Budget and I told the House that I was examining the whole question of the utilisation of these Sunday fees, and I am very sorry that I have not been able to complete that examination up-to-date. I find from a file here that I wrote a note on the subject, when I was Secretary in the Commerce Department in July last. When I went into the question of these Sunday fees I at once found myself up against the whole question of overtime fees, the system under which overtime fees are given in the different ports, and I found that the practice varied in the matter of Sunday fees and overtime from port to port. Consequently I wrote round to all Collectors of Customs and asked for full information as to the overtime fees collected and paid in the different ports and as to the manner in which the Sunday fees were allocated, my idea being that we should make an effort to systematise this matter from port to port. My idea was that, when I had got the whole matter cleared up, I should place it before the Standing Finance Committee. I have just obtained the file, and I find that a note was put up on the 14th February, but I have not yet been able to take it up. But I do admit that there is great discrepancy of practice from port to port in regard to the allocation of these Sunday fees. The principle has been laid down by the Secretary of State that the Government should not make a profit out of these Sunday fees. Well, I found that in at least one port the fees were credited

[Mr. C. A. Innes.]

to general revenues in spite of that pronouncement of the Secretary of State. In other ports we make small contributions to Customs Clubs—one in Rangoon, one in Karachi. It does not appear in the Budget, but a contribution is also made to a Recreation Club in Rangoon. In other ports, in Calcutta for instance, by an order passed as far back as 1904, 40 per cent. of these fees go to the men, though in no other port do Sunday fees go to the men. The rest of the fees are distributed amongst charities. Well, that is the position, Sir. There is great discrepancy of practice. I have got the whole matter worked out here, and, if the House will hold its hand for the present I will undertake to place it all before the Standing Finance Committee at their next meeting. I think, that will be a better way of dealing with the question.

As regards the actual contribution to this Club at Karachi, I may explain that that contribution was sanctioned before the debate of last year, but it was not shown in the Budget; I do not know why. The main reason why the House were not willing to sanction this contribution to the Bombay Recreation Club was that the Bombay Recreation Club did not admit Indian members. I was unable to give an assurance to the House on that point, I am sorry to say out of my own ignorance, as, though the preventive service in Bombay had not then many Indians, it had some; in Karachi the case is entirely different. There is no discrimination of any kind. The contribution is very small. As I have stated, we are not supposed to make any profit out of these Sunday fees; and I think the House will agree with me that Government, being probably the largest employer of labour in India, ought to set an example in trying to do a little social welfare work. This contribution, as I say, is a very small one, and it is for a club which admits all members of the preventive staff in Karachi, whether Indian or European. I suggest that the House might leave this small item alone on the understanding, as I have said, that the whole of this question of overtime fees and Sunday fees will be put up to the Standing Finance Committee at its next meeting in April or May.

Mr. T. V. Seshagiri Ayyar (Madras: Nominated Non-Official): Sir, I object on principle to the giving of public money to a private club. There is no objection, if the Honourable Industries Member so thinks, to withholding or giving up the whole of these Sunday collections, but to say that you would collect the money, credit it to the Government exchequer and subsequently disburse it to a private club seems to me to be altogether opposed to principle. Sir, Government lays itself open to this reproach, if some club asks for a similar contribution and they refuse it, that they have given it to one particular club composed of a particular class of individuals, and have refused it to others which admit other individuals. It is not a sound policy to give money, public money, to a club run by private individuals. If their pay is not sufficient to enable them to maintain a club, give them more pay, but do not disburse public money in this way.

Sir Deva Prasad Sarvadhikary (Calcutta: Non-Muhammadan Urban): Since the question of principle has been raised, it is worth while considering whether there is not another principle underlying the situation than that which has been referred to. It is not merely because Government is the largest employer of labour that these social amenities ought to be encouraged. In the

interests of efficient work, for which we hear constant pleas, it is of the greatest importance that this aspect of the question should receive the attention of those who want to get the best out of the men they employ, and want to ensure their continued efficiency. Even in private offices and firms one tries to encourage the social activities of their employees from all points of view and that is right.

I intervene in this debate, not because I am prepared to support indiscriminate waste of public money, particularly in these times of stress when every pice that can possibly be saved should be saved. I intervene because I am afraid that, if in exercise of rights that certainly do vest in the Assembly we seek to interfere in regard to things like this, the whole organisation is apt to suffer. Moreover, valuable time will be slipping by and we shall have no time to discuss more important items.

I remember an instance which makes me think of what I venture to call the other side of the question. Many years ago, when it was my privilege to go up to Simla for the first time in connection with Education, I found that great disorganisation existed in the social life of assistants—the lower assistants at any rate—in the public offices. The then Education Member and the Secretary, who is still with us and the Law Member were good enough to take up a suggestion from me and supported the making of a small grant for starting a social club in Simla, which found a counterpart in Delhi also. I have every reason to believe that since then our young men, who did not always know how to employ their time out of office hours probably and how to use the long summer evenings in Simla much appreciated and fully availed themselves of the movement. Some form of healthy and intellectual recreation has been possible and they have derived the greatest possible good out of these clubs at Simla and Delhi; and so have the Public Services proportionately. Only a small contribution was made by way of encouraging their activities and by way of showing that the Government was interested in their social life as well. I do not say that Rs. 2,000 or Rs. 200 is the proper amount to grant in a case like this, or that grants should be made in all cases; but I do say, if people or Government desire to get continued good work from those in their employ they should not be compelled to toil on amidst uncgenial and unhealthy surroundings from lack of initial organisation. This I say from a consideration of the good of the public service and of the health of the employees. Small contributions like this in suitable cases ought not to be objected to. It ought to be left to the discretion of the heads of the departments which clubs to support and to what extent. I quite appreciate the difficulties which have been suggested by Mr. Seshagiri Ayyar, that if one club receives a contribution and another does not, a serious difficulty may arise. But I have not the slightest doubt that, if a proper case is made out, Government would be willing to make a small contribution where it ought to be made. If my experience of the Simla and Delhi clubs, to which I have referred, is borne out in other similar ventures, I think that these small contributions are entirely justified.

The Honourable Sir Malcolm Hailey : Sir, as a general question of principle has been raised by Mr. Seshagiri Ayyar, I venture to intervene. It may very readily be supposed that a question of this type is one which closely concerns the Finance Department; because if we, as representing the financial conscience of the Government of India in these matters, were to allow indiscriminate grants to clubs, as he suggested might perhaps be done,

[Sir Malcolm Hailey.]

then I should feel that it would be a very grave charge against us. But I have, while this matter was under discussion, been attempting to recollect cases in which we have permitted charges of this nature. I may remind the House that, under the Audit Resolution dating from the time of Lord Morley, all expenditure technically of an unusual nature had to come first to the Government of India and had further to be put before the Secretary of State. Now, this was emphatically a type of unusual expenditure of public monies which would have to be put before the Government of India and the Secretary of State, and no expenditure of this kind could, therefore, have been incurred without attracting our special note. I remember one case in which a grant was made to a Police Club, I think for the benefit of subordinate police officers; the object was to provide them with a tennis court. I remember also the case to which Sir Deva Prasad Sarvadhikary has just referred. We made grants here and at Simla mainly with the same object, namely, to provide recreation for clerks in our establishments. With those exceptions and the expenditure on the Customs Subordinate Clubs, I can at present remember no other case in which a grant has been made; and I think that Mr. Seshagiri Ayyar may rest assured that we should scrutinize demands of this nature with the utmost strictness. The grants, if given, would be confined entirely to recreation clubs for clerks and other subordinate establishments. Under no circumstance—perhaps I need hardly say that—but under no circumstances should we give a grant to what he describes as private clubs. Further, when demands of this kind have been made upon us, we have made it an invariable rule that the club should be open to all employees and not confined to any particular community. I think that with that assurance the House might perhaps accept the present proposal conditionally on the re-examination to which Mr. Innes is to subject it.

Mr. T. V. Seshagiri Ayyar: Would this be withdrawn now and submitted to the Standing Finance Committee? And will it be gone into during the Simla Session if necessary?

The Honourable Sir Malcolm Hailey: I understand that the whole question will be submitted to the Standing Finance Committee.

Rao Bahadur C. S. Subrahmanayam (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, on this question two standpoints have been placed before the House. There is first the question of principle; then the question, I might say, from the patriarchal point of view. Both are interesting and both deserve considerable support from this House. But the answer which the Honourable Mr. Innes gave, I think, ought to have cut short further discussion, because he told us that this matter will be examined by the Standing Finance Committee and all the details will be put before them. I think that with that assurance this motion might be dropped.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I do not know why year after year some Members consider a small item like this a fit object for attack; perhaps because other amounts which Government spends on similar objects are not so apparent. But if they scrutinise closely the expenditure of the Railways, the Government Railways, they will find that large amounts are set aside on account of Institutes. I have seen buildings

put up for this purpose by Government Railways, which are of course Government property. I think, therefore, that this is not the only item of expenditure incurred by Government for the social amelioration of its employees. Large amounts are spent on buildings for Institutes alone.

As regards the principle, I think it is the duty of Government to supply social amenities for their employees, as they would naturally like to recommend other employers to do the same.

Dr. Nand Lal (West Punjab : Non-Muhammadan) : Sir, to my mind a sufficient explanation was given by the Honourable Mr. Innes and I thought there was not much justification for me to take up the time of this House. But Mr. Joshi has put forward a general recommendation which compels me to give him a proper response. Mr. Joshi should remember that no Department of the Government is allowed to gamble with the public money. If any Department of the Government (*Mr. Joshi*: 'I agree with you'), in order to recreate themselves, wish to establish any club, they should make individual and personal contribution to it and the Government should be careful that the public money should not be spent on an institution like this. On principle, as the Honourable Mr. Seshagiri Ayyar has put forward, it is not equitable and fair, *viz.*, that one Department of the Government may be supplied with this kind of recreating clubs, whereas the others may not. With these few remarks, I am in favour of this reduction and I submit that this reduction may be accepted by this House.

12 Noon.

Mr. J. P. Cotelingam (Nominated Indian Christian) : Sir, I move that the question be now put.

Mr. President : The question is :

'That the provision for contribution towards the maintenance of the Customs Recreation Club under sub-head 'Sind Division' be omitted.'

The motions was negatived.

Mr. B. S. Kamat : Sir, the next amendment standing in my name is a cognate one, namely :

'That the provision for Overtime and Holiday Allowances wherever they occur under the

Overtime and Holiday Allowances. head 'Customs' be omitted.'

Members will notice that under the head 'Customs' there is a provision of something like 8 lakhs of rupees for Overtime and Holiday Allowances for Customs offices. The object of my bringing this matter to the notice of the House is also to raise the principle of Sunday Allowances. I am aware that, owing to the exigencies of service, certain officers in the Customs Department have to keep watch over ships entering the harbour, even on Sundays and other holidays, but, Sir, I do think that the system of having 'Sunday Allowances' is after all a very objectionable system ; if possible, Government ought to devise another system to keep watch over the ships on Sundays or other holidays. As in the case of the previous amendment, as I have pointed out, this amount is defrayed out of the Sunday Fees Fund. If my information is correct I am not quite sure whether I am right—we ought to know what the total collections are and whether Government pays Sunday Allowances

[Mr. B. S. Kamat.]

to officers from their ordinary funds or from the fees. In any case, I am sure a man who works on holidays or Sundays is not likely to work efficiently on other days of the week, and, therefore, to expect a man to work on Sundays, or to compel him to work on Sundays, or even to tempt him to work on Sundays by the offer of these allowances, is not a very good principle in administration. I believe Government ought to introduce some other system, either of shift or any other system they can devise, and stop this system of giving Sunday Allowances to officers in one particular Department, *viz.*, the Customs Department. After all, there are various other Departments—(Hear, hear) which have got to work on Sundays; for example, the Telegraph Department, and yet we do not pay any such Sunday Allowances for other Departments, and I do not see why a particular Department, *viz.*, the Customs, should adopt the practice of giving Sunday Allowances. I, therefore, move my amendment.

Mr. N. M. Joshi: Sir, with your permission, I would like to move my next motion as an amendment to this motion, because this motion is for omitting the whole sum spent by Government on Overtime and Holiday Allowances and my motion is that it should be reduced by Rs. 4 lakhs. Am I in order, Sir? (Mr. President nodded assent.) Sir, my Honourable friend, Mr. Kamat, has moved his motion to raise the question of the principle. He is a well known politician, while I am not. (Laughter.) I do not propose to raise the question of the principle only. Perhaps he is not anxious that the whole amount should be omitted. But I am very anxious that these Rs. 4 lakhs should be omitted, and, therefore, I wish that the House should note that I am not merely raising the question of principle by my amendment. I want that the whole amount of Rs. 4 lakhs should be cut down, and for this reason. Sir, Government is spending in this Department on Overtime and Holiday Allowances Rs. 8 lakhs. The total salaries of the officers to whom this Overtime and Holiday Allowance is given is about Rs. 38 lakhs. The Overtime Allowance, therefore, is between 20 and 25 per cent. of the salaries of the officers. It means that every one of these officers works for 2 hours every day, after the total daily hours of work are over or after their office work is over, or that all of them work on all Sundays as overtime. I think, Sir, this looks quite absurd in my opinion. There cannot be so much overtime work in any Department. Therefore, the House should very carefully go into the explanation which the Government Member may give on this point. I can understand the necessity for a small percentage of the salaries to be spent on overtime. But the cases for overtime must be rare. If they occur so regularly that an amount equal to 25 per cent. of the regular salaries is secured by the members of the staff as overtime allowance, then it is for Government to devise a system of shifts and do away with the overtime. There is great danger in allowing the staff to get overtime regularly. If that system is allowed, you will naturally find the members of the staff taking rest during the office hours and making out a case for overtime work after the office hours. I, therefore feel that this reduction which I propose, *viz.*, half the amount which Government spends at present, is a very reasonable one and it will be very useful in making the staff of the Customs Department very efficient. Sir, I hope that the House will adopt my motion and I assure them that I have not proposed this motion to raise the principle, but I want this reduction to be made.

Mr. President : I will put the Honourable Member's reduction separately afterwards.

Mr. R. A. Spence (Bombay : European) : Sir, I am not speaking on a point of principle. I want to speak in defence of those who trade in the ports. If this Overtime and Holiday Allowance is not allowed, our trade is going to suffer very badly indeed. Ordinarily, according to the ordinary working time, the Customs office in Bombay starts at 11 O'Clock. If you want people to do your work in regard to clearing goods from ships in the early mornings, you have got to get the Customs Officials to come down. Government make you pay for that. Is it not right and reasonable that that payment should go to the Customs officials? We want this Overtime. We cannot get the trade done if we do not have people working in the mornings and also, at certain times, working late at night. I, therefore, ask, on behalf of the trade of this country, that this motion for reduction should be thrown out.

The Honourable Mr. C. A. Innes : Sir, Mr. Spence has anticipated one of the points I was going to make, though he has not got his facts quite correct. The first point I wish to make is that the overtime fees shown in the Budget do not all go to the men. We have just been discussing the question of Sunday fees, and the Sunday fees, as I explained, except in Calcutta where a portion goes to the men, are voted to various charities.

The points raised by Mr. Kamat and Mr. Joshi deal entirely with overtime fees. The hours for working, for free working, in the Customs House are from sunrise to sunset; but that naturally is not enough for the trade. When a ship comes to Bombay or Calcutta, it does not wish merely to work in the day. Demurrage on a ship is very heavy, and that ship likes to work the whole 24 hours, night and day. Thus we have the first class of overtime fees, night fees for night work; then there are fees for work on close holidays other than Sundays.

With reference to our Preventive Officers, the rules are that their hours of work are a maximum of nine hours a day or 54 hours a week. If they do more than nine hours a day, subject to 54 hours work maximum, they are entitled to overtime. The overtime is paid by Government only in one case, that is to say, when a man does actual overtime, that is, more than 9 hours work between sunrise and sunset; that is a very small portion of these fees, and the cost to Government of these overtime fees is practically nil. For all other classes of overtime, that is to say, work at night, work on holidays, we collect the fees from the ship, that is the shipowners and merchants, and we distribute those fees to the men at specified rates. We probably make a little out of it, but not very much. At any rate, these fees are paid entirely by the shipowners, and they cost Government nothing at all.

Now, Mr. Joshi has raised the point that it is not in the interests of the men themselves that they should be allowed to do this overtime. There is certainly something in that point; but the men themselves like it, and it suits us, for the work in ports comes in rushes. When the rush comes, we simply put our men on overtime; they draw the fees. If we try to meet these rush periods by a system of shifts, it would mean that we should have to maintain a permanent staff in excess of ordinary requirements, that is to say, we should lose money over it. The advantage of the present system is

[Mr. C. A. Innes.]

that it is elastic ; it adapts itself to the conditions of the shipping trade in that, when a rush comes, the men do the overtime work and are paid for it.

I hope that the House will be satisfied with this explanation. These fees, I repeat, cost Government nothing. They are collected from the shipowners and the merchants. The men like the system ; it enables them to live ; it adds to their comforts. They all live in extremely expensive ports like Calcutta, Bombay, Karachi and the like, and, that being so, I hope that the House will not accept these amendments.

Mr. President : The question is :

'That the provision for Overtime and Holiday Allowances wherever they occur under the head 'Customs' be omitted.'

The motion was negatived.

Mr. N. M. Joshi : Sir, I beg to move :

'That the provision for Overtime and Holiday Allowances (wherever it occurs) under head 'Customs' be reduced by Rs. 4,00,000.'

I have already explained the reasons for moving this amendment. The explanation given by the Honourable Member in charge of the Department is thoroughly unsatisfactory in my opinion. He has not made out a case why the rush period should come so many times in the year. I can understand a small overtime allowance, but I cannot understand why an amount equal to 25 per cent. of the salaries of the men should be spent in overtime. If this is the case, the whole system requires very thorough examination, and, therefore, the House, by adopting my motion, will give facilities for a thorough examination of this subject.

The Honourable Mr. C. A. Innes : I don't think I have anything further to say on this point than what I have already said. I have explained that this system suits the men and suits ourselves. It is an economical system, and I have already explained the point which Mr. Joshi has overlooked, that the overtime fees do not amount to 25 per cent. of the salaries of the men, because they include payments from Sunday fees which go towards other purposes.

I hope for the reasons I have already given, the House will not accept this amendment. It is a very dangerous thing to do. You have got these men drawing certain fixed rates of pay. For very many years past, they have also drawn overtime allowance, and reducing this provision by 4 lakhs will reduce the emoluments of these men. You may thus set up discontent in a very important part of your Public Services, a service upon which 50 crores of revenue will depend next year.

The motion was negatived.

Mr. S. C. Shahani : Sir, I beg to move :

'That the demand under the head 'Customs' be reduced by Rs. 10,00,000.'

I would request the House to consider the question carefully. On page 1 of the Demands for Grants I propose dealing with three points ; firstly, the total Budget Estimate for 1922-23 ; secondly, the salaries of Collector and Assistant Collector ; and, thirdly, the salaries of Appraisers, Preventive Officers and Clerks.

To begin with the first point. The House will notice that the total expenditure for 1922-23 is estimated at Rs. 70,58,000. I wish to point out that, in the year 1920, it amounted to 46.70 lakhs, and in 1911-12, it amounted to 37.53 lakhs. The expenditure has thus increased during the nine years 1911-12 to 1919-20 to the extent of 24 per cent. and during 1920-21 to 1922-23 to the extent of 50 per cent. We have been told by the Honourable the Finance Member that the ratio of expenditure to revenue has risen from 1.8 to 2.16. It is true that the Customs is a very paying Department, but there is no justification on that account for the reckless expenditure that is being incurred in this Department. I call it reckless. Notice the increases that have been allowed to Collectors and Assistant Collectors in their salaries during the last year. If you will look into the Demands for Grants last year (page 1), you will find that the maximum salary of the two junior Assistant Collectors in Madras was Rs. 550 + 750; and these salaries have been raised from Rs. 550—750 to Rs. 1,750, an unconscionable increase. (*A Voice*: 'No, no.')

At any rate, the figures there show it. Again, the maximum salary of the Collector was there shown as Rs. 2,350, and here it has been shown as Rs. 2,750.

I said, while dealing with the amendment that had been proposed by Mr. Rangachariar, that the salaries that have been allotted to the Senior Executive Engineers or the District Superintendents of Police would be quite adequate for the Collectors, namely, Rs. 1,300, *plus* Rs. 75 technical allowance *plus* Rs. 250 overseas allowance. The maximum should not exceed Rs. 1,625 in the case of the Collectors.

I maintain that the Executive Engineers receive more technical training and are qualified to receive more per month. My proposal is that the Senior Assistant Collector should not get more than Rs. 550 *plus* Rs. 50 *plus* Rs. 150, that is, Rs. 750 in all and the Junior Collector should not get more than Rs. 350 *plus* Rs. 150, that is Rs. 500 in all.

Then, I come to the next point, namely Appraisers, Preventive Officers and clerks. I find that these were mentioned separately in the book of Demands for Grants last year. I do not know why they have been grouped together this year. I take it that the number of Appraisers is 8 or 10—they were 8 last year. I do not understand why the head Appraiser should get more than Rs. 500 or why the junior Appraisers should get more than Rs. 200 to Rs. 400 and I do not understand why the Preventive Officers, whose work is not better than that of the Police Sub-Inspectors or European Sergeants, should get more than Rs. 80 to Rs. 160.

Then, I would request the House to look into page 2, and I would draw the attention of the House to the salary that is allotted to the Commissioner in the Bombay Presidency. I find that this post does not exist in any other part of India and I do not understand why we should go on adding to the cost of the department unnecessarily. If other parts of India are doing their work efficiently without the Commissioner, there is no reason why we should have an additional Commissioner in Bombay. The next point to which I should like to draw the attention of the House is the Probationers and the provision that is made for these Probationers in Bombay. In these days, qualified men can easily be secured and I do not understand why probationers drawing fat salaries should be provided in the Customs Department of Bombay.

[Mr. S. C. Shahani.]

Then, I would request the House to look into page 3 under 'Sind Division'. I find that two Assistant Collectors are provided for Sind. I know the working of the Customs Department of Karachi pretty intimately and I find that one Assistant Collector can be easily done away with. One, I understand, would be retiring in October next, and my own idea is that no one should be appointed to his post, since in a recent scheme that has been sanctioned, one Auditor has been created drawing Rs. 400—20—600 and two Superintendents have been brought in on a salary of Rs. 300 rising to Rs. 400. The next point on this page that I would deal with would be the house rent and other allowances. It is not indicated whether this allowance is intended for officers or for subordinates.

The Honourable Mr. C. A. Innes: They are intended for subordinates.

Mr. S. C. Shahani: Then I would certainly support them, for these poor devils are paid small salaries and I do not wish in any manner to propose that their house rent should be taken away from them. Karachi is a very costly place and I should be pleased if an Examiner gets about Rs. 50 per month as house rent.

Then, I would request the House to look into page 4. In Calcutta, a Chemical Examiner draws Rs. 1,600 and I find that in Sind our Chemical Analyser gets Rs. 250 *plus* Rs. 100. I have always felt that the work can be rightly done by a Professor of the Medical College and it is unnecessary to spend Rs. 1,600 on this appointment. In support of what I have said with regard to the Collectors on page 5, I want to draw the attention of the House to the Collector at Chittagong drawing no more than Rs. 900. I would request the House not to allow these concessional increases in the salaries of these high officers. Before I sit down, I would draw the attention of the House to one other point and it is this, that the Member in charge of Commerce deals directly with the Customs Departments in the different parts of India in matters relating to tariffs and duties and interpretation of Customs law, but, in matters relating to offices and appointments, the correspondence has to be carried on through Local Governments, which involves unnecessary delay. With these remarks, I request the House to consider the question carefully and to insist upon the reductions which I have proposed being made.

Sir Vithaldas D. Thackersey (Bombay Millowners' Association: Indian Commerce): I ask your permission, Sir, to move the next proposition standing in the name of Rao Bahadur T. Rangachariar, because it concerns the same subject. Mr. Joshi was kindly allowed to move a motion for the reduction of 4 lakhs as an amendment to the proposition of Mr. Kamat.

Mr. President: It can be taken separately.

The Honourable Mr. C. A. Innes: Sir, this is another motion against which I hope the House will sternly set its face. Mr. Shahani proposes that, out of the demand of 70 lakhs under the head 'Customs', no less than 10 lakhs should be struck out by one sweep of the axe. I listened to his speech with the greatest care and attention and I must confess that I could discover no good grounds on which so large a reduction should be made or indeed any reduction at all should be made. Mr. Shahani, in the first place, made some totally incorrect statements regarding the increase of the pay of

Assistant Collectors in the Customs Service. As I have already explained to the House, the pay of non-Civilian Assistant Collectors was fixed in 1911 at Rs. 300 rising by annual increments of Rs. 50 to Rs. 1,450. The revision of pay which took place last year or the year before merely raised their pay to Rs. 350 rising to Rs. 1,500. In other words, this revision raised their pay by Rs. 50 a month. It gave, I admit, an overseas allowance to European non-Civilian Assistant Collectors and, because we had done nothing at all for our Indian officers or Anglo-Indian officers, we allowed these officers also to draw, as a special case, this overseas allowance, provided they were already in the Service. This allowance will not be given to future recruits. That is the first point.

Mr. Shahani told you that we raised the pay in one case from Rs. 550 to Rs. 1,750. Nothing of the sort. We have raised the scale of pay by roughly Rs. 50 a month. Mr. Shahani was misled by some entry in the Budget of last year. Customs officers prepare their Budget in different ways. Some give the scale of the Assistant Collectors and assume roughly what they are going to cost them in the year. Other officers put down the actual pay drawn by the particular officers who are serving in the port at the time. These officers are on the scale of Rs. 350 to Rs. 1,750. In one port you may have an Assistant Collector drawing Rs. 1,750, in another port you may have an Assistant Collector drawing Rs. 350. Mr. Shahani has said that their pay has been raised from Rs. 550 to Rs. 1,750. Nothing of the kind. What may have happened was that an officer on Rs. 550 may have been replaced by an officer on Rs. 1,750.

Then, again, Mr. Shahani made an attack upon the enormous pay of Appraisers and Preventive Officers. Now, I should like this House to remember that, in every case, the scales of pay, I mean the revised scales of pay, which have been sanctioned for Appraisers, Preventive Officers and the like, have all been scrutinised by us and by the Standing Finance Committee of this House. Cannot the House trust its own Standing Finance Committee jealously to scrutinise the proposals put up before it by the Department? And, mind you, these proposals have, in the first instance, been carefully scrutinised by us.

Mr. Shahani then stated that there were too many Assistant Collectors at Karachi. Well, Sir, you have got Mr. Shahani's opinion to that effect. On the other hand, we have our expert Collector of Customs, who is responsible to the Government of India for the collection of the Customs revenue and the maintenance of the Customs revenue at Karachi, and my information is that, so far from two Assistant Collectors being too much, he requires another Assistant Collector; but the Standing Finance Committee refused to sanction one.

However, Sir, I do not propose to follow Mr. Shahani into any further details. Let me point out to the House that this House expects us to collect Customs revenue next year of a sum which may amount to anything between 40 to 50 crores of rupees. In order to collect that amount of money we have to have Preventive Officers to prevent smuggling; we have to have highly skilled Appraisers in order correctly to appraise the *ad valorem* rate on which your customs duty is based; we have to have clerical staff to deal with all the bills of entries and the shipping documents, and, finally, we have to have our supervisory staff. I ask the House with all confidence, can anybody here say that we are putting an undue burden upon Indian revenues when we collect 40 to 50 crores of revenue for you at a cost of less

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than 2 per cent.? Can anybody say that that is extravagant? (Cries of 'No'.) I think not.

Then, Sir, let the House apply itself to another problem. Supposing the House by any mischance agrees to this reduction of 10 lakhs of rupees. How am I to effect that reduction? The Customs Budget is made up as follows :

Five lakhs of rupees go for the pay of your superior staff of officers ; 44 lakhs of rupees for the pay of your Appraisers, Preventive staff and clerical establishments ; 11 lakhs of rupees for overtime and other allowances ; supplies and services account for 6 lakhs of rupees ; and Rs. 3,50,000 go to Indian States in accordance with old treaties. How am I to get that 10 lakhs of rupees if the House cuts it out? I cannot get it out of the pay of the establishment, I cannot get it out of assignment. The House has already agreed that the overtime allowances should not be interfered with. Where am I to get my ten lakhs of rupees? From the pay of the staff; that is to say that men actually in service are to have their pay cut down. Is that right or is that fair? (*A Voice* : 'It is impossible'.) I have scrutinised this Customs Budget carefully and I cannot see where you are going to get the ten lakhs from. I regard this as a dangerous motion, a motion which may have a most disastrous effect upon your revenues and a most demoralising effect upon your Services, and I hope that the House will reject it unanimously.

The motion was negatived.

Sir Vithaldas D. Thackersey : Sir, I beg to move :

'That the demand under head 'Customs' be reduced by Rs. 3,52,900.'

I have listened carefully to the remarks of my Honourable friend, Mr. Innes. This proposition moved by me, I may say, has a method of his own. Government have adopted or approved of the recommendation of this House to appoint a Retrenchment Committee. If Government expect the Retrenchment Committee to make recommendations for the reduction of the total expenditure to the extent of at least 5 per cent., I say that the proposition that I am moving now is perfectly justified. If Government do not expect the Retrenchment Committee to make recommendations to the extent of 5 per cent. reduction, I would say 'do not appoint a Retrenchment Committee.' (Hear, hear.) Retrenchment is the order of the day. (*Mr. N. M. Samarth* : 'Retrenchment should be the order of the day'.) Retrenchment should be the order of the day. It has been the order of the day in the Bombay Presidency, which is ahead of any other Presidency (Hear, hear), both in recovering money and in spending. Sir, a great demand by the Bombay Legislative Council arose for retrenchment and Government came forward and said : 'Here we are ready to meet the wishes of the Members'.

Mr. President : Order, order. What has the Bombay Presidency to do with this motion?

Sir Vithaldas D. Thackersey : The method adopted in Bombay has been to reduce the grants proportionately to all Departments to the extent of 80 lakhs to be adjusted later on by reappropriation. If we follow the same procedure and reduce 5 per cent. on each grant, we shall get a reduction of about a crore or a crore and a half in the whole of our Budget ; otherwise, we will be showing our Budget expenditure larger by a crore of rupees in spite of our conviction that the Retrenchment Committee should be able to reduce

by one crore. I cited the case of Bombay only to show that the method they adopted was the method I recommend now. I propose that by the reduction under each head Government should give proof of their determination and their sincerity to reduce the expenditure next year, and thus pass a smaller Budget figure. If Government later on find that readjustment or re-appropriation among the grants, is necessary, it can easily be done; at the same time, it will not affect the results. I say that this House should adopt this principle that from the total grant we should reduce approximately 5 per cent. and leave Government to adjust it, and not show our Budget expenditure one crore higher than we would otherwise expect Government to do and to tax the country unnecessarily.

Well, Sir, we were just told by my Honourable friend, Mr. Innes: 'Here are the salaries, here are the overtime allowances, here are the other items of expenditure; how am I to reduce?' That is the exact reason why we say, that, if we are determined to have retrenchment, it is best to leave it to Government officials to decide whether it should be by reduction of officers, or partly by Indianising the Services and partly by the omission of unnecessary expenditure after consulting the Heads of Departments. It will be impossible for this House to put its finger on a particular item and say 'retrench here', because it will be quite easy for the Honourable Member in charge to say that that particular item is the most important of all and cannot be reduced. (Laughter.) The same thing happened elsewhere. In England a Retrenchment Committee sat and recommended large reductions. How far the recommendations of the Retrenchment Committee can be accepted, it is for Government to consider. But it is for this House to give an indication that it is of opinion that a minimum of 5 per cent. reduction should be carried out next year. My amendment is based on this principle of a 5 per cent. reduction. I hope the House will accept this principle, if it does not want to tax the country to the extent of one crore more.

Mr. Jamnadas Dwarkadas (Bombay City: Non-Muhammadan Urban): I wonder, Sir, if you will permit me to move my motion as an amendment to my Honourable friend, Sir Vithaldas Thakersey's motion, because it is practically of the same nature and based on the same principle. I shall be very glad if Sir Vithaldas' motion is carried, but, if it is not, I hope that the House will at least carry the motion that stands in my name, namely:

'That the demand under head 'Customs' be reduced by Rs. 3,00,000.'

Sir, my Honourable friend, Sir Vithaldas, has anticipated me in what I was going to say with regard to the principle on which reductions should be made in the present year's Budget.

The Honourable Mr. Innes has pointed out various difficulties which lie in the way of reduction. I think it would be difficult for Honourable Members of this House to take item by item and suggest reductions in those items, because the figures are at my Honourable friend's fingers' ends and it will be possible for him always to meet us so far as arguments are concerned. But I do think that there is agreement on one thing—that there should be some reduction and that for that purpose a Retrenchment Committee is to be appointed. If that is so, let us show our sincerity by carrying out the reduction here and now. My suggestion is not at all an unreasonable one. If the Honourable Member for Commerce and

[Mr. Jamnadas Dwarkadas.]

Industry will only agree with my suggestion, it is possible for him to accede to reductions being made on the scale which I propose. Take, for instance, the Overtime and Holiday Allowances. As has been pointed out, 8 lakhs have been provided.

Mr. President : Order, order. That question has already been discussed.

Mr. Jamnadas Dwarkadas : Yes, Sir, but I want to point out that my 3 lakhs include a proposal to reduce 2 lakhs out of the 8 lakhs that are provided for the Overtime and Holiday Allowances.

Mr. President : Order, order. The House has already decided not to omit that allotment.

Mr. Jamnadas Dwarkadas : If you think, Sir, that it is out of order, I won't touch on it.

Mr. President : The Honourable Member does not appear to understand that, once the House has given a decision not to omit an item, it must stand in the book.

Mr. Jamnadas Dwarkadas : I beg your pardon, Sir, but I should like to be clear on this point. The House has decided not to reduce it to the extent of 4 lakhs. I was only suggesting that it should be reduced to the extent of 2 lakhs. I wonder if that is out of order.

Mr. President : The House has already decided negatively in two cases—one, the general case, that all Overtime and Holiday Allowances should be omitted; and the other put up by Mr. Joshi for a reduction of 4 lakhs.

Mr. Jamnadas Dwarkadas : Very well, Sir, I won't touch on that. But I think it is possible, if the Honourable the Commerce Member will agree to it, to reduce the expenditure by 3 lakhs of rupees. Take another item, take the other contingent expenditure. I think the contingent expenditure in this year exceeds the Actuals of the past year. I think, therefore, that there is a good deal of room for reduction everywhere, and my reasonable demand for reduction by 3 lakhs ought, I think, to be supported by this House and by the Government.

Rao Bahadur T. Bangachariar (Madras City: Non-Muhammadan Urban) : Sir, I must apologise to the House for being late this morning. Sir, I support this motion which has been taken up by Sir Vithaldas Thackersey on my behalf. The point of view, Sir, that we take in moving this item of the Budget is this. The Government are anxious,—I take it they are anxious,—and we are anxious that there should be retrenchment on the civil side, as far as possible, and 'as far as possible', I hope, will be understood to mean 'to the furthest possible extent.' It is with that view, Sir, that we make this modest proposal as a beginning in preparing the ground for the Retrenchment Committee which is going to be appointed.

We have an example for this 5 per cent. reduction in that Department which is the leading Department for expenditure, namely, the Military Department. We were told the other day by Sir Godfrey Fell that His

Excellency the Commander-in-Chief gave orders that there should be an all round 5 per cent. reduction, I believe, in the Army Headquarters Staff, and that those instructions were being faithfully carried out. Therefore, that shows that our proposal is a practicable one, and the Government are not going to be hit hard by this proposal; for, as we see every year, and as we saw also last Saturday, as well as during the September Session, the Government are bound to come up with Supplementary Demands for Grants. When we have made this reduction in the total estimate. I am sure the work of the Government will not suffer at all; for we are budgeting for 12 months' expenditure and when the Retrenchment Committee sits and makes proposals for reduction, then they will have something to go upon, as I have already stated, and we shall be preparing the ground.

These various allowances have shown a tendency recently to develop in several directions. They require close investigation and I daresay the Retrenchment Committee which is going to sit will take it up in right earnest.

There is again room for making retrenchments by not filling up casual vacancies which arise during the course of the year. My own belief, but that is not a belief which is founded on actual experience and seeing the work, but as an outsider, is that there are far too many superior officers. There is altogether too much supervision. Now, supposing a superior officer takes leave in the course of the year, it may be possible to try the experiment of seeing whether by keeping his post vacant and making another officer do that duty, whether equal efficiency or at least nearly equal efficiency cannot be produced in the working of the Department. That is one direction in which the Government can easily make experiment.

There is another direction in which experiment can also be made easily, or rather the whole question can be reconsidered. I do not think there is any country in the world which enjoys the large number of holidays which our public offices enjoy in this country. I have spoken to some Englishmen, some of them coming out from England, and they say the number of holidays in this country is something marvellous. I do not know if that is not the experience of English friends in this House. One holiday cut down means really a great saving to the country. Looking at the army of officers and men who run the Government, even if you can cut down one holiday in a month or say six holidays in the year, I think you will be saving a good deal. It is in order to make sure that we are really in earnest about effecting retrenchment that we have made this proposal and I hope it will commend itself to the House.

The Honourable Mr. C. A. Innes: Sir, here again I have listened with the very greatest care to the arguments which have been advanced in favour of this proposal. Sir Vithaldas Thackersey and Mr. Jamnadas Dwarkadas seem to base their whole case upon the Bombay Presidency, upon something that the Bombay Legislative Council has done. Well, Sir, this is not the Bombay Legislative Council, nor has it anything to learn from that Council. . . .

Mr. N. M. Samarth: The Bombay Government have done so.

The Honourable Mr. C. A. Innes: The same remark applies to the Bombay Government. We are not bound by anything that they may do. What is the proposal? All the gentlemen who have spoken have said: 'We

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admit that you are going to appoint a Retrenchment Committee; let us show that we are in earnest with that Retrenchment Committee by proceeding, before that Committee sits, with a reduction of 5 per cent. whether it is possible or not, let us make it; let this show whether we are in earnest or not'. Surely that is a case of putting the cart before the horse. I am entirely in favour of this Retrenchment Committee. But what I hold is that we have to have these reductions settled in consultation with a Committee of that kind. You may be able to make bigger reductions in one Department than in another; and it is unscientific that this House, knowing, as they have admitted, very little about the Customs Department, should begin and say: 'Well, we are going to take 5 per cent. off your Customs expenditure to begin with.' Why cannot you leave it to the Retrenchment Committee to decide whether anything can be taken off Customs at all? Mr. Jamnadas Dwarkadas and Sir Vithaldas Thackersey said: 'Oh, Yes; Mr. Innes is always pointing out difficulties.' Of course, I point out the difficulties. Did they make any attempt to solve them or show how I was to surmount those difficulties? No; they merely said: 'You cut out something and you will be able to manage; and if necessary you can come up with a supplementary demand later.' Now, Sir, is that an honest way of dealing with this problem? What is this House doing? Is it going to cover a deficit in part by making reductions which it knows cannot stand? Because I defy anybody to go through this Customs Budget and point out to me where I can reduce it by 5 per cent. My friend, Mr. Rangachariar, was not here when I read out the figures. There are Rs. 5 lakhs for the superior staff and Rs. 44 lakhs for the subordinate staff; and, if I am to reduce the expenditure by 5 or 7 per cent., I shall have to take it out of the pay of that staff; nothing else; there is no other place. Mr. Jamnadas referred to Contingencies. How can I reduce Rates and Taxes and Post and Telegraph charges? It cannot be done. They are based on Actuals and it is the best estimate we can make. If we are therefore to effect this reduction, it can be done only on the salaries; and, as I pointed out before, are we going to cut them down? Will Mr. Rangachariar get up in this House and advise me to cut down the pay of men already in the service by 5 per cent.? Of course, he would not. I therefore say, Sir, that to make a general reduction of 5 per cent. in all Departments, without any discrimination at all, without having regard to the departments where the best chance for reduction is, that, I say, is an unscientific method to which this House should not commit itself. I am quite prepared to place the Customs Budget before the Retrenchment Committee; I am prepared to leave it to them to say whether a reduction can be made; but I do protest against this House making a reduction of 5 per cent., which I conscientiously believe cannot be done as regards the Customs Department. I have warned the House once before that nothing would be more dangerous, more demoralising to the Service or disastrous to your revenue than to make cuts in the pay of your staff who guard for you a revenue of Rs. 50 crores; and so I hope that this House will not accept this amendment.

Mr. Manmohandas Ramji (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, if we follow the logic that we have heard just now, the conclusion we have to arrive at is that there is no room for reduction. . . .

The Honourable Mr. C. A. Innes: In the Customs Department.

Mr. Manmohandas Ramji : That probably is what every other Department will say. Therefore, there is no need for appointing a Retrenchment Committee because the same argument will be advanced before that Committee that it is not possible to make any retrenchment at all. (Hear hear.) Retrenchment we are bound to make and we must make, and, therefore, we have to see how that retrenchment can be effected. Of course, I follow the argument advanced by Mr. Innes that it is not an easy task to reduce expenditure in a Department which has been working for a very long time. You cannot go and offer 5 per cent. or 10 per cent. or 20 per cent. less to your staff generally ; you cannot do it ; but there are ways and ways of doing it ; that is, if you want efficiency and if you want reduction, then there is only one way ; and that is, according to my light, to increase the pay and reduce the numbers. If you increase the pay, you do not dishearten the men ; you are not faced with discontent, but you encourage a willing horse to go faster and you can dispense with a number of hands and save something out of their pay. Supposing you pay an officer Rs. 1,000 per mensem, if you offer him Rs. 1,200 and ask him to do a little more work, I think that is quite possible and quite practicable. It has been followed in several large institutions and with success. I think it is quite possible for Government to do it. Of course, when they have certain agreements, when they employ a certain number of hands, when we see that there is overtime also required to be paid, with all these difficulties there is no other help but to move in a direction whereby you can effect a saving. Mr. Innes pointed out that in his Department, which is a money-earning Department, there should be no reduction, because the Department is very hard-worked. Quite right. If that is the case, if Mr. Innes can prove that to the satisfaction of the Retrenchment Committee that is to be appointed, there will be no difficulty. Perhaps the Retrenchment Committee may be convinced that the Customs Department wants more pay and more money allotted to it, in that case they would cut down some other Department which is quite useless by 10 or 15 per cent, and give Mr. Innes one or two per cent. more even. Therefore it is not right to say that nothing can be done. I think the amount of 5 per cent. to begin with is quite right and quite satisfactory.

Mr. C. W. Rhodes (Bengal : European) : Sir, may I join with my fellow-Members from Bombay in expressing our grievance against the Member for Commerce ? He has framed honest estimates. He has been asked to explain them and he has justified them. I think we have a distinct grievance against him. I think he will have learnt from this discussion to frame his Budget for another year with something to give away. The Retrenchment Committee is evidently not to be formed to find out whether retrenchments can be safely, justifiably and economically made, but to demand recklessly a reduction of expenditure in every direction. I cannot conceive of any good resulting from any Committee we may appoint if it starts its work in that way. In connection with Customs, this idea of a general-retrenchment is particularly unfortunate. This is not one of our spending Departments. It is our greatest earning Department and to run the risk of losing a large portion of Rs. 60 crores, because we object to an extra collection expenditure of 2 per cent., seems to me most unbusinesslike and almost childish.

The new duties, which, if this House agrees to them, will come into law, will entail a tremendous amount of extra work on the Customs.

1 P.M.

There will have to be more careful differentiation ; there will

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certainly be more danger of smuggling ; and, if a sweeping reduction is to be made regardless of the facts of the case, I think it is most unfortunate that it should be made in connection with Customs. The Honourable Mr. Innes has already told us that the Collector of Customs at Karachi required a third Assistant and that the Finance Committee turned the request down. Therefore retrenchment work has been done by Members of this House and it seems to me that we are stultifying our own Committee if, on top of that, we come and say ' You must reduce. We do not know where. All your arguments are sound, but we demand reduction regardless of the consequences.'

Dr. H. S. Gour : Sir, if the Honourable Member for Commerce and Industries ventilates the views of the Government, then I fear little good will come out of the proposed Retrenchment Committee. His special pleading on behalf of the Customs Department would be the special pleading on behalf of all Departments (*A Voice* : ' Why ?') and from the cursory inquiries made by the Members of this House from those directly and indirectly responsible for the running of the different Departments, we find that if we turn ourselves to a particular Department and say : ' Your Department is a transferred subject ; you should save', we are told : ' Our Department ? It is the most hard-worked and under-staffed of all Departments. Sundays or no Sundays we perspire and work. This is the Department which requires your compassion, your commiseration, your best sympathies : Reduction is impossible. We are crying for an increase. If not of 10 per cent. at any rate let us have 5 per cent.' Go to the other Department and the other Department says : ' Never has a more economical Department ever worked in this universe. Everywhere we are undermanned and over-worked. Our clerks are ill-paid. They get no over-time. They sit from the day's beginning to the day's end. Retrenchment is impossible—utterly impossible.' That is the response we get from all the Departments. Now, I ask, if this is the view of the Members of Government, and this is the attitude of the Honourable Member for Commerce and Industries

The Honourable Mr. C. A. Innes : Speaking for Customs.

Dr. H. S. Gour : Speaking for Customs, to which I shall presently advert, what is the good, I submit, of a Retrenchment Committee ? I was surprised to hear my friend, the Honourable Mr. Rhodes, who got up, I think, to support this Resolution moved by Members on this side of the House, but unwittingly strayed into the enemy's camp. I ask him, Sir, as the representative of a Commercial House, whether he can tell us from his own experience that any Department, of which he has any personal knowledge, is run on the lines on which the Government of India is run ? Does he know of any Department where the holidays extend to five months in the year ? (Hear, hear.) (*A Voice* : ' No, no. ') My friend says ' No, no', coming as he does from the Calcutta High Court. He says that it will be more than five months. I have understood the case. Is there any Department, I say, where the ordinary holidays are counted not by weeks but by months ? Is there any Department, I ask, where you have multiplication of duties, a paper Government *in excelsis*, where tons of paper are consumed and gallons of ink.

Mr. President : Are these tons of paper consumed in the Customs Department ?

Dr. H. S. Gour : Yes, Sir, I am just coming to the Customs Department, and the House will be surprised how many tons of paper are consumed in the Customs Department. Now, I ask, Sir,—it is a very simple question—if this Retrenchment Committee is given a certain direction, that the House requires that a certain percentage of cuts must be made, then I say that the Retrenchment Committee will go charged with the duty of at least effecting retrenchment to the extent of 5 per cent. But, if you do not charge your Retrenchment Committee with the work of economising to the extent of at least 5 per cent., be sure the Committee will submit a report and say: 'We have examined all the Departments and overhauled the books of the Government of India and we were never more convinced than we are now how utterly under-staffed and under-manned are the various Departments of the Government of India.' (Hear, hear.) My friend, Mr. Innes, says: 'Hear, hear'. It is an intelligent anticipation of the Retrenchment Committee, if it is created without being given a mandate from this House to deduct and to retrench from all Departments at least 5 per cent.

Now, Sir, I have been asked what that has got to do with Demand No. 1 under the head 'Customs.' I shall now explain what it has got to do with Customs. If my Honourable friend on the other side will turn to the book of statistics from which I have collected the information, he will find that, in the year 1911-12, Rs. 37 lakhs—I leave out the thousands for obvious reasons—was the total expenditure on Customs. In 1918-19, it rose to Rs. 45 lakhs. In 1920-21, the Actuals were 69 lakhs, being 3 lakhs in excess of the Budget of that year. And now, the total amount demanded under the head 'Customs' is Rs. 71 lakhs. In other words, within the last 10 years, the expenditure on Customs has doubled itself

The Honourable Mr. C. A. Innes : And the revenue ?

Dr. H. S. Gour : My friend interjects 'And the revenue?' I was just coming to that. The House will remember that not one single pice has been added to the revenue on account of the increase of salaries, and all increases in the revenue, judging from the books, are on account of the revision of the tariff. It is entirely or almost entirely due to the enhancement of the Customs duties.

Sir Montagu Webb (Bombay: European): Extra work has meant increased salaries.

Dr. H. S. Gour : And for the extra work, to which my friend refers, extra men have been employed. The result has been that the expenditure has gone up from 1·8 per cent. to 2·16 per cent.

Mr. R. A. Spence : It is very little.

Dr. H. S. Gour : Exactly double. The percentage, you will see, bears an exact relation to Rs. 37 lakhs and Rs. 71 lakhs and 68 thousand. I ask, is this doubling of expenditure within the last 10 years justifiable? On what ground does Mr. Innes justify this doubling of the percentage expenditure within the last ten years? He will say dearness of prices: cost of living has gone up. I think we were told only the other day that the cost of living had gone up by something like fifty per cent. and yet, the expenditure under the head 'Customs' has, as I have pointed out, doubled itself within these ten years. The Honourable Mr. Innes has no difficulty whatever in dealing with the details of different expenditure which the Honourable Members attack; and he cynically remarked: 'You have attacked Item

[Dr. H. S. Gour.]

No. 1. You are ignorant of the circumstances under which this expenditure is incurred.' As if we, on this side of the House, were responsible for the ignorance for which the Honourable Member himself is responsible! Has not this House time and again asked the Members of the Government to take us into confidence by constituting Standing Committees where our Members will learn the arcana of the different Departments? What response has the Government given to the Resolutions passed by this House? And yet that Government, which throws over the eyes of this House a mantle of ignorance, complains that we level our attack against the Members of the Government on account of want of accurate information and ignorance! I ask the Honourable Member, who has responded for the Government, to remember that, whatever may be the inaccurate expressions of the private Members of this House on matters of detail, the broad outstanding fact remains, and is incontrovertible, that you have not justified to this House the doubling of the expenditure within the last ten years. Your failure to do that makes you stand condemned, and is it too much to ask that, out of this expenditure, this evergrowing expenditure a reasonable retrenchment of at least five per cent. on the aggregate of the demands submitted to the vote of this House should be made? When it is the declared intention of the Government to reduce the ever-swelling expenditure, is it, I ask the Honourable Members of this House, a proposal which can be classed as extravagant or unreasonable? Let the Members answer? Despite the pleas that will be raised, and I have not the slightest doubt that my Honourable friend, the Finance Member, is crouching for an attack which will be levelled against this side of the House on grounds numerous and varied,—I ask the House to combine in supporting this motion in the interests of its own privileges, in the interests of true economy, and in the best interests of that Retrenchment Committee which has been promised and the purpose of which will be defeated unless we voice our wishes to that Retrenchment Committee that we desire and demand that at least five per cent. all-round retrenchment should be effected in the current Budget. Sir, I heartily support this amendment?

Mr. F. McCarthy (Burma : European) : On a point of order, Sir. Is it right for a Member to turn his back on the Chair and address his own Party? (Laughter.)

Sir Deva Prasad Sarvadhikary : I desire to give this motion my general support, (Hear, hear) as a counsel of despair. What is the position to-day? We are between Scylla and Charybdis—between two fires. Take up any item in the thick printed volumes, and the same cry will rise from sacrosanct figures that you cannot touch, that without assistance you do not know how to touch. Mr. Rangachariar's picturesque 'untouchables' are strewn all over the ground, on a much larger scale than he dared suggest himself. The proposal before us may be an unscientific position to take up, may be unbusinesslike, may even be childish, but it or something like it has got to be done as a counsel of despair under the circumstances—as a beginning has to be made at some time and somewhere. (*A Voice* : 'Not on the Customs'.) I do not see why not here as anywhere else, for the objection so lustily voiced will apply to any other revenue producing heads. Some time ago, I remember seeing a very powerful cartoon in one of the English picture papers that teaches you so much and so effectively. It was the picture of a surly and burly and typical John Bull with his steward, the Chancellor of the Exchequer, standing crestfallen behind the chair. John Bull kept on saying: 'That

has got to be done.' All protests failed and that was done. That is why the Geddes Committee achieved what it did achieve. It had got to be done. (*The Honourable Sir Malcolm Hailey* : 'Quite so. The Retrenchment Committee'.) Yes, and the present proposal is only an anticipation, and an insistent anticipation. Sir, repetition will not strengthen an argument, but if it has really come to this that the elaborate, costly and specialised machinery of the Government of India cannot devise means by which retrenchment to the extent of a paltry five per cent. can be achieved, even where the Assembly has the right to insist on retrenchment, there is absolutely no reason for wasting money on a Retrenchment Committee, and I see no points in the Finance Member's tantalising hopes. I told the House the other day that a Retrenchment Committee might really add to expenditure and that misgoverning has been voiced again to-day by others. The Retrenchment Committee will probably end in landing us in more expenditure. If expletives and adjectives can fill that abysmal gap of Sir Malcolm Hailey, some of us who refrained from the use of needless adjectives in connection with the general discussion of the Budget might have contributed to the feat. Adjectives freely used to-day would not achieve the purpose in view in quite another direction and only disclose the apprehensions on the other side. I should like to put to my Honourable friend, Mr. Rhodes, with his rich vocabulary another question, one in addition to what Dr. Gour put to him as a business man. If he unfortunately had, year after year, his firm landed in terrific losses like this partly due to controllable causes, would he not send for all concerned, and ask them to put their heads together and would he not insist upon retrenchment at any cost, if his departmental heads failed to take the warning? Was not this cry for retrenchment raised last year, and did not every one of us, this year, when the Budget was discussed, appeal and supplicate and appeal in vain? What steps have the Government taken with regard to it and how have they yet assisted the House in adumbrating proposals for retrenchment? Proposals should have come from the Government, for none knows the position better.

Dr. Gour has appealed for combination in different parts of the House. I think we ought to combine when we can and when we ought to. (Cheers.) I believe in supporting Government when possible and also in opposing it when necessary. What we are forced to occupy to-day is not very firm ground, on the contrary it is almost quicksand, but unfortunately it is the best that you can have. We cannot combine when Dr. Gour's friends speak of some collection charges being 24 per cent. and he himself readily consents to its being 2·6 per cent. though it is really lower even than that. That is indeed a much more unsafe bigger quicksand than the one that we are now forced to take up for firm ground. The present reduction is our renewed practical appeal to the different Departments. We should like you to carry on with an initial five per cent. reduction all round and on an average. We feel you can do it if you will. If you can achieve more, do it please. If you cannot, and if readjustment be really necessary, come up later as you have done before and satisfy us that it cannot be done and show us reasons. There is no dishonesty involved in this as Mr. Innes apprehends. I do join in the appeal, therefore, that we should combine on this question and insist on a five per cent. reduction all round to start with.

Sir Montagu Webb : Sir, I feel very considerable sympathy with all Members of this House who desire to impress upon Government the necessity for a policy of retrenchment. I notice on the agenda paper

[Sir Montagu Webb.]

shortly coming before us a motion by Dr. Gour that all demands be reduced by ten per cent. Now, I submit for the consideration of this House that if we desire to impress upon Government the necessity of retrenchment to the extent of ten per cent., it will be very much wiser for this House to support Dr. Gour's motion than to pick out one particular branch of the Services and resolve that that particular branch shall be retrenched. Now it appears to me that of all the departments of Government which could have been picked out for retrenchment, the most unpromising of all is the Customs Department. Why? As my Honourable friend, Mr. Rhodes, has already pointed out, the Customs Department is a revenue-collecting Department. During the last ten years, it has been collecting more and more revenue under more and more difficult conditions. I know there has been no waste at all, so far as I have been able to observe, and I am in very close contact with the Customs Department. I have not the figures before me at the moment, but I think that the Customs revenue in the last ten years must have certainly more than doubled, and as the necessity for an increasing tariff advanced year after year, it has of course been necessary to employ more appraisers and more customs staff in order to collect that revenue. Surely this House does not expect to go on collecting three or four times as much revenue by the aid of a more and more complicated customs tariff with a smaller staff and at a smaller expense! Then, again, my friend, Dr. Gour, has omitted all reference to the rise in prices. It is admitted that, during the last ten years, prices have advanced anything between 50 to 100 per cent. Suppose we put it at 75 per cent. In the circumstances, we should not at all be surprised if the pay of the establishments had had to be increased.

In other words, if 37 lakhs were spent on the Customs establishment ten years ago, we should not be in the least surprised to see 60 lakhs spent now. That naturally follows from the rise in prices. But that apart, there is this work of collecting the additional revenue. There are under the Tariff Act very complicated questions to be decided by the Customs officers, and, in my own personal experience, especially during the last two years, it has been a matter of constant complaint, certainly in Sind and in Karachi, and I believe in Bombay and Calcutta also, that the Customs staff is inadequate, that the ports are congested, demurrage is increasing, and that great difficulty has been felt by the mercantile public because the Customs was undermanned. That is my own personal experience. I would, therefore, ask this House, while fully sympathising with the desire for retrenchment, not to limit the retrenchment to one Department but rather to support a general motion, such as Dr. Gour will shortly put forward. For that reason, I appeal to this House to reject the motion now before us.

Dr. Nand Lal: I doubt very much whether the argument which has been advanced in favour of the general motion is tenable at all. This is an occasion for the discussion of the Budget and each and every item is to be specifically examined. Therefore all these reasons and grounds in favour of the general motion will be beside the mark and will be out of order. So I confine myself to the specific motion, in regard to the particular retrenchment, which has been moved and speaks for itself. My friend has proposed an amendment; while being in favour of the specific reduction, suggested by the Mover of that amendment, I certainly concede that there is much to be said for what the Honourable the Commerce Member has argued, namely,

that general and indiscriminate reduction cannot always be made in each and every case. So far as logical principles are concerned, there is some force in it, but my Honourable friend has allowed himself to forget that it is not always logical principles which we should bow to, but, sometimes, expediency is to be courted. In some urgent cases, logic is to be postponed to expediency. The urgent and pressing cause at present is that the country is financially embarrassed. It cannot afford to pay so much which is demanded and, therefore, retrenchment is indispensably necessary and I may thus ask the Honourable the Commerce Member to give reconsideration to the question of retrenchment which has been put before the House and I hope he will change his mind by accepting it; otherwise it may be very respectfully submitted that we, the majority of the House, are in favour of this amendment and we are going to pass it. If we fail to support it, it means a great deal of discouragement to the Retrenchment Committee. I think we are not wrong in anticipating a very disappointing report of the Retrenchment Committee if this amendment is not carried by the majority of this House. Therefore, I am whole-heartedly in support of this amendment and it ought to be accepted by the whole House unanimously.

The Honourable Sir Malcolm Hailey : I have heard doubts expressed not only to-day but previously as to the possibility of retrenchment being effected by a Retrenchment Committee; and when I have heard those doubts expressed, I have always discounted them. I do not believe for a second that a Retrenchment Committee, if it attacks the problem in the right spirit, applies pressure in the right direction and uses the proper discrimination, could fail to make a considerable retrenchment in our civil expenditure.

Dr. H. S. Gour : What percentage do you expect ?

The Honourable Sir Malcolm Hailey : I quite realize the nature of the dilemma which has been created and purposely created for Government by the motion which we are considering and by the similar motions affecting demands that will subsequently come before us. The House says: You admit that reduction should be made. We think it should total a 5 per cent. all round. You also probably think it should amount to at least this figure. Then what will happen? We shall take the grants one by one. Each Member responsible for the Department concerned will rise up and say that it is difficult if not impossible to make reduction. If we accept what he says, what becomes of the total reduction which both we and Government admit should be made? What becomes of the anticipations of the Finance Member, when every one of his colleagues denies that it is possible to effect each particular reduction proposed? I admit the dilemma, and it appears at first sight somewhat hard of solution; but I myself do not despair of solution. I do not take the same down-hearted view of things that my friend, Sir Deva Prasad Sarvadhikary, has voiced. I do not ask the House to adopt an attitude which is to use the words of another speaker 'unbusinesslike and almost childish,' because it cannot think of anything better to do.

I do not ask the House to follow Dr. Nand Lal in openly postponing logic to expediency in this case; For, Sir, the action that has been proposed is postponement of logic. I know the House finds itself in a somewhat difficult position. When they propose reductions they do so with incomplete

[Sir Malcolm Hailey.]

knowledge of administrative facts and we at once proceed to pour forth a wealth of statistics which it is difficult to answer. That difficulty I clearly see. But on the other hand it does not appear to be a reasonable solution of your difficulties, if, when you find that first one reduction is not arguable, and then a second is not arguable, you merely say : ' We will consider no argument at all. We refuse to apply logic on any particular point whatever. We will apply the mere force of our votes.' I claim that the House should adopt a more reasonable and practical system. The one way of effecting your economy is the way they have adopted at Home, by a proper consideration of each Department through the agency of an authoritative Committee. In some cases the Committee has found that no substantial reduction is possible. In other cases it has found that very considerable reduction is possible. It seems to me that an all-round and automatic reduction is bound to be unsystematic, because it will affect equally your Departments which are purely revenue-earning, such as this Department.—I do not hold myself up as the champion of this particular Department, but it is one of the great revenue-earning Departments—it will affect equally your revenue-earning Departments and your administrative Departments and your semi-scientific Departments. It has been suggested that we should ' accept this five per cent. reduction and if we find that we cannot work it out satisfactorily we should come up for a supplementary grant. That would seem to me to move somewhat of dishonesty and I would not be a consenting party to it. If I accept a reduction, it must be such as I know to be genuine, I would not accept it subject to a suggestion that if we found that we were likely to be losing revenue or causing some inconvenience to the public we should simply sit still until September and then ask you to replace the vote ; that would not seem to me to be an honest procedure on our part. That, then, Sir, is my difficulty. I believe retrenchment can be carried out, but it should be carried out with discrimination,—it is not possible to carry it out by applying an equal five per cent. through all Departments.

I am told that, if the House does not now effect this reduction in advance it will be a source of great discouragement to the Retrenchment Committee. ' Discouragement, Sir? What sort of a Committee does this House expect? A Committee that is to apply a reduction made beforehand, and finds that it has nothing whatever to do. but to point out how the five per cent. reduction can be worked out? Is that the sort of Committee that the House was thinking of? (*A Voice*: ' Certainly not.')

Dr. H. S. Gour : You are thinking of no Committee at all.

Rao Bahadur T. Rangachariar : I wish to remind him of the mandate of the Chancellor of the Exchequer given to the Geddes Committee to reduce the figure by £100 million,—I forget the figure—I think Sir Arthur Geddes said : ' I come with this mandate and to see to the reduction.'

The Honourable Sir Malcolm Hailey : I take the parallel ; but what are the facts? The Chancellor of the Exchequer asked the Committee to effect a particular reduction, about one hundred million. He did not adopt the unscientific and unbusinesslike method of asking the House of Commons to knock £100,000,000 off the national expenditure in advance before it knew where it could best effect reductions. That, however, is what Mr. Rangachariar is proposing to do.

Now, Sir, I come back to the function of a proper Retrenchment Committee. It may be right to give it a mandate in advance, but there is no need to do its work in advance; you ought to trust that Committee to effect economies where it can and where it may. It may be that it will effect economies larger than you suspect, but they must be effected with discrimination, and there must be no attempt to effect economies which will have the serious result of reducing your revenues forthwith. (Hear, hear.) If a mandate is to be given to a Retrenchment Committee, that is the only mandate, I think, which the House should give.

Munshi Iswar Saran (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I cannot withstand the temptation of making a few remarks in favour of this confessedly unbusiness-like and childish proposition. We have been told by the Honourable Mr. Innes that this is not the honest way of proceeding about it. Sir, my submission is that strong expressions never strengthen a case. With that remark, I shall leave that portion of the speech of the Honourable Sir Malcolm Hailey and the Honourable Mr. Innes where they indulge in strong language.

The Honourable Sir Malcolm Hailey: Might I interrupt the Honourable Member, Sir? To what expressions of mine is he referring? I was quoting expressions of previous speakers.

Munshi Iswar Saran: A reference was made to a certain procedure of retrenchment adopted in some other part of the country. Without pausing to consider the soundness or otherwise of that procedure, the whole reference has been brushed aside by the simple remark that we are not Bombay, that the Government of India is not the Government of Bombay. To an Oriental, Sir, modesty appeals with particular force. I shall submit to this House, with great respect, that, if we here can learn anything either from Bombay or from Madras, we should not be ashamed of learning it (Hear, hear): and might I say, in all humility, to such a distinguished and high officer of Government as the Honourable Mr. Innes, that he will increase his usefulness and his distinction by not disdaining to learn even from despised Bombay. (Hear, hear and Laughter.) Sir, my submission is that my Honourable friends who have spoken in favour of this proposition have not spoken out their minds fully and completely. The situation is this. There is considerable dissatisfaction with the present rise in expenditure, and that dissatisfaction, I submit, is not confined to any particular part of this House. I may say it is almost universal amongst non-official Members, and it is in order to give effect to their feeling of dissatisfaction that this motion and similar other motions have been put down on the agenda paper to-day. I concede, and I concede most readily, that perhaps it may not be quite scientific to say, without going into the whole matter, 'cut this Department by 5 per cent.' But what I submit is this, that, if you take all these reductions of five per cent. together and if you add them up, and, if you find that in any particular Department you are able to effect a reduction of 7 per cent. or of 8 per cent., make that reduction in that particular Department, and, as regards any other Department in which you cannot effect the reduction of 5 per cent., you keep its expenditure at a suitable figure. There will be no difficulty, I submit, if you reappropriate. We have been told—Here is this Retrenchment Committee; why don't you trust it? Sir, I should be sorry to say what I feel about it, not because I am afraid of giving expression to that view but I do not wish to cause offence. We

[Munshi Iswar Saran.]

were promised some retrenchment, we were promised some decrease in expenditure last year. I hope the House will bear me out that there were distinct assurances given last year. May I ask what has been done? How has Government tried to meet the almost universal demand of last year? The same tale of woe is repeated again this year, and I maintain it is no good saying, 'Trust this Committee which is being formed'—and, Sir, in passing, might I be permitted to say that no Retrenchment Committee will be able to achieve the desired result unless and until you revise your whole policy. It is on the revision of pay and the system of recruitment, that the question of retrenchment is really based. I support this motion on the ground that it is proper for the House to give effect to its feeling of dissatisfaction and its opinion that expenditure is rising. One word more and I have done. The Honourable Mr. Innes has given us a warning that, if we adopt this procedure, the officers will be demoralized and our revenue will decrease. That may or may not be, but what I wish to say emphatically is that, if the present rate of expenditure continues, the country will be reduced to absolute poverty.

Mr. R. A. Spence: Sir, I move that the question be now put.

Mr. President: The question is :

'That the demand under head 'Customs' be reduced by Rs. 3,52,900.'

The Assembly then divided as follows :

AYES—63.

Abdul Majid, Shaikh.
Abdul Rahaman, Munshi.
Abul Kasem, Maulvi.
Agarwala, Lala G. L.
Agnihotri, Mr. K. B. L.
Ahmed, Mr. K.
Aiyer, Sir P. S. Sivaswamy.
Asjad-ul-lah, Maulvi Miyan.
Ayyangar, Mr. M. G. M.
Ayyar, Mr. T. V. Seshagiri.
Bagde, Mr. K. G.
Bajpai, Mr. S. P.
Bhargava, Pandit J. L.
Chaudhuri, Mr. J.
Cotelingham, Mr. J. P.
Das, Babu B. S.
Das, Pandit R. K.
Gajjan Singh, Sardar Bahadur.
Ginwala, Mr. P. P.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hussainally, Mr. W. M.
Ibrahim Ali Khan, Lieutenant Nawab M.
Ikramullah Khan, Raja M. M.
Iswar Saran, Munshi.
Jafri, Mr. S. H. K.
Jannadas Dwarakadas, Mr.
Jatkar, Mr. B. H. R.
Joshi, Mr. N. M.
Kamat, Mr. B. S.
Latthe, Mr. A. B.

Mahadeo Prasad, Munshi.
Manmohandas Ramji, Mr.
Man Singh, Bhai.
Misra, Mr. P. L.
Mudliar, Mr. S.
Mukherjee, Mr. J. N.
Mukherjee, Mr. T. P.
Nabi Hadi, Mr. S. M.
Nag, Mr. G. C.
Nand Lal, Dr.
Nayar, Mr. K. M.
Neogy, Mr. K. C.
Pyari Lal, Mr.
Ramayya Pantulu, Mr. J.
Rangachariar, Mr. T.
Samarth, Mr. N. M.
Sarvadhikary, Sir Deva Prasad.
Schamnad, Mr. Mahmood.
Shahab-ud-Din, Chaudhri.
Shahani, Mr. S. C.
Singh, Babu B. P.
Sinha, Babu Ambika Prasad.
Sinha, Beohar Raghubir.
Sohan Lal, Bakshi.
Srinivasa Rao, Mr. P. V.
Subrahmanayam, Mr. C. S.
Subzposh, Mr. S. M. Z. A.
Thackersey, Sir Vithaldas D.
Ujagar Singh, Baba Bedi.
Wajihuddin, Haji.
Yamin Khan, Mr. M.

NOES—34.

Abdul Quadir, Maulvi.
 Aiyar, Mr. A. V. V.
 Akram Hussain, Prince A. M. M.
 Amjad Ali, Maulvi.
 Bradley-Birt, Mr. F. B.
 Bray, Mr. Denys.
 Bryant, Mr. J. F.
 Chatterjee, Mr. A. C.
 Clarke, Mr. G. R.
 Crookshank, Sir Sydney.
 Dalal, Sardar B. A.
 Dentith, Mr. A. W.
 Faridoonji, Mr. R.
 Fell, Sir Godfrey.
 Habibullah, Mr. Muhammad.
 Hailey, the Honourable Sir Malcolm.
 Hullah, Mr. J.

Innes, the Honourable Mr. C. A.
 Kabraji, Mr. J. K. N.
 Keith, Mr. W. J.
 Lindsay, Mr. Darcy.
 McCarthy, Mr. F.
 Mitter, Mr. K. N.
 Percival, Mr. P. E.
 Renouf, Mr. W. C.
 Rhodes, Mr. C. W.
 Sapru, the Honourable Dr. T. B.
 Sharp, Mr. H.
 Spence, Mr. R. A.
 Vincent, the Honourable Sir William.
 Waghorn, Colonel W. D.
 Way, Mr. T. A. H.
 Webb, Sir M. dePomeroy.
 Zahiruddin Ahmed, Mr.

The motion was adopted.

Dr. H. S. Gour : Sir, I move :

‘That all demands be reduced by 10 per cent.’

The Honourable Sir Malcolm Hailey : Sir, on a point of order I would ask for a ruling whether this reduction should not be voted on each clause or whether an omnibus Resolution of this nature is a legitimate form of procedure.

Mr. President : A motion of this kind cannot be put from the Chair. The only motions which can be put from the Chair are those which refer to each individual grant.

Dr. H. S. Gour : It is for you, Sir, to rule whether this is not in order. If it is not in order, I cannot withdraw a motion. If it is in order, I wish to press it.

Mr. President : The motion as it stands is not in order. A general motion cannot be taken under an individual demand for grant.

The question is :

‘That a reduced sum not exceeding Rs. 60,49,100 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1923, in respect of ‘Customs’.’

The motion was adopted.

The Assembly then adjourned for Lunch till Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Five Minutes to Three of the Clock. Mr. President was in the Chair.

TAXES ON INCOME.

Dr. H. S. Gour : When I gave notice of my amendment, which has been printed as Item No. 14, under Demand No. 1, I did not intend to couple it with any particular Demand. It was a general Resolution applicable to all Demands and was intended to embrace all Demands. Instead of writing

[Dr. H. S. Gour.]

out so many different notices to be printed along with each Demand, I gave one notice applicable to all. I move, therefore, Sir, that my motion :

‘ That all demands be reduced by 10 per cent ’

be understood as applicable to all Demands, and referring to Demand No. 2.

General reduction of 5 per cent. I move that all Demands be reduced, with your permission, by at least 5 per cent. That I submit,

will very greatly reduce the task of the Honourable Members who will have to deal with this particular subject of Demand No. 2. I need scarcely say that my motion is essentially a reasonable one. The Honourable Members on the other side will find that the expenditure in 1911-12, on this head was Rs. 4,24,000. In 1918-19, it grew to Rs. 8,34,000. In 1921-22, it rose to Rs. 21,39,000. In the ensuing year, the figure budgeted for is the truly astonishing sum of Rs. 48,92,000, that is, about ten times in ten years. Now I am perfectly aware of what will be said by the other side, that we have just placed on the Statute Book a new Income Tax Act, and that the whole procedure has undergone revision. But with all that, when a new procedure is to be inaugurated, it should be all the more easy for the Departments concerned to start with an initial reduction of at least 5 per cent. I submit, Sir, that it is much easier to curtail an expenditure under this head when the new Department is going to be reorganised than it would be in the case of an old and existing Department. I, therefore, submit that my motion that Demand No. 2 be reduced by at least 5 per cent. should meet with the acceptance of the House.

The Honourable Sir Malcolm Hailey: May I again ask, Sir, whether the Honourable Member is strictly in order in a motion of this nature? I am prepared, and my Honourable friends are prepared to discuss definite items under each head, the amount of the reduction being indicated in order that we may know its exact amount. The motion as it stands however is in the nature of a Resolution, not a motion for reduction of each Demand.

Mr. President: Strictly speaking, the motion for reduction ought to be made under each head; but I understood that the Finance Member was prepared to discuss it.

Dr. H. S. Gour: I understood that that would facilitate the work and I therefore moved it in that general form. As a matter of strict procedure, I now move it under Demand No. 2, viz., that that Demand be reduced by at least 5 per cent.

Mr. President: The original question was :

‘ That a sum not exceeding Rs. 44,80,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1923, in respect of ‘ Taxes on Income ’.

Since which a motion has been moved :

‘ That the Demand be reduced by 5 per cent. ’

The Honourable Sir Malcolm Hailey: We have here, Sir substantially the same form of motion for reduction as we had in regard to Demand No. 1. I then tried to put before the House during our long and forcible discussion on the Customs Demand what our objections were to an all-round motion of this nature. We claimed on our side that if retrenchment was to be effected, a more business-like way would be to allow the Retrenchment Committee to go into each case, making perhaps a reduction of more than 5 per cent. in some cases, and less in others, but at all events making reductions with

discrimination after considering the heads of revenue-producing departments on the one hand, and of those that are merely administrative on the other. But that course of action did not recommend itself to the House.

In regard to this particular demand for a reduction in the expenditure on the collection of income-tax, I am in the same difficulty as my Honourable friend, Mr. Innes, in regard to his Customs demand; in greater difficulty, perhaps, in one respect for we have lately, at the desire as I believe of the country, and certainly with the express assent of this Assembly, inaugurated a policy of organizing a specialized Income-tax Department in order to secure a better system of collection, a better system of assessment, more expert, and consequently more just to the assessee. Every item that we have put forward for our new establishments has been placed before the Standing Finance Committee and accepted by them. I am consequently in difficulty to know what the House objects to in regard to the detailed items. I believed, and I hold with reason, that they desired that we should have a specialized Income-tax Department, and I cannot charge myself with having put before the Standing Finance Committee rates of pay for any class of employee for those departments which is in any way excessive. If we had been so, it is certain that the Standing Finance Committee would have been the first to object. Then, as regards the strength of these Departments, I again find it difficult to believe that the numbers which I have asked are in any way excessive. Had they been, again let me say, the Standing Finance Committee would certainly have objected. I think I am entitled to ask the support of those Members of the Standing Finance Committee—in whatever side they sit and in whatever block they sit to the proposals which they passed such a short time ago. Now, Sir, I have to admit the charge of Dr. Gour that the expenditure has greatly increased, but not exactly to the extent that he puts forward, because, of course, what we are considering now is the expenditure falling on the Central Government (which now bears the whole cost of administration of this Department), whereas earlier figures quoted by him of course, omit the fact that a large part of the expenditure was originally paid by the Provincial Governments, which then shared the proceeds. But let that be, the fact remains that the expenditure has increased. But how am I to make an all-round reduction in face of the opinion of the Standing Finance Committee? That is my difficulty. I again put it to the House that the proper, reasonable and the businesslike course in this matter is to say to your Retrenchment Committee: 'We believe that 5 per cent. reduction can be made in the figures of civil expenditure all-round and we ask you to make it if possible.' Give them a mandate to the effect that at least that reduction should be made if and where it is possible. But, again, I put it to the House that it is exceedingly difficult, in view of the history that I have given of this case, for me to say that I can make a five per cent reduction in the Income-tax Department. I won't say that it is physically impossible to make any reduction but I may justly put it to the House that I shall not be able to collect the revenue with the progressive facility and the same progressive justice to the assessee as I should if the full demand were granted. It is possible to make some reduction at the present moment because some of the departments are only just entering into their career and their staff largely consists of men obtained on deputation from the provinces. They can return to the provinces. But the result would be that I cannot promise that improvement in the income-tax administration which I had hoped to secure, and which the country at large undoubtedly demands.

Sir Vithaldas D. Thackersey: Sir, the difficulty pointed out by the Honourable the Finance Member, I admit, is a real one. At the same time what is the position of Members here who want retrenchment in the national expenditure. If the Honourable Member had suggested any way by which he would undertake to reduce the Demands by one crore of rupees or any other reasonable sum, I am quite sure this House would agree not to divide the reduction into different Departments and make a reduction of the amount agreed to at the end of the grants. The easiest way, as I said when I moved my first Resolution, was for the Government to come forward and say that they would effect a retrenchment, at least to the extent of a particular amount which would be deducted at the end of all the grants. We cannot propose it because it would be out of order to bring forward a general Resolution of that character. One remark more, Sir. With regard to the services of Railways, postal and other commercial undertakings, which we know cannot be reduced by 5 per cent. because coal must be bought, salt must be bought, postal subsidies must be given, all these items

Mr. President: The motion to reduce expenditure is in respect of income-tax by 5 per cent. I gave a certain latitude this morning because a question of principle was involved. Whenever these motions are moved, the discussion must be strictly limited to the Demand under which the reduction is moved.

Sir Vithaldas D. Thackersey: I will only say that this is the only way in which we can reduce expenditure. But if the Government can suggest any other way, we are prepared to accept it.

Mr. J. Ramayya Pantulu (Godavari *cum* Kistna : Non-Muhammadan) : I beg to oppose the motion made by Dr. Gour not because I think that no reduction is needed but because I think that the reduction that he has proposed does not go far enough and also because I think that the way he proposes to curtail the expenditure, as has been pointed out, is unbusinesslike. I have myself a motion on this subject which, if approved by this House—and I hope it will be approved by this House—will go very much further than Dr. Gour's motion in reducing the expenditure, and I shall elaborate my arguments on that point when I come to my amendment. If it is approved, it will really give us about 50 per cent. saving under this head.

Mr. N. M. Joshi: Sir, the Honourable the Finance Member has challenged the members of the Standing Finance Committee to speak on this Resolution. Sir, I am a member of the Standing Finance Committee and I have considered the proposals of the reorganisation of this Department very carefully. As regards the scale of pay proposed by Government, I completely approved of them. But, even during our discussion at the Standing Finance Committee, I did not approve of the number of officers that were proposed by the Government. I think the staff which they have proposed is excessive; at least Government should try for a year with a smaller staff and if they find, after an experience of a year, that the staff is not sufficient, they may come forward next year with proposals for additional staff. That was my proposal at the Standing Finance Committee, and I think that was a very reasonable proposal. I therefore believe, after having gone very carefully into this question, that a 5 per cent. reduction is not too much.

Mr. R. A. Spence: Sir, in view of what the last speaker has just said, I, who am in favour of retrenchment, would ask you not to accept this motion.

He stated that he considered that the number of officials was on the large side and he suggested that the Government should knock out several of these members and, if at the end of year, they found that they had not been able to do the work, then they could put some more in. Now, gentlemen, as taxpayers, payers of income-tax, just think what that means. It means that a large sum of money is going to be lost to the Government of India, probably going to remain in some of our pockets, because they have not enough income-tax officers to collect it from us. Is that retrenchment? I say let us have the staff which the Government of India consider necessary and, if it is found afterwards that that staff is too great, then retrenchment can take place. But in the case of income-tax where you are collecting money, any reduction in the staff will mean a reduction in income.

Mr. N. M. Joshi : The reduction will not mean that.

Mr. R. A. Spence : To my mind, it is the importers, merchants and exporters who are going to pay a great deal of extra money in consequence of the reduction made in the last vote, but, if this vote is passed, my opinion is that it will be the Government of India which is going to lose very heavily. We want retrenchment. For God's sake, Sir, I would ask this House not to pass any reduction on this service of income-tax. We all know that it is on account of lack of means that income-tax has in the past been lost to Government.

Rao Bahadur T. Rangachariar : Sir, as a member of the Standing Finance Committee, to which reference has been made by the Honourable the Finance Member, I have no hesitation in supporting the motion for an all-round reduction of 5 per cent. of the expenditure. I do so with the greatest pleasure in this Department in a year of financial stringency. It is the cost of improvement of the machinery which has swelled up the figures which Dr. Gour has mentioned in support of his motion. Therefore, this being a new expenditure which we are going to incur, I support this reduction. I quite agree that all the items of expenditure proposed would be beneficial in the end, but I quite disagree with Mr. Spence that we are going to suffer in the loss of income simply because we do not improve the machinery of collection.

The machinery for the collection of income-tax is far too perfect, in my opinion. (Laughter.) It is quite true that the object of the income-tax legislation and one of the main objects which weighed with me was to remove some of the weapons from the hands of the Executive Government, and I, therefore, welcomed the measure of separating income-tax officials from the ordinary executive officials of the district. It is one of those things which we all ought to aim at, namely, the separation of executive and judicial functions and the separation of executive and revenue functions. It is in that sense that we are aiming at perfection in the income-tax machinery. I, therefore, as a member of the Standing Finance Committee, had no hesitation in approving of the detailed proposals and of the pay fixed for the staff. The question is whether this should come in at once, should come in in the course of the year; could it not come in gradual stages? I would have welcomed the immediate introduction of the whole of that machinery if our finances were not in the pitiable condition in which we find them to-day. Therefore, I say it is not a case where you are going to interfere, as in the Customs

[Rao Bahadur T. Rangachariar.]

Department, with an existing establishment. That, no doubt, was a stronger case, but this case is much weaker. I am quite surprised to hear Mr. Spence saying he thinks this is a stronger case than the Customs case.

Mr. R. A. Spence : No, I did not say that.

Rao Bahadur T. Rangachariar : The Customs case is a case where you have an established Department; the Income-tax case is a case where a Department is going to be established and, therefore, we can do so with an easy conscience on account of financial stringency. This 5 per cent. reduction which we suggest is not going to hurt the scheme; on the other hand, certain details can wait for the next year when our finances improve. I take it that Dr. Gour's motion is really not 5 per cent. of the Demand but 5 per cent. of the total expenditure. That is what we claim. If Dr. Gour's motion is 5 per cent. of the Demand, I am in agreement with Mr. Ramayya Pantulu that it errs on the side of being too little. If Dr. Gour will amend his motion or say what he means, then we will be able to support it; otherwise we will not.

Dr. H. S. Gour : I did mean 5 per cent. of the total expenditure, and that is what I imply by this motion.

The Honourable Sir Malcolm Hailey : May I have your permission, Sir, and the indulgence of the House to add three facts to this discussion? We have not asked for the introduction this year of our complete scheme; far from it. If the House will turn to what we have said on page 14, they will see that we have proposed to introduce part of the scheme only now. Take the case of Bengal—8 lakhs against 10½.

As to whether it is urgently necessary to introduce this establishment or not, may I give the House a fact in point. We have in Bombay—and I take pleasure in mentioning it after what Mr. Spence has said—three crores of rupees of arrears of uncollected income-tax, and we know that there are some thousands of unassessed assesseees. Now, a short time ago we wrote to Bombay, following on the sanction of the Standing Finance Committee, asking them to engage the necessary establishment to collect that three crores of arrears of income-tax. Three crores of arrear collections means this, that we are borrowing three crores to meet current expenditure and we are paying 5 or 6 per cent. interest on that. Very convenient to the assesseees, no doubt, but not very good for the finances of the country.

As regards the general pitch of our proposals, may I say that the Madras Government propose an expenditure of some 4 crores more on their provincial staff than we are proposing on our central staff? And, may I add again, with reference to what Mr. Rangachariar has said, that in Madras itself we have never yet succeeded in collecting in any one year more than 75 per cent. of our Demands?

Mr. N. M. Samarth : May I inquire as to the three crores of arrears in Bombay, how much of that is due from traders who are practically bankrupt?

The Honourable Sir Malcolm Hailey : I cannot discriminate to that extent. I only know that there are three crores of arrears which we want to collect.

Dr. H. S. Gour: Do I take it, Sir, that the Honourable the Finance Member implies that the arrears not recovered in Bombay are due to insufficient staff and to that alone?

The Honourable Sir Malcolm Hailey: Most certainly: that is the definite fact.

Rai Bahadur Bakshi Sohan Lal (Jullundur Division: Non-Muhamadan): Sir, the machinery of collection through the agency of local officers, Tehsildars, Assistant Commissioners and Deputy Commissioners of the district, was much better and more efficient than the new agency of strangers who know nothing about the condition of the people. The local officers were fully acquainted with the incomes of the residents of their districts or tehsils. The new Department now created during the current year, which has at least doubled the expenditure, instead of being in a better position to assess in the sense of fair assessment, is in the majority of cases wrong, on the side of unfair assessment. In some cases the assessment is too excessive and in other cases it is too inadequate, and the arrears are due to excessive assessments rather than to the unwillingness of the assessee to pay. The traders very often, in order to maintain their credit in the market, do not consider it proper to disclose their liabilities which are in a majority of cases known to the local officers, and the strange officers assess them on their income without deductions of the amount of interest and losses which they have to pay, while absence on their part to produce a written declaration of income under the newly introduced system makes the person liable to be assessed at any amount which the collector of the tax may consider it necessary to assess. Petty traders who cannot afford to keep accountants and to have regular accounts and have to attend many indoor and outdoor engagements and social functions and have also to work in the shop as well as to go out, are very often handicapped to file any written declaration about their incomes; and, in any case, the person who knows all their circumstances is a better judge than an independent stranger who does not know anything about their financial conditions. From the statements it will appear that it is the new system which has just been introduced which has doubled the expenditure. In 1911-12 the whole expenditure was 4 lakhs; in 1912-13 it rose to 8 lakhs; in 1920-21 it rose to 11 lakhs; in the current year it was 28 lakhs, and now it is intended to be increased to 44 lakhs and 80 thousand. I may refer to one instance. A Deputy Commissioner of Income-tax under the new system told me that he was not in any way a better judge to assess persons than the old local agency of Deputy Commissioners and Assistant Commissioners. He admitted to me that he had to perform the duties, but, as a matter of fact, the whole newly created Department was useless. I respectfully submit that, instead of entrusting this work to a separate Department, it is much better to rely on the local officers, and I do not think the newly created officers are better qualified in any way or better able to collect the taxes than the local officers. I respectfully submit that in the present financial difficulties this new Department ought not to have been thrust upon the country, and, if it has been thrust upon the country, it can be postponed, because the officers who have been deputed belong to the old Provincial or Indian Civil Services and they can be reverted to their duties in the districts. With these few remarks I support the amendment moved.

Mr. Darcy Lindsay (Bengal: European): Sir, I rise with some diffidence to speak on this subject as my pocket cries out in sympathy with my

[Mr. Darcy Lindsay.]

Honourable friend, Mr. Rangachariar, in his view that the income-tax officials are sometimes oppressive and perhaps too attentive. But in the best interests of the country, Sir, and of the government of this country, I strongly support the increase that is proposed in expenditure on the collection of income-tax. It is a very well-known fact that in the past income-tax has not been collected as it should have been. The Honourable the Finance Member has unfortunately not quoted figures and I have not got those figures at hand, but from all one hears the income derived from income-tax during the past two years has vastly exceeded what the country has ever received before. And what is that due to, Sir?

Mr. N. M. Joshi : Increased rates.

The Honourable Sir Malcolm Hailey : No, no.

Mr. Darcy Lindsay : It is due, Sir, to the attempt to reorganise this establishment on a sound basis.

Dr. H. S. Gour : No, they are going to begin next year.

Mr. Darcy Lindsay : It has already begun. I notice that in Bombay the expenditure charge is very heavy, a charge heavier than in any other province. Perhaps they have not yet begun there. My point, Sir, is that, if you wish to collect full income-tax, you have got to pay your men adequate salaries. To my mind, it is one of those Departments where there can be leakage, and if you underpay your men that leakage may be appreciable. I, therefore, submit, Sir, that this House should submit to any expenditure that the Government of India consider necessary to collect this very valuable item of revenue—income-tax. (Hear, hear.)

Mr. W. M. Hussanally (Sind : Muhammadan Rural) : Sir, I am afraid the proposal made by my Honourable friend, Bakshi Sohan Lal, is out of date. I do not think that the new Income-Tax Act, just recently passed, can go back to the old lines ; but, Sir, there is one point to which I will confine my remarks, and that is in connection with the Presidency of Bombay.

There are two Commissioners provided for the Bombay Presidency, whereas, so far as I can see, there is only one Commissioner for any of the other provinces. I believe that the extra Commissioner provided for the Bombay Presidency is the gentleman for Sind, because we have recently got a Commissioner appointed for that province. Now, Sind, Sir, is only one-fifth or one-fourth of the Presidency of Bombay as a whole, and if one Commissioner can suffice for the collection of income-tax in the rest of the Presidency, that is, in three-fourths of the Presidency, I don't see why an independent highly paid officer on about Rs. 2,500 a month is necessary for a small province like Sind. The nature of the work which that officer has to do is only deciding a few hundreds of appeals in the large towns of Karachi, Hyderabad, Shikarpur and Sukkur. There has been a little complaint in the local Press about the work that he has been performing. At any rate, Sir, if a separate Commissioner for Sind is necessary, I do not see why such a highly-paid officer should be appointed in an exceptional year like this. We have got a very competent Collector of Income-tax in Karachi, and if he were given that post at a greatly reduced salary, I

think he would do twice as well as the present gentleman is doing. Therefore, this item alone will bear considerable reduction.

The Honourable Sir Malcolm Hailey : It is not a new item.

Mr. W. C. Renouf (Punjab : Official) : Sir, I should like to join issue with my Honourable friend, Rai Bahadur Bakshi Sohan Lal, when he says that the Deputy Commissioner and his revenue staff were an ideal income-tax assessing agency. In my own experience, the reverse was the case. The system gave satisfaction to the assesseees, who had such excellent opportunities of evading assessment and enhancement, and I can understand its popularity. But the State was losing large sums every year.

I have in mind a special case when I was Deputy Commissioner at Rawalpindi, when an Extra Assistant Commissioner was deputed for some three months to re-assess Rawalpindi City. He was not an expert but he was able to give his whole attention to the income-tax question, and he doubled the assessment.

Sir, the new establishment now proposed will work on these lines, and I shall be surprised if it does not lead to a big increase in the Government of India income-tax receipts which now stand at about 22 crores. I expect to see that figure at something like 30 crores in the course of the next 4 or 5 years. In these circumstances, I think the proposed new establishment is justified, and that it should be introduced in its entirety.

Mr. J. P. Cotelingam : Sir, as a member of the Standing Finance Committee, I feel it my duty to raise my voice against the Resolutions for any decrease in respect of the Demand under Income tax. All the proposals that the Honourable the Finance Member made mention of were placed before the Standing Finance Committee, and, if I remember rightly, the members present agreed to the schemes proposed.

Mr. N. M. Joshi : I did not.

Mr. J. P. Cotelingam : The question of salaries of the Commissioners came in naturally for a good deal of discussion. Some members did not readily give their assent to the apparently large salary proposed for the Commissioners in the various provinces. Questions were also raised as to why there should be Assistant Commissioners appointed in addition to Commissioners. Satisfactory explanation was given by the Honourable the Finance Member. A number of new appointments had to be created as the Department was going to be reorganised and had large duties to undertake, seeing that in the various provinces, and notably in the Bombay Presidency, there were large arrears of income-tax due. As has been mentioned by the Honourable Sir Malcolm Hailey, we were given to understand that, if we had the full quota of officers recommended, we could reasonably expect this year a very large addition to our finances.

Again, Sir, in connection with the number of appointments to be made, it was pointed out at one of the meetings at which Mr. Sim, I believe, was present, that a number of graduates who have intimate knowledge of the vernaculars would be appointed to special posts and no objection was taken to such appointments by any members present, if I remember rightly. My own impression, Sir,

Rao Bahadur T. Rangachariar : I rise to a point of order. I thought it was an understood thing that Honourable Members ought not to refer to what happened in the Finance Committee, and if I am to hark back to my recollection of many of the things which have been mentioned I do not know whether I will be able to bear out all the Honourable Member says; and we will be dragged into a conflict of memories. I think, Sir, the matter arose once on a former occasion and I think you ruled, if I am not mistaken, that what happened in these Committees should not be mentioned. At this rate, I am afraid, we will be drawn into unnecessary details.

Mr. President : As Honourable Members are aware, the report of the proceedings of the Standing Finance Committee is circulated; and though it is not actually recorded in the reports of this House, still it has the character of a public document. The Standing Finance Committee is in some ways different from a Select Committee, the report of which is confined strictly to the conclusions arrived at.

Dr. H. S. Gour : May I ask, Sir, if the Honourable Member, Mr. Cotelingam, was referring to the published report or to his own recollection of what transpired in this Committee?

Mr. J. P. Cotelingam : In what I have said I have revealed no secrets which transpired in the Standing Finance Committee, I have not given expression to anything that was of a confidential nature. Let me proceed, Sir, and conclude. My own impression is that we shall, in the working of this Department during the forthcoming year, not only have perhaps a five per cent. reduction but a much larger reduction. It has been explained by the Honourable the Finance Member that the various Departments are being organised and it will be a long time perhaps before the full strength of the staffs in the various offices will be appointed: and I trust that Honourable Members will not stand in the way of the full Demand being granted under 'Taxes on Income'.

Mr. J. F. Bryant : I move, Sir, that the question be now put.

Dr. Nand Lal : I was not on the Finance Committee and, therefore, I cannot say anything about it. Members of the Finance Committee are, I may be allowed to say, going to take great advantage of their presence there; but I shall refer to two points. One is this, that the taxation is too much. Has there not been a general cry in this country that the Income-tax is already very very heavy and that the people cannot afford to pay it. They are paying because they are compelled to do so; they level very severe criticism against our conduct when we are going to pass each and everything against their wishes. This is a fact which is unchallengeable that the taxation is very heavy. The Government tells us that the increase in demand has been necessitated on account of a certain change which has been effected or which is, gradually, going to be brought about. Now, I ask the Honourable official Members whether it is a fit occasion to think of these innovations when we are on the verge of bankruptcy. I must say that this change, this proposed alteration is not a right thing. Now, as to the merits of the alteration. The question whether the alteration is, economically, good or bad, can be discussed by making a reference to the elementary principles of arithmetic. The Deputy Commissioners and Collectors have been appointed to work, so far as the Income-tax Department is concerned, exclusively. The Government officials shall have to agree with my contention that they need not work throughout the year.

There are certain months in which the intending assesses are called upon to submit their returns in regard to their income, and on the receipt of those returns the Collectors usually examine them and assess. The whole work takes only a few months—not more than four months at the utmost. (*The Honourable Sir Malcolm Hailey* : ‘No, no’.) For this work, which can be transacted and which, barring a few complaints, was being done ably before, we are going to pay for the whole year. (*The Honourable Sir Malcolm Hailey* : ‘No, no.’) Therefore, on the simple principle of arithmetic, this seems to be hardly right. No economic principle will support this change on the part of the Government which come forward with so heavy a demand. Some time before I submitted, in regard to a previous amendment, that expediency should be given preference. If the demands which have been asked for, if the alterations which have been effected or which are desired to be effected, are of greater convenience to the public, the public I mean to say the people of this country - may feel constrained to consider them and pay for them. But we find that no improvement is effected so far as the treatment of the subordinate service is concerned. I daresay the present change has brought about a little wholesome result, so far as the selection of the Commissioners, Deputy Commissioners, and some of the Collectors is concerned. I must concede that aspect of the question in favour of the Government, because I must be fair and just in my remarks. But, in the case of the subordinate establishment, the trouble is the same as it used to be. Sir, you will be surprised to hear that they look upon themselves as masters and not public servants. Big Sowcars and millionaires send their servants or mukhtars, when they are summoned to produce their accounts. Do you know the system by which they examine the accounts? Supposing an auditor or examiner chooses to go through these accounts. He will not fix a sufficient number of days so that people may not be put to inconvenience. But he will, as I am told, issue Summons to a large number of people, saying, ‘Come on, bring your accounts and registers.’ The registers are brought. The big merchants, the rich men who are busy people, will send their Maniyams, and servants and Mukhtars with the registers. You will be surprised to hear, Sir, that only a few of the registers will be examined and the other people will go disappointed. Now, Sir, can you entertain an idea of the opinion which they form on that occasion and after this sort of treatment? They say : ‘Oh, there is nobody to think of our convenience.’ Nick names are given by them to the Government. We, the representatives of the people, who know about the feeling of the public, cannot tolerate this sort of thing. We cannot allow this demand in the presence of such sort of treatment. On the top of it they do not look upon themselves as public servants, they forget to realise that they are in the pay of the Indian Exchequer and consequently are servants of the people. They think that they are masters. Some of them think like rude masters. Therefore, the demand which has been asked for does not deserve our sympathy, and I am in full accord with the amendment, and support the retrenchment. With these remarks, I vote for the amendment which has been moved.

Sir P. S. Sivaswamy Aiyer (Tanjore *cum* Trichinopoly : Non-Muhamadan Rural) : Sir, I should just like to say one or two words upon this motion for the cutting off of five per cent. from the estimates generally.

While I am in sympathy with the policy which has dictated this series of amendments to cut five per cent. from the estimates as a measure of

[Sir P. S. Sivaswamy Aiyer.]

prudence in attacking the Budget, I do not think that the demands under the head of Income-tax are an appropriate subject for attack on this ground. (Hear, hear.) The Income-tax Department is one of our most productive departments and occupies a very peculiar position. Till now, the income-tax was being collected by officers of the provincial Governments not wholly occupied in the collection of income-tax but having other duties to discharge. It is only after the separation of the provincial and central revenues and the introduction of these Reforms that it has become necessary to imperialise the Income-tax Department altogether and to entrust the collection of the income-tax to full-time official under the control of the Central Government. That is a process of reorganisation which seems to me to be absolutely necessary in the interests of the completion of the separation of the Central and Provincial finances. In that view, it seems to me desirable and necessary that we should accede to this demand under this head, making up, if necessary, by cutting a little more than five per cent. under some other head, as for instance the General Administration.

Bhai Man Singh (East Punjab-Sikh : Sir, I rise to support the amendment now before the House. This is a new Department which we are now creating. When we ask, 'Why are such and such Departments over-manned, what is the use of keeping so highly-paid officials?' we are met with the stereotyped argument, 'Look here. What are we to do with our old staff? Are we to dismiss them?'. I do not remember the exact words, but if I mistake not, my Honourable friend, Mr. Innes, while replying during the Customs debate said something to this effect: 'What are we to do with the old men who are already in the Department on greater pay, who are drawing fixed salaries; are we to dismiss them, etc.?' Now, I submit that this is a new Department and ought not to be fossilised on the same old lines. I said in my Budget speech that there must come a turning point, and when we are creating a new Department I would beg the Honourable Members of this House most earnestly to take a turning point and not submit to a demand made on the same grade of high salaries as we have been submitting to hitherto. Let us not be carried away by the sentimental argument, 'Oh, it is a paying concern. Let us not touch it'. It is quite all right. Every business firm is a paying concern, but it never stops to think whether it can manage its affairs more economically or not. I should like to draw the attention of the Honourable Members to one little fact. Supposing we just have Commissioners who are a little less paid, and similarly we have Deputy Commissioners who are a little less paid, how much can we make? If in the Central Board we have a Commissioner who is paid only Rs. 2,500 a month, similarly Commissioners in the provinces drawing salaries not more than Rs. 2,000 a month and Deputy Commissioners drawing salaries not more than Rs. 1,500 a month, I submit that, even if we calculate on that basis, we can have a reduction of about Rs. 95,000, that is about a lakh.

I submit, Sir, it would be very well to argue, 'Look here. We want efficient men to manage the work'. But I would like to know, Sir, where is the necessity of always having Indian Civil Service men who belong to a Covenanted Service and whose pay goes on increasing. I hope my remarks will not be taken in any other spirit than they are really meant. My object is simply economy, and if we can get good and efficient men on less pay, there is no reason why we should not adopt that scale. I for myself, excuse me, cannot understand why, even if we have to select Indian Civil Service

men, we cannot select men below a certain grade of pay. Again, Sir, at least in the Punjab, I find that a good many of these officers have been taken from the Provincial Service and they are paid on the average Rs. 100 more than what they were drawing as Extra Assistant Commissioners in the province. I have no quarrel with that, but I would say that if we draw these men from these services we should only get those men whom we can pay at a lower standard. There is no argument in saying that we should always put the highly-paid men in this Department. I want to say one thing more. I should like to know what are the special qualifications on the basis of which we select a senior man from a particular service or a junior man from another. Again, Sir, this is a Department which has to deal mostly with business men. I really fail to see what are the special qualifications of these men who are drawn from the Provincial or the Imperial Services. What special qualifications have they got to deal with the Income-tax Department? Most of them are very often ignorant of the methods of business men, how they keep their accounts and how they work. A good many of them have to take the help of low-paid clerks and munims who alone know how the accounts are kept and they have to depend on these men. That is the cause of the difficulties pointed out by my friend, Dr. Nand Lal. These business men are subjected to a lot of troubles. They have to go to these officers, wait for days together just as they would do in a judicial case, where witnesses are sent away frequently and asked to appear a number of times. This is, however, not so much to the point. As the House will understand, if we allow this Department to grow on the old scales, we shall be faced with a tradition of highly-paid officers. Take men from the Imperial Service. Take men from the Provincial Service, or take men from the outside. I would preferably say, 'Take as many men from outside as you can specially from commercial and banking circles'; because these men work in commercial firms and they know where the weakness of the accounts lies, whether the profits shown are more or less and what has been the state of trade in a certain year. This would be another extra advantage, by taking other people, but we should always make it a point to see that we do not employ so highly-paid officers as we are doing now, as provided for in our present Budget. It has been argued, Sir, that the Department is not over-manned. If I can depend on my observation about the working of this newly created Department in the Punjab, I would say that the Provincial Service men who have been taken from the Provincial Service to the Income-tax Department have not got at the most two-thirds of the amount of work to do in this Department as they had to do in the other Department from where they were taken. I speak from my personal knowledge of this matter; of course, it may be said that it is limited to a certain circle. This being the case, why should we not adopt this motion which has been put forward before us by Dr. Gour? It has been said by our Honourable friend, Sir Malcolm Hailey, that there are lots of arrears lying in the different Presidency towns, Bombay or Madras, but that was under the old system, and no simile from the old system can be exactly applicable to the new system.

The Honourable Sir Malcolm Hailey : Under the present system.

Bhai Man Singh : A word about what my Honourable friend, Mr. Pantulu, said. If I heard him aright, my Honourable friend said that, according to his views, there is a much larger scope for retrenchment than has been asked for by Dr. Gour. I say that it is open for him to fight for the

[Bhai Man Singh.]

larger retrenchment when that time comes, but, of course, when we adopt a smaller retrenchment, this, according to the rules of procedure, does not bar your adopting another motion for a larger retrenchment. So he should not be afraid of voting in favour of Dr. Gour's amendment, and there is no

chance that his amendment will not be discussed or taken up
4 P.M. by the House. (*Voices* : ' I move, Sir, that the question be put.')

Mr. President : The question is :

' That the demand under head ' Taxes on Income ' be reduced by five per cent. '

The Assembly then divided as follows :

AYES—49.

Abdul Majid, Shaikh.
Abdul Rahaman, Munshi.
Agarwala, Lala G. L.
Agnihotri, Mr. K. B. L.
Asjad-ul-lah, Maulvi Miyan.
Ayyangar, Mr. M. G. M.
Ayyar, Mr. T. V. Seshagiri.
Bagde, Mr. K. G.
Bajpai, Mr. S. P.
Bhargava, Pandit J. L.
Chaudhuri, Mr. J.
Das, Babu B. S.
Das, Pandit R. K.
Ginwala, Mr. P. P.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hussanally, Mr. W. M.
Iswar Saran, Munshi.
Jafri, Mr. S. H. K.
Jatkar, Mr. B. H. R.
Joshi, Mr. N. M.
Latthe, Mr. A. B.
Mahadeo Prasad, Munshi.
Manmohandas Ramji, Mr.

Man Singh, Bhai.
Misra, Mr. P. L.
Mudaliar, Mr. S.
Mukherjee, Mr. T. P.
Nabi Hadi, Mr. S. M.
Nag, Mr. G. C.
Nand Lal, Dr.
Neogy, Mr. K. C.
Pyari Lal, Mr.
Rangachariar, Mr. T.
Reddi, Mr. M. K.
Sarvadhikary, Sir Deva Prasad.
Schannad, Mr. Mahmood.
Shahab-ud-Din, Chaudhri.
Shahani, Mr. S. C.
Singh, Babu B. P.
Sinha, Babu Ambika Prasad.
Sinha, Beohar Raghurir.
Sohan Lal, Bakshi.
Srinivasa Rao, Mr. P. V.
Subrahmanayam, Mr. C. S.
Subzposh, Mr. S. M. Z. A.
Thackersey, Sir Vithaldas D.
Yamin Khan, Mr. M.

NOES—47.

Abdul Quadir, Maulvi.
Abdul Rahim Khan, Mr.
Abul Kasem, Maulvi.
Aiyar, Mr. A. V. V.
Aiyer, Sir P. S. Sivaswamy.
Akram Hussain, Prince A. M. M.
Amjad Ali, Maulvi.
Bradley-Birt, Mr. F. B.
Bray, Mr. Denys.
Bryant, Mr. J. F.
Chatterjee, Mr. A. C.
Clarke, Mr. G. R.
Cotelingham, Mr. J. P.
Crookshank, Si: Sydney.
Dalal, Sardar B. A.
Dentith, Mr. A. W.
Faridoonji, Mr. R.
Fell, Sir Godfrey.
Gajjan Singh, Sardar Bahadur.
Habibullah, Mr. Muhammad.
Hailey, the Honourable Sir Malcolm.
Hullah, Mr. J.
Ikramullah Khan, Raja M. M.
Innes, the Honourable Mr. C. A.

Jannadas Dwarkadas, Mr.
Jejeebhoy, Sir Jamsetjee.
Katraji, Mr. J. K. N.
Kamat, Mr. B. S.
Keith, Mr. W. J.
Lindsay, Mr. Darcy.
McCarthy, Mr. F.
Mitter, Mr. K. N.
Mukherjee, Mr. J. N.
Percival, Mr. P. E.
Ramayya Pantulu, Mr. J.
Renouf, Mr. W. C.
Rhodes, Mr. C. W.
Samarth, Mr. N. M.
Sapru, the Honourable Dr. T. B.
Sarfaraz Hussain Khan, Mr.
Sharp, Mr. H.
Spence, Mr. R. A.
Vincent, the Honourable Sir William.
Waghorn, Colonel W. D.
Way, Mr. T. A. H.
Webb, Sir M. dePomeroy.
Zahiruddin Ahmed, Mr.

The motion was adopted.

Rao Bahadur T. Rangachariar : Sir, I move :

‘That the provision of Rs. 10,000 for contingent charges, Board of Inland Revenue, be reduced by Rs. 5,000.’

This motion is made to elicit information. This is a new Department which is now created, and I notice, Sir, that the two fat appointments are made non-votable, whereas minor appointments are to be under the votable head. One point on which I wish to elicit information is whether further fat appointments in this Department are going to be made non-votable. The other point is

The Honourable Sir Malcolm Hailey : May I ask the Honourable Member what the two fat appointments to which he so choicely refers are ?

Rao Bahadur T. Rangachariar : I made a mistake, I am sorry. I beg your pardon. It is one appointment. Have the Government made up their minds as to what the future constitution of this Board of Inland Revenue is going to be ? The Honourable the Finance Member, I remember, stated that for the present he is going to have only one member. But, if it is going to be a future constitution of two or more members, I should like to have information as to what that constitution is going to be, whether Indians are going to be associated in that Board and what the salaries proposed are likely to be.

Then, for a new Department like this, on the substance of this motion itself, it strikes me that Rs. 10,000 for contingent charges for a small establishment like this (one officer Rs. 47,500, and the assistants and servants costing Rs. 14,200, Travelling Allowances Rs. 8,000), why should the contingent charges be so high as this ? As to the total, I am not able to understand. These are the two matters which I beg to place before the House by means of this motion.

The Honourable Sir Malcolm Hailey : As regards the point of information, the House I think knows the history of the case ; it knows the steps by which we arrived at calling our new institution a Board of Inland Revenue. That was not our own original proposal. We proposed simply to have one head Commissioner of Income-tax, but in the course of discussions in Select Committee it was thought that it would be better to constitute a Board of Inland Revenue. Our intention remains exactly the same. As far as I can see at present, there will be only one member of that Board ; I certainly have myself no intention of proposing a second member. I cannot guarantee the distant future, but I am quite sure that any future provision that it is desired to make will be proposed after due consideration of the feelings of the House on the subject. I need not, therefore, perhaps, go further into that point. In some years one member will be sufficient ; in fact, I do not think the number is likely to be increased until the commercial community itself demands that it should be done.

So much for the point of information, which I hope is satisfactory to my Honourable friend.

[Sir Malcolm Hailey.]

With regard to the point of substance, I confess that we have no accurate estimate by which we have arrived at Rs. 10,000. It is a new office, though only but a small one, but a certain amount of office furniture is required. For my own part it is really immaterial I think whether that stands at Rs. 10,000 or Rs. 5,000. We are prepared to pay the minimum that may be found necessary.

The motion was negatived.

Rai G. C. Nag Bahadur (Surma Valley *cum* Shillong: Non-Muhamadan) : Sir, I beg to move :

‘That the provision of Rs. 12,600 for one Special Income-tax Officer, Madras, be omitted.’

There are altogether five amendments in my name under this Demand, Special Income-tax and they all proceed on the same lines. I shall, in a few words, explain my reasons for moving them.

If the Honourable Members will turn to page 296 of the Demands for Grants, they will find there mentioned the total expected receipts of the Central Government, as well as the estimated receipts of the various provinces shewn separately. The total expected receipts are Rs. 22,11,39,000. If you will turn to page 8, you will find the total Demand to be Rs. 47,55,000, which means that the cost of collection bears a proportion of 2·1 per cent. to the revenue. This is the all-India average. The cost of collection incurred by Government may appear at first sight to be extraordinarily low. But if we take into consideration the fact that a very large portion of the Income-tax is realised automatically out of Salaries, Pensions, Commissions, Interests on Bank Deposits, dividends, and so forth, without the intervention of the Income-tax Collector, we shall find that the Income-tax Department is not worked so economically as would appear at first sight.

Now, if you compare this all-India average with the Demands for Grants for the various provinces, you will find that this average is exceeded by Madras which wants 3·7, by the United Provinces which wants 4·7, by the Punjab which wants 7·9, by Bihar and Orissa which wants 4·1, by the Central Provinces which wants 5·9. The expenditure of Assam on its Income-tax establishment is the correct of all, being less than 1 per cent. on its receipts. Next come Bengal and Bombay with a little over 1 per cent. In the remaining five provinces, the expenditure varies from 3·7 per cent. in Madras to 7·9 per cent. in the Punjab. I think the House is entitled to get some explanation from the Finance Member as to the causes of this striking variation from province to province and as to why in every one of these cases the all-India average, 2·1, has been exceeded.

Now, I shall deal with my amendment. The revised estimate of Madras for the current year is Rs. 4,40,000 which bears a proportion of 2·1 per cent. on the receipts. For the ensuing year, the Demand for Grant is 8 lakhs, which means an increase of 81 per cent. on the current year's expenditure, but the increase in receipts was no more than about 36 per cent. No explanation is available why there should be an increase of expenditure to the extent of 3,60,000 or even less, especially in a year of deficit like the present.

Now, with regard to the particular item, one Special Income-tax Officer on Rs. 1,000 rising to Rs. 1,250, the Honourable Members will see that he is an old officer on the Income-tax staff of Madras. The Government are going to reorganise the Department and are budgeting for one Commissioner on Rs. 3,000 a month and a large staff of subordinate officers, such as Deputy Commissioners, Assistant Commissioners and so forth, at varying rates from Rs. 1,500 to Rs. 240, keeping the old Special Income-tax Officers on Rs. 1,000 to Rs. 1,250 as before. Now, my point is that, when you are going to reorganise the Department with such a superior officer as a Commissioner at its head, the retention of the old Special Income-tax Officer is untenable. It is stated, in the explanatory note given at the end of the Chapter, that the new schemes now being introduced in the provinces have been approved by the Finance Committee. If so, I fail to understand the principle on which that Committee should have accorded their approval to schemes which, as I have shown, lay down scales of expenditure in the various provinces varying from less than 1 per cent. on the receipts as in the case of Assam to nearly 8 per cent. in the Punjab. In any case, I have yet to know that, although they might have approved of a particular scheme for Madras, they approved of the vast increase of expenditure from Rs. 4,40,000 in the current year to nearly its double in the ensuing year. There is, however, nothing to show that, while they approved of the introduction of a new scheme, they approved likewise of the retention of the old high salaried Special Income-tax Officer. In any case, the retention of this officer seems quite untenable. I may tell the House that in Bengal and Assam the work of assessment and of hearing objections is done almost entirely by Deputy Collectors. Even in the city of Calcutta, the Collector of Income-tax used to be a Deputy Collector. No one has been found to say that Income-tax work in these provinces was not done properly and well by this class of officers. In place of them you are going to create posts of Commissioners on Rs. 3,000 and of Deputy Commissioners on Rs. 1,500 to 1,800. But if you are going to create such high posts, why should you not be able to manage each province with one such high-salaried officer at the top, assisted by the class of officers of the rank of Deputy Collectors. It is true that for hearing appeals you require a superior staff, but for this purpose one superior officer, exclusively for this work, for provinces such as Madras, Punjab, United Provinces, Bihar and Orissa and the Central Provinces, should be enough. I strongly object to the creation of too many fat berths in each province for this work. Then, again, if you will turn to page 14, you will find it stated in the Explanatory Note that for Madras there is a scheme for introducing a new staff of officers with one Commissioner on Rs. 2,000 to Rs. 2,500, the first incumbent being, however, given Rs. 3,000 a month. I have not been able to understand the meaning of 'however' here. The Finance Member will, no doubt, enlighten the House why the present incumbent should get Rs. 500 more than the maximum proposed in the new scheme.

Did the Standing Finance Committee also approve of the increased pay to the present incumbent? I doubt this very much. If the present incumbent was an old officer drawing already Rs. 3,000, surely a place for him could have been found elsewhere where the same post carried an initial pay of Rs. 3,000. As this is now an all-India Service, there should be no difficulty about it. In any case, the amendment is a very modest one, and I commend it to the acceptance of this House.

The Honourable Sir Malcolm Hailey: I said that it would be possible to make some reductions in this Department if we were prepared to give up the improved efficiency to which we had otherwise looked. I am afraid that my Honourable friend, however, has hit on one of the cases in which it would be exceedingly difficult to make a definite reduction. I will give my reasons to the House. My Honourable friend has covered so very wide a range in the course of the discussion that I am not at all sure that the House will remember exactly what his objection was to this particular officer. He said that there was no reason whatever for maintaining an officer on this high rate of pay as a Special Income-tax Officer in Madras when we were reorganising the establishment with a view to introducing a regular scale of pay throughout. Well, Sir, this is an officer who has been employed there for some time. We have retained him for the purpose of bringing him on to the new scale which you will see on page 14 of the Demands for Grants, where you will find provision made for Assistant Commissioners on Rs. 1,000 rising to Rs. 1,500. We cannot immediately dispense with him nor indeed do we desire to dispense so experienced an officer and we intend to bring him on to the scale of pay of an Assistant Commissioner. Consequently, the criticism of the Honourable Member, if it still has any force, becomes a criticism directed not against this officer but against the new scale of pay which we intend to introduce for the Department in Madras. Now, I will trouble the House for a few moments, because it will enable me to clear up a good many points which were raised in the course of the previous discussion, to which I did not then find time to allude, as also to some of the points now alluded to by my Honourable friend. We do not intend to bring into this Department a large number of Indian Civil Service officers on a high rate of pay. On page 14 you will find what we consider to be a reasonable rate of pay, and I think that my friends in the Standing Finance Committee did not differ amongst each other on this point at all events, that that was a suitable rate of pay for a self-contained and largely Indianised Department. But, Sir, you cannot create a Department forthwith and outright. We have placed a Commissioner in charge who happens to be an Indian Civil Service officer, because there was no one else in the province with an equal experience of income-tax work who could be trusted to organise the new Department. This is also the case in some other provinces where we have placed an Indian Civil Service officer in charge, but, as soon as we can get officers from within the Department itself (who will not of course belong to the Indian Civil Service) we shall of course do so. The present is a purely temporary arrangement.

Now, why does Madras, according to my Honourable friend, cost more for establishment than elsewhere and why is there this difference in the cost of establishment as between various provinces, some showing, I will take his own figures, an expenditure of 3 per cent. for collection, others showing an expenditure of 7 per cent. for collection. The difference consists, of course, entirely in the nature of the work in the different provinces. Where you have large presidency towns and very few rural assesses, a small expert establishment, dealing mostly with Companies, large assesses and the like, can recover a large sum at a comparatively low cost. Where, on the other hand, you have a very large number of rural assesses, your establishment must, by the mere force of circumstances, be larger, and, on the whole, its returns smaller. That in itself accounts sufficiently for the difference between the provinces. As for my Honourable friend's assertion that the old Deputy Collectors whom we had in charge of the income-tax work were perfectly

satisfactory, I have heard enough in this House this year and last year to know that the House itself agrees that this is not the case. Well, Sir, the only definite point before the House is this, whether we should reduce this particular officer. As I have said, he is already in employment. He fits or will fit in when the time comes into the new scale we have proposed. I maintain that that scale is not in itself excessive and that, therefore, there is nothing to be gained by attempting to get rid of the appointment.

Mr. R. A. Spence : Sir, may I rise for a point of information? I see on page 296 that poor Bombay pays in income-tax Rs. 4,85,00,000 compared with which rich Bengal pays Rs. 3,80,00,000. On page 10 I find that Bombay is paying 3 lakhs more for collecting the income-tax. Is there any cause and effect here? And the Presidency which has got the bigger establishment and which pays more for establishment, collects more income-tax?

Mr. President : The Honourable Member's question concerns Bombay and Bengal, while this amendment relates solely to Madras.

Rao Bahadur T. Rangachariar : Sir, I am afraid Mr. Nag has not appreciated the real position in Madras in relation to this matter. It is really not a new appointment at all. The practice hitherto has been for the Revenue Department, for the ordinary Revenue Department, to undertake the collection and assessment of income-tax. The Special Income-tax Officer deals with cases in the city of Madras. The Collector of Madras is the revenue officer for the whole city. He was the supervising officer. He dealt with cases, I believe, of Rs. 50,000 and upwards. Assesseees of Rs. 10,000 and upwards used to be dealt with by the Special Income-tax Officer. I remember there was a lot of complaint of the way in which income-tax cases were disposed of by the Collector in Madras when he had not the assistance of the Income-tax Officer. The Collector had too much work to do in his other capacities and the Deputy Collector used to deal in those days only with cases of Rs. 10,000 income, and all cases above Rs. 10,000 used to go up to the Collector. In this way he had to deal with too many cases, specially cases of Marwaris and Gujeratis who form the greater portion of assesseees in Madras. They keep their accounts in a manner which requires close investigation. My friend, Mr. Narayan Das, brought forward a motion in this House, it will be remembered, about the rule imposed by the Madras Government that the assesseees should produce their own translations of their account books, and they were put to a great deal of trouble. In order to facilitate the work of assessment and the disposal of income-tax cases, this Special Income-tax Officer was created, and I know that as a matter of fact he has been of great use in the administration of income-tax. (Hear, hear.) I, therefore, think that the pruning knife need not be applied to this case. There are other appointments in which it can be more effectively employed; but, speaking from a knowledge of Madras and the change which is going to be carried out there in separating income-tax cases from the ordinary executive work, I expect a great deal of improvement there. One of the causes which has helped the non-co-operation movement in my province is the way in which income-tax cases are disposed of, and I have had occasion to mention such cases in this Assembly. I therefore expect a great deal of improvement, and in the meanwhile I do not think that Madras is overburdened in this matter.

The motion was negatived.

Dr. Nand Lal: Sir, the amendment which I propose to move runs as follows :

'That the demand of Rs. 4,92,000 under the sub-head 'Punjab' be reduced by Rs. 2,61,000.'

Sir, there is a very great increase in the Demand for the year 1922-23 as compared with the last year. I have been looking for Sub-head 'Punjab' the explanation in support of that increase, but I confess my inability that I could not find it in the printed Demand though I find general remarks given in the form of Explanation 2 that this increase is due to the new scheme which is introduced and which will gradually be introduced. The word 'gradual' is pregnant with very great alarm and fear; namely, the Demand which is now made is not considered to be enough; it is just probable that next year there may be even greater Demand. Therefore, it is proper that the question of this Demand should be scrutinised and examined with reference to its various aspects; and I shall confine my remarks to this specific item relating to the Punjab. Why so much increase? The only explanation which has been tendered in general form has already been adverted to by my humble self and I submit that that explanation is not sufficient. Why was this change brought about in this poor province (*viz.*, the Punjab)? Perhaps the answer which the Honourable Sir Malcolm Hailey will advance would be—'because it is a Central subject and the alteration which has been suggested and recommended should be general, obtaining in the whole of British India, and therefore the Punjab is included'. That is the only conceivable explanation which can be asserted. In reply to that, my submission would be that there is no moral or real support for the change which has brought about this considerable increase in the Demand. So far as the Punjab is concerned—though I am subject to correction and Sir Malcolm Hailey will correct me if I am wrong—I believe one Commissioner and two Deputy Commissioners and a number of Collectors have been appointed, and they are asked to apply themselves exclusively to the collection of income-tax. The ground on which this scheme has been propounded and eventually accepted is that there may be some sort of promptitude and expedition in the way of collection. I may very respectfully point out to the Honourable Sir Malcolm Hailey that, so far as the question of collection is concerned, I mean to say, so far as the proposition relating to the arrears is concerned, this argument will not hold good in respect of the Punjab.

There are some arrears but not so much as are found in other provinces. But the question of arrears is not sufficient to throw so heavy an expenditure on the head of the tax-payer, who are already overburdened. I have already remarked that these two Deputy Commissioners, one Commissioner, and some Collectors, so far as my present information goes, will remain busy for a period of four months. For eight months they will perhaps keep ruminating over what they have done or they may keep thinking of what they are going to do, or they may perhaps sometimes sleep in deep contemplation. But, so far as the hard work is concerned, so far as the real business is concerned, I am quite prepared to say before this House that they will not have enough to do in any case. Therefore, 8 months out of 12 months will practically be idled away. And at whose cost? At the cost of the pocket of the poor tax-payers. These Deputy Commissioners and Commissioner will go from one district to another and they will report that they have seen this village and that village, and that they have made

this inquiry about this sahuakar or that, or about this contractor or that. They will write this diary and submit it to the Commissioner. I do not know to whom the Commissioner will submit his diaries. I very seriously suggest before this House that this is not the way in which the public money should be spent. These public servants will get idle. They should be called upon to work according to the remuneration which they get, and I am afraid that if this principle is not applied, then it will have to be admitted that the Government is not taking the best for the price which Government is paying. Therefore, economically, these alterations seem to be hardly sound and right. Therefore, I stand here to question their advisability and propriety. We may speak to our people, 'All right, pay because this is an exclusive Department. This is a separate Department. On account of the undue influence of the Executive, you will not easily promise or feel inclined to pay. Here you have got a separate Department—a separate Commissioner, and separate Deputy Commissioners and Collectors. They have nothing to do with the other affairs. You need not feel afraid of them. You will not be arrested if you speak to the Collector and say 'You are wrong in taxing me like this'' In old days, the Deputy Commissioners were also Income-tax Collectors in charge of the Income-tax Departments of various districts, and if an intending assessee, who was called upon to pay, said, 'Sir, you are wrong', perhaps he may incur the displeasure of that Deputy Commissioner. That is the only redeeming feature or ground that can be advanced. Therefore, on that score, we can speak to our people perhaps with some justification and say, 'Look, you have been relieved of that scare or fear. Are you not prepared to pay for that? You will have a little more peace of mind. Now that there is a separate Department, you will not be coerced. You will not be troubled. Therefore, pay a little more for it.' The reply, Sir, which will be given by our people would be, 'No. We have not got desired peace of mind at all. We are not treated properly.' The millionaires, the big merchants, contractors, barristers and other people who pay a heavy income-tax would say: 'No, you are wrong altogether. You are not our proper representative. You do not study our case and our grievances. Our grievances are that, if we send our people with our accounts to be examined, the auditors, examiners and the subordinate clerks do not treat them properly. They think they cannot examine so many registers yet they call for all. They thing that the merchants, contractors, and other businessmen have no value for their time. They should be polite, every public servant ought to be polite, because he has given a covenant to the Government that he will be polite. They won't listen to these virtues at all. It is a sin for a public servant of that type to be polite and to politely treat the assesseees who are, as a matter of fact, the paying masters in the right spirit. If the servant or mukhtar or agent or the munib of the intending assessee is a straightforward man, then that will be considered a fault and he will be punished. Perhaps he may not be punished by the taxing officer. He may be punished by his own employer, the master, whose munib he is, because that master is sure to get displeased with him, saying 'You ought to have pocketed this insult. You ought not to have given this officer, or this auditor, or this head clerk, or this examiner, an answer like that, and that is why I am punished.' Naturally these auditors and examiners will speak to the Collectors, "This munib, this agent, has done so and so," and that Collector will assess at once without waiting any longer. This sort of treatment is meted out to the public, and, therefore, our people do tell us,

[Dr. Nand Lal.]

'Do not agree to give demands like that.' If the Government servants improved themselves, and really behaved like true public servants, certainly the people might say: 'We are quite prepared to make this sacrifice. Give us an undertaking that their treatment will be better than before and that the Government servants will be in a better mood than before and that our books will not be thrown away, kicked away as before'. But, if there is no change for the better at all, I have to hear the voice of the people and to request that my amendment may be accepted. Neither on the score of convenience nor on the ground of economy is this Demand, which has been asked for, acceptable, and, therefore, I submit that the reduction which I have proposed may be accepted. Unless and until the Honourable Sir Malcolm Hailey gives us an undertaking that he will see that all sorts of grievances are removed, till that is done, I shall have to press this amendment for the acceptance of the House.

Mr. Darcy Lindsay : Sir, It is a little difficult to understand our position with regard to this Demand No. 2. My Honourable friend, Dr. Gour, has applied his axe and imposed a reduction of five per cent. throughout on the Demand. If this five per cent. to be in addition to the various reductions, such as are now proposed by my Honourable friend, Dr. Nand Lal, and Rs 27,50,000 standing in the name of my Honourable friend, Mr. Pantulu, also another reduction of Rs. 15,00,000 standing in the name of Mr. Shanani, — is this five per cent. in addition or not? I had great hopes that, when the Gour guillotine had been applied, we were going to be saved a considerable amount of time and that there would have been a general withdrawal of all these further motions, but, if that is not to be, then I am afraid we shall be sitting until the middle of the year. Now, as regards my Honourable friend, Dr. Nand Lal's complaint about the officers in Punjab being idle for 8 months in the year. I am glad he realises that, during that time of so-called idleness, they keep their eyes and ears open and are taking notes of the profits made by the different firms and individuals. I therefore cannot exactly follow him in his argument that they are idle. He also complains of the very high salaries which he thinks they are paid. Would Dr. Nand Lal prefer that they should be paid on a percentage basis? I recommend that suggestion to my Honourable friend, the Finance Member, if this House grumbles at heavy expenditure on the Income-tax Department. The Income-tax Department has been referred to as a great source of revenue to Government, as it undoubtedly is. Let that revenue be obtained on a commission basis and then this House need not trouble their head about over-paid officers or over-staffed offices. Each lucky individual who obtains a permit to recover income-tax on a commission basis will organise his own office and pay for it out of the commission. I commend this view to my Honourable friend, the Finance Member.

The motion was negatived.

Mr. J. Ramayya Pantulu : I move, Sir :

'That the demand under the head 'Taxes on Income' be reduced by Rs. 19,24,000.'

Since sending up my original motion for a reduction by Rs. 27,50,000,

Taxes on Income.

I have made a more careful calculation of the amount that I should propose for reduction and have arrived at this modest figure. If the Honourable Members

will turn to page 14 of the 'Demands for Grants' book, they will find that in the amount of expenditure provided in the Budget for the next year, the amount shown over and above that of the current year is due to the establishment which is to be entertained for the new Income-tax Department. My calculation shows that, after making a deduction of the amount shown under the non-votable items, the net increase under votable item comes to Rs. 19,24,000. My ground for proposing the reduction of this amount is that the entertainment of the new establishment is not at all a matter of urgency now. A good deal of what I have to say on this subject has been already anticipated by previous speakers. But I wish to say one or two things. As Honourable Members are aware, hitherto the income-tax work has been all done, and even now it is to a great extent being done, by what is called the land revenue establishments. The new Income-tax Act makes provision for the entertainment of a separate Income-tax Department, on the ground that income-tax is now an item of Central revenue while the Land Revenue Department belongs to the provinces.

I remember, Sir, how this provision of the Act was hailed when the Income-tax Bill was introduced into this Council during the Simla Session. If I remember correctly, the idea then was, in certain parts of the Assembly, that, after all, there is relief from the exactions, from the iniquities of the Land Revenue Department which has been oppressing the people in one way or another, and it was thought, Sir, that the new Income-tax establishment would effect a great relief to the people. It seems to me, Sir, that the Land Revenue Department has no special claim for being oppressive; whatever unpopularity it has gained, it has gained on account of the duties which it has had to perform in the way of tax-gathering. Tax-gathering has never been a popular function, and I am not sure, Sir, that the new income-tax gatherer is going to be, after all, such an angel as some people expect him to be. I quite admit, Sir, that, now that income-tax is an item of Central revenue, it will be necessary for the Government of India to make a special provision for the assessment and collection of income-tax on its own account. But what I submit is that, seeing that our finances are now in a very crippled state, we might perhaps go on for a little time longer, *i.e.*, until our finances show some improvement, with the existing arrangements which will at once save us lots of money, several lakhs of rupees if not the whole sum of Rs. 19,24,000. Some of the Commercial Members here have pointed out that the entertainment of a special establishment for income-tax has resulted in enhanced assessments. But that is so because the new Department which is proposed is not very likely to be the great friend of the people as some people expect it to be. But whatever that may be, there may be, Sir, very good reasons for having a special establishment immediately in big commercial cities like Bombay, Calcutta, Karachi or even in Madras, but I think, so far as the Mofussil is concerned, the present provincial Land Revenue establishments can be trusted to do the work quite as efficiently as the new establishment. I have some experience, Sir, of the way in which this income-tax work is being done in the Mofussil, and I do not think that anyone can contend that the Land Revenue officers do not do their best to increase the income-tax revenue of Government. With them, it is not always a case of what is the proper tax to be imposed on a particular individual. It is often a case of how much he can pay, and more often it is a case of how much is expected from a Taluk or Division, and then distributing it amongst the different assesses with as much justice as one can well command.

[Mr. J. Ramayya Pantulu.]

I have myself been an Income-tax Officer. Of course, I have never myself been guilty of that iniquitous way of making assessments; and I am sure that my Honourable friend, Mr. Bryant, has never done it either. But I am not sure that it has not been adopted sometimes. I once had the misfortune of succeeding a very jealous income-tax officer in a revenue division in the Guntur District which has recently come into some prominence. In that division there is a taluk called the Palnad taluk, which is at present giving Government so much trouble in the matter of collecting taxes. That taluk is noted for cotton cultivation: almost every ryot cultivates cotton; and that predecessor of mine, Sir, assessed, every ryot to income-tax on account of income from cotton trade. He supported these assessments by notes made in the confidential note-book to the effect—'I have inspected the house of this assessee. I found several bales of cotton, both raw and cleaned.' Of course, the notes were quite correct, but the cotton was agricultural produce and was not liable to tax. I want to ask the Honourable the Finance Member whether his new income-tax officers can improve upon that. That being the case, Sir, I think that, whatever may be the case in regard to big commercial centres, we might wait until our finances improve to entertain a special establishment for the Mofussil. We can manage at present with the existing Land Revenue establishments. I am aware that the Land Revenue establishments belong to the provinces; but, as in the case of the Salt Department, we might make a contribution towards the salaries of these Land Revenue establishments. This will save us a good deal of money and it will at the same time put something into the pockets of the Provincial Governments who will be thankful for these contributions in their present straightened circumstances. I am willing that Dr. Gour's five per cent. reduction may be included in the reduction which I propose.

The motion was negatived.

Mr. S. C. Shahani : Sir, I beg to move :

'That the demand under the head 'Taxes on Income' be reduced by Rs. 15,00,000.'

My object in going on with this amendment is to point to some of the facts relating to the taxes on income, which, according to me, are worthy of some consideration. I have noticed the scale for the new staff which is given on page 14 of the Detailed Estimates, and I feel called upon to say that the scale is comparatively reasonable. It was said by those occupying the Government Benches, when the Demand for Customs was under consideration, that it was not possible to reduce the scale there. I am glad that now the Honourable the Finance Member has come forward himself to propose a scale which is in keeping with my suggestion. I think that the scale should be further reduced. It should be possible to have a very good Commissioner on a salary of Rs. 1,500, rising by annual increments of Rs. 100, to Rs. 2,000. It is my firm conviction that there would be no difficulty in getting

5 P.M.

Assistant Commissioners on a salary of Rs. 800 rising to Rs. 1,200. The second item to which I wish to draw attention is the Personal Assistant to the Head Commissioner drawing Rs. 300 to Rs. 900 and costing Rs. 6,800 per year. I think by this provision we only indispose the Commissioners and Head Commissioners to do their duty. I have noticed the provision of Personal Assistants in the case of Collectors, and I feel that the work which ought to devolve on the Collectors is unduly

shifted on to the shoulders of the Personal Assistants. There is one other point to which I would here draw attention, and that is the allowance to the Deputy Collector, Madras, on page 8, amounting to Rs. 2,400 per year. If Deputy Collectors are required to do duty in connection with the collection of income-tax, I really do not understand why an extra allowance should be given to them. It appears to me that, in respect of items such as these, more exacting control should be exercised over the expenditure, which shows a tendency in every Department to rise high. My Honourable friend, Mr. Hussanally, has alluded to two Commissioners being provided for Bombay. I think he is not right. It is not two, but three. If he looks at page 10, he will find that, under Mofussil Charges, there is a provision made for one Commissioner of Income-tax drawing a salary of Rs. 2,000 rising by annual increments of Rs. 100 to Rs. 2,500. I think that is the appointment which has been intended for the province of Sind. My Honourable friend has pointed out that this Commissioner of Income-tax has not enough work to occupy him. He referred to what appeared in the local papers which said that for several months he never went to his office, and if at all he went to his office, it was after dusk, a circumstance which should certainly be taken into account. If really there is no work for him, then he need not be continued. On the other hand, I would draw the attention of the authorities to Rs. 200 being the maximum for inspectors, assessors and examiners and other executive subordinates, which appears to me to be very unfair. The work that is done by inspectors, assessors and examiners is a responsible one, and an income of Rs. 200 will not be rightly calculated to suffice for one's needs in these days of very high prices. I would also draw the attention of the authorities to the house-rent that is provided here to the extent of Rs. 7,493. I think this house-rent would be inadequate and on that account it needs to be revised.

I find that my Honourable friend, Mr. Jamnadas Dwarkadas, has also given notice of a similar reduction, *viz.*, Rs. 15 lakhs. But I found that he voted against the 5 per cent. reduction that was proposed by Dr. Gour. (Laughter.) I take it that he sticks then to his reduction of Rs. 15 lakhs, and I leave him to do that task for myself. As for myself I feel disposed now to withdraw my motion. I have every reason to be content with what has been done in the case of the motion that was brought forward before the House by Dr. Gour.

Mr. President : Is the Honourable Member not moving his motion ?

Mr. S. C. Shahani : I withdraw my motion.

Mr. President : It is an extremely improper practice to move a motion and make a speech and then withdraw it.

Mr. S. C. Shahani : For what reason I do not know.

Mr. President : The Honourable Member does not see the reason. It would deprive the Government Member of the right of reply if I allowed him to do it.

The Honourable Sir Malcolm Hailey : Sir, your ruling, if I may be allowed to say so, anticipated an objection that I was about to bring myself. I must say that it seems to me very unfair to us on the Government Benches

[Sir Malcolm Hailey.]

that the Honourable Member should make a long speech referring to certain payments that we intend to make, and then by withdrawing deprive us of the opportunity of explaining to the House the reasons for which we have entered them. In the circumstances, however, I do not propose to offer any explanation to the House of the particular item referred to.

The motion was, by leave of the Assembly, withdrawn.

Bhai Man Singh : I beg to move :

‘ That the total demand be further reduced by Rs. 51,000. ’

I wish to refer to the high expenditure in the Central Provinces. The total revenue from the Central Provinces is about 40 lakhs and from the Bihar and Orissa Government about 32 lakhs ; but, if we compare the pay of the highest officials that are demanded, it is very different. The Commissioner of Income-tax in the Central Provinces is to draw Rs. 2,750 and there are two Deputy Commissioners who are to draw Rs. 1,500 a month. If we compare this with Bihar and Orissa, we have got only one Deputy Commissioner there on Rs. 1,500. Surely the collection of income-tax of only 8 lakhs per month should not cost so much more in the Central Provinces, unless it be due to some special circumstances in the Central Provinces which are different from Bihar and Orissa, of which I might be ignorant. But, looking at the circumstances, I don't find why there should be such a vast difference. There is only one Deputy Commissioner in Bihar and Orissa drawing from Rs. 1,000 to Rs. 1,500. Why should we not have an official in the Central Provinces drawing Rs. 1,000 to Rs. 1,500 as Commissioner of Income-Tax, and another official drawing a lesser pay, working as Deputy Commissioner ? Why should we not only increase the number of Collectors and have only a Deputy Commissioner as we have got in Bihar and Orissa ? Similarly, we don't find such a heavy charge for the collection of income-tax in Bihar and, if we compare the total of the two provinces, it is in the case of the Central Provinces Rs. 3,24,000, while in the case of Bihar and Orissa it is Rs. 1,82,000. This is about double the amount. Similarly, if we compare it with the United Provinces, the revenues of which are not also very high, they do not compare so favourably. I, therefore, wish to draw the attention of Government that they should see their way, especially in the case of the Central Provinces, to reduce this heavy expenditure and satisfy the House why there should be such a vast difference in the administration of the different provinces, whose revenues bear only a ratio of 34 and 40.

The Honourable Sir Malcolm Hailey : Sir, the reason why there is so marked a difference between the establishment of the Central Provinces and that of Bihar and Orissa is simply this. We have to consult Local Governments, their convenience and so forth, in introducing these establishments. Certain Local Governments desire to proceed rather more rapidly. Others, owing to the condition of their province, for various reasons desire that the introduction of the full Reform should be somewhat delayed. The Central Provinces is a type of province that has been desirous of moving more rapidly ; Bihar and Orissa is a type of province that has desired that we should move more slowly. You will notice that Bihar and Orissa will start without a Commissioner and

with one Deputy Commissioner and with ten Superintendents only. The full establishment, of course, when worked up to would be as costly as, if not more costly than, in the Central Provinces.

Mr. K. B. L. Agnihotri (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, I rise to support the amendment moved by Honourable Bhai Man Singh. The Honourable Sir Malcolm Hailey in justification of the expenditure in Central Provinces has pointed out that the Local Government has been consulted and they - the Local Government—are in favour of proceeding rapidly in the organisation of the Income-tax Department in that province. Sir, I come from that province and I believe I know the conditions of that province as well as probably the Local Government. The scheme has been in work in my province for about two years and so far the Deputy Commissioners have not been appointed. The Commissioner of Income-tax, whose pay has been put at Rs. 2,000 to Rs. 2,500, has got other work to do besides Income-tax. He is also in charge of the Registration of the whole province. He is also in charge of the Department of the Joint Stock Companies in that province.

The Honourable Sir Malcolm Hailey : No, that is not the case.

Mr. K. B. L. Agnihotri : That was the information given to me. I may be wrong. But I believe that he is in charge of the Registration Department at any rate of the whole province. It will thus appear that the Income-tax work is not heavy and commensurate with the pay of the post fixed. Taking for granted that he is not in charge of any other department, even then, why should the pay of Commissioner in my province—where the collection of revenue is budgeted at 40 lakhs only—be fixed at Rs. 2,000 to Rs. 2,500? Why could not this work be done by a Provincial Service man getting Rs. 1,000 or Rs. 1,500? My province has got only 22 districts and has only 9 civil districts. 13 Collectors for Income-tax will not be necessary in my province and the work could efficiently be done by 9—say 11 men. The two Deputy Commissioners whose pay comes to about Rs. 24,000 may also be done away with, especially in this year of financial stringency. These posts have not been needed so far, and I fail to understand the necessity of the creation of these two posts of Deputy Commissioners particularly this year. The appeals from the orders of the Collectors could be heard by the Commissioner. If it is found that an intermediate Appellate Court is necessary, then two senior Collectors out of the 13 proposed Collectors could be utilised in place of Deputy Commissioners at least for two years and even more. When better times come and if it then be found necessary, the two Deputy Commissioners may then be appointed, but not necessarily at present. Further, Sir, the commission for collection of income-tax for my province has been budgeted at Rs. 39,500. In the detailed estimates I do not come across any other province which is giving such a high amount of the commission charges as is the case with my province. I do not understand the necessity of this amount of Rs. 39,500, in the face of the high provision made for additional Collectors and therefore I heartily support the amendment of my friend, Bhai Man Singh. I submit, Sir, that over and above the 5 per cent. reduction that has already been voted by the House, this amount can further be reduced from this head of the Demand. My province alone can bear further reduction under this head to the extent of at least Rs. 30,000 to Rs. 40,000 this year. J,

[Mr. K. B. L. Agnihotri.]

therefore, support the motion to further reduce the total demand by Rs. 51,000 as moved by my Honourable friend, Bhai Man Singh.

Chaudhri Shahab-ud-din (East Central Punjab : Muhammadan) : Sir, I am in a state of indecision as to whether I should support this motion or oppose it. There are one or two points which, in my opinion, require to be cleared up by the Honourable the Finance Member. As the Department of Income-tax is going to be Imperialised, one would naturally expect uniformity and unification in the whole Department. I find, however, that in certain provinces the Collectors of Income-tax will draw Rs. 1,000 or Rs. 900 ; in certain provinces the Deputy Collectors will draw Rs. 1,500 to Rs. 2,000 ; in others they will draw less. I, for one, am unable to see why an Assistant Collector in Madras should, as indicated on page 14 of the blue book, draw Rs. 1,000 rising to Rs. 1,500, while a Collector in the Punjab should draw only up to Rs. 1,000. This discrepancy to my mind requires an explanation and I hope the Honourable the Finance Member will very kindly vouchsafe it.

There is another doubt in my mind which requires to be cleared up. Referring to the figures on pages 296 and 297, I find that the estimated income from the Punjab under the head of 'Taxes on Income' is 66 lakhs and a half, while last year it was only 64 lakhs, that is, the estimated increase in income is only about 2½ lakhs. A reference to page 11 will show that the expenditure last year was only Rs. 2,31,000, while the estimated expenditure for the next year is Rs. 4,92,000. That is, there is an increase of Rs. 2,61,000. It surely requires an explanation why a province, the estimated increase in the income of which is only 2½ lakhs, should have an increase in expenditure even exceeding the income, namely, Rs. 2,61,000. I hope the Honourable the Finance Member will allay my doubt, as also the doubts of some Members of the House, on this point and thus enable us to form opinion as to whether we should support or oppose the motion of Bhai Man Singh.

Mr. Pyari Lal Misra (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, speaking on behalf of the Central Provinces, I am generally in accord with my Honourable friend, Mr. Agnihotri. The Central Provinces, you will find, is very poor and I am simply surprised that two Deputy Commissioners on Rs. 1,000 rising to Rs. 1,500 have been provided in the Budget. We do not require these two Deputy Commissioners. Then, 13 Collectors have been provided in the Budget. That number too appears to be very large in my opinion. Some of these Collectors have been recruited afresh, while others are from the ranks of Extra Commissioners. Some of these Collectors are in charge of two or three districts and I, therefore, do not see any necessity for providing 13 Collectors for a small province like the Central Provinces. Therefore, I generally support the amendment moved by Bhai Man Singh.

I have also to correct one mistake which my Honourable friend, Mr. Agnihotri, made, and that is with regard to the Commissioner himself. Now, the Commissioner is altogether a separate official who is solely in charge of this Income-tax Department. Formerly, the office of Commissioner of Income-tax was combined with that of the Inspector General of Registration. But the Commissioner now is altogether a separate officer.

But, even then, the pay which he gets really seems too high. This gentleman, however, whom we know very well, is an old official from Berar and a very experienced man, too, so I do not grudge that pay to him.

I want an explanation with regard to this item of 'Other Contingencies' which seems rather heavy—Rs. 26,500. 'Other Contingencies' is rather vague, and I shall be obliged if the Honourable the Finance Member will throw some light on this item.

Similarly, on page 11, Rs. 75,000 has been provided for Contingencies in the United Provinces but no details are given. I shall be very much obliged if he will also throw light on this item.

The Honourable Sir Malcolm Hailey: Sir, taking first the general questions that have been asked me, I may say that the rate of pay that we propose in the new Department, or I should more properly say the reconstituted Department, will be universal throughout India. Chaudhri Shahab-ud-Din found certain difficulties at present owing to the fact that Deputy Commissioners are referred to in the Central Provinces and so on.

(At this stage Mr. Deputy President took the Chair.)

Now the form of the Department that we propose, and the scales of pay that we propose, will be those that are entered on page 14, that is to say, we shall have a Commissioner, Assistant Commissioners, and Income-tax Officers, and the only difference that will be made in regard to rates of pay is that in the Presidency towns there will be Deputy Commissioners on a somewhat higher scale of pay, in view of the far greater responsibility in those areas,—responsibility which, of course, arises from the necessity of dealing with Companies with large and complicated accounts and with the assessment of big assesseees. That explanation, I hope, will satisfy the Honourable Member in regard to this particular point. At present, we have certain officers holding posts in the Department on a somewhat higher rate of pay because they have been engaged in the past by Provinces themselves and we must wait until the term of their office lapses or until they arrive at some stage in their career when their rate of pay will fit them for absorption in the new Department.

The Honourable Member asked why, in the case of the Punjab, we are prepared to undertake so considerable an amount of extra expenditure on the Department, in view of the fact that we do not expect a very high increase in the coming year in the return of income-tax. Now, of course, all improvement of income-tax assessment, just like all other assessment work, is a growing and continuous process. You cannot expect to see in one year the full result of the increased expenditure laid down in the previous twelve months; it takes some time to train a staff and get it to work; you have got gradually to work up your results, as we have done in many cases already. I can remember the case of Rangoon, where in the course of 3 years following the initiation of considerably improved establishments we increased our receipts by 36 lakhs. So if my Honourable friend is disappointed because we do not expect next year an immediate heavy return on the expenditure we are putting down, this, I may point out, is a very natural process.

With regard to the Central Provinces, the Commissioner has, of course, now no other work to do. The Local Government formerly employed

[Sir Malcolm Hailey.]

him on a variety of other work, but that has been taken away from him and he is doing only income-tax work, as should be the case. As regards the two Deputy Commissioners provided, the Local Government has asked us to relieve the District Officers of the work and appoint Income-tax Officers in their place; we propose to do so and have made provision for it. I do not think suitable men have yet been found; but there is no doubt that the Local Government were of the opinion that there was sufficient and ample work for these two men to do. As regards the figure of commission presented to the Central Provinces, that, of course, is a figure over which we have no control. You will find it reproduced in form of Contingencies in other demands. The commission for collection of income-tax is a statutory figure, and if the figure provided by rules does not rise to the amount provided for in the Budget, we shall of course save that amount.

I hope, Sir, that is a sufficient explanation of the points that have been raised by my Honourable friends; and now what are they going to do with this motion? They have already cut 5 per cent. by a small majority of this House off the total Budget. Do they desire to go and cut another half a lakh off it? That is the whole point of it. Do they think that the grounds which have been alleged in regard to the Central Provinces are sufficient to warrant their taking that further step? I think, Sir, not.

The motion was negatived.

Mr. Deputy President: The question is :

'That a reduced sum not exceeding Rs. 42,56,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1923, in respect of 'Taxes on Income'.'

The motion was adopted.

SALT.

Mr. A. C. Chatterjee: Sir, I move :

'That a sum not exceeding Rs. 1,34,61,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1923, on account of 'Salt'.'

(Cries of 'Adjourn'.)

Chaudhri Shahab-ud-Din: Sir, a request has been made, I think, by almost a majority of Members that the House be now adjourned. The next item is an important one and we cannot take it up now. I request you will at least be pleased to take the sense of the House on this point. We cannot go on till 7 or 8.

Rao Bahadur T. Rangachariar: I formally move :

'That the consideration of this Demand be adjourned till to-morrow.'

Mr. Deputy President: It is entirely in the discretion of the Chair whether to grant the motion for adjournment or not.

Rao Bahadur T. Rangachariar: I beg your pardon, Sir. My motion is this :

‘ That the consideration of this Demand be adjourned till to-morrow. ’

That is my motion. I do not know if you will rule it out of order. I am entitled to move it.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 15th March, 1922.