

12th March, 1923

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

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THIRD SESSION

OF THE

LEGISLATIVE ASSEMBLY, 1923.



**SIMLA
GOVERNMENT CENTRAL PRESS
1923.**

Legislative Assembly.

The President :

THE HONOURABLE SIR FREDERICK WHYTE, KT.

Deputy President :

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MR. G. H. SPENCE, I.C.S.

Marshal :

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

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LEGISLATIVE ASSEMBLY.

Monday, 12th March, 1923.

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

QUESTIONS AND ANSWERS.

MOTION FOR ADJOURNMENT PASSED BY ASSEMBLY ON 26TH JANUARY 1923.

548. ***Mr. Harchandrai Vishindas:** (a) Will Government be pleased to state if they have forwarded to the Secretary of State for India the Motion for Adjournment passed by this Assembly on the 26th January last, under rule 11, of the Indian Legislative Rules?

(b) If so, will the Government be pleased to state whether any official changes or any other action has taken place as a consequence of the passing of that motion?

(c) If not, will Government be pleased to state how effect can be given to the passing of such motions?

(d) Does a Motion for Adjournment in Indian Legislature have the same effect as one passed by the British Houses of Parliament?

(e) If not, in what direction lies the difference?

The Honourable Mr. A. C. Chatterjee: Sir, on behalf of the Honourable the Home Member I shall answer parts (a) and (b) of this question. I understand that parts (c), (d) and (e) are in the competence of the Chair.

“(a) Yes, on the 8th February.

(b) The Government of India are not aware that any official action has been taken. The appointment of a Royal Commission is made by His Majesty the King Emperor and not by the Government of India.”

Mr. President: Parts (c), (d) and (e) of this question, strictly speaking, are not matters within the special cognisance of any Member of Government; but as they relate closely to the procedure of the Legislative Assembly, I propose to answer them myself.

“(c) No direct effect can be given to an Adjournment Motion of this House. The rule itself only provides a convenient method by which the ordinary business of the Assembly may be put on one side in order to make way for the discussion of some sudden emergency. The only question put from the Chair on that occasion is “that this House do now adjourn.” If this motion is carried, the action of the Assembly may be taken (a) as evidence of the serious view which the majority of the House takes regarding the matter, and (b) as possibly a vote of censure on Government. (d) An Adjournment Motion in the Indian Legislature has the same motive and purpose as a similar motion in the House of Commons. It can hardly

he said to have the same effect, however, because in the House of Commons the Government of the day might regard the passage of such a motion as evidence of such a loss of parliamentary confidence that it would have no course but to resign, whereas I may add, as far as I am aware, the Government of India does not resign.

The Honourable Member will now perhaps be able to judge for himself how far there is any specific difference between Adjournment Motions in Delhi and Westminster.

Mr. P. P. Ginwala: Supplementary question, Sir. Is there any foundation for the rumour that, in consequence of the vote of censure, implied in the adoption of this Resolution by the House, His Majesty's Secretary of State has tendered his resignation to His Majesty?

The Honourable Mr. A. C. Chatterjee: I have not seen that reported, Sir.

FUTURE COURSE OF NON-OFFICIAL BILLS.

549. ***Mr. Sambanda Mudaliar:** Will Government be pleased to state whether the present Session is the last one of the present Legislative Assembly? If so, what is to become of the various non-official bills either introduced already and circulated for opinion or referred to the Select Committee?

The Honourable Mr. A. C. Chatterjee: I am again answering on behalf of the Honourable the Home Member, Sir. "Government are not in a position to state whether the current session will be the last session of the present Assembly. As the Honourable Member is aware, the dissolution of the Assembly is a matter which is in the discretion of the Governor General. Government are advised that all Bills, whether official or non-official, which are pending in the Assembly at the time of its dissolution, will lapse."

Dr. H. S. Gour: May I ask, Sir, if there is anything in the Standing Orders of the Legislative Assembly to justify the advice or the ruling given just now, namely, that all non-official and official Bills pending at the moment of dissolution will *ipso facto* lapse. So far as I am aware, there is a Standing Order in favour of lapsing in the House of Commons but there is no corresponding rule in the Standing Orders of the Legislative Assembly. And, because there is no rule providing for the lapsing of these Bills, I submit that it cannot be laid down by analogy that all Bills pending on the dissolution of the present Assembly shall *ipso facto* lapse.

The Honourable Mr. A. C. Chatterjee: I don't quite understand, Sir, whether the Honourable gentleman asked me a question or wished to lay down a proposition. He asked me whether there was anything in the Standing Orders. The Standing Orders are as well known to him, Sir, as they are to me.

Dr. H. S. Gour: I wish to ask the Honourable Member whether the opinion of the Government providing for the lapsing of Bills is based upon any explicit direction contained in the Standing Orders of the Legislative Assembly.

The Honourable Mr. A. C. Chatterjee: I should like notice of that question, Sir.

Mr. K. Ahmed: Are the Government aware that there is a rumour afloat that they suspect very much that Government are not holding or giving assurance of holding a session at Simla and that thereby they are going to deprive the country of the benefit of moving these Bills and getting them passed?

Mr. President: The Honourable Member evidently assumes that it is a matter for the Governor General in Council. It is not: it is a matter for the Governor General.

Mr. K. Ahmed: About the rumour, Sir.

Mr. President: The Government has no attitude on this subject.

Mr. K. Ahmed: The danger, Sir, of the rumour?

DATES OF NEXT ELECTIONS.

550. ***Mr. Sambanda Mudaliar:** Will Government be pleased to state whether it is a fact that the elections of some of the local Legislative Councils are to be held in July or August next? If so, will Government be pleased to state whether the elections of Members of the Assembly from those provinces will also be held simultaneously as was done last time?

The Honourable Mr. A. C. Chatterjee: The answer to the first part of the question is "we have no information on the subject" and the answer to the second part is "No date has yet been fixed for the next elections to the Legislative Assembly".

Mr. Sambanda Mudaliar: Will the Honourable Member be pleased to state whether any communication has been received by this Government from the Madras Government in regard to the date of the election being fixed in August or some other date?

The Honourable Mr. A. C. Chatterjee: I am answering this question on behalf of the Honourable the Home Member, Sir, who is unavoidably absent elsewhere, and I regret I cannot give any answer to this question. I think it will be best for the Honourable Member to put down the question on the paper.

Mr. Mahmood Schamnad Sahib Bahadur: Will the Government be pleased to arrange to have the elections for the Legislative Assembly and the Provincial Councils to be held simultaneously as was done last year?

Mr. President: The Honourable Member heard the last answer given by the Member of Government. I think it will be advisable both in the interests of question and of answer that he should wait until the Honourable the Home Member is able to be in his place. If he puts another question he will no doubt get an answer.

ISSUE OF RAILWAY RECEIPTS AT DELHI.

551. ***Mr. R. A. Spence:** (a) Is it a fact that Railway Receipts are not always issued at Delhi Railway Station on the same day as goods are delivered for despatch from that station?

(b) Is it a fact that goods left at the Delhi Railway Station, for which a Railway Receipt has not been issued are often tampered with?

(c) What steps do the Railway Board propose to take to see that Railway Receipts are always issued on the day goods are delivered at the Railway Station?

Mr. C. D. M. Hindley: (a), (b) and (c). Government have no information. The East Indian, Bombay, Baroda and Central India, Great Indian Peninsula and North-Western Railways have separate goods offices in Delhi and if the Honourable Member will indicate the name of the Railway to which his question refers inquiry will be made.

COAL TRAFFIC FREIGHT RATES.

552. ***Mr. N. C. Sircar:** (a) With reference to His Excellency the Viceroy's reply to the address presented by the Indian Mining Federation, Calcutta, on the 16th December last, will the Government be pleased to state if steps are now being taken towards a reduction of the freight rates for the movement of long distance Coal Traffic?

(b) If the reply be in the affirmative, will the Government give an idea as to the extent to which the reduction is likely to be effected and as to the time when the reduced rates are likely to come into operation?

Mr. C. D. M. Hindley: (a) and (b). The feasibility of making a reduction in the rates for long distance coal traffic is under consideration but Government is not at present in a position to make any more definite statement regarding the matter.

ORIYAS IN GOVERNMENT SERVICE.

553. ***Mr. B. N. Misra:** Will the Government be pleased to state the number of Oriyas:

- (a) In the Postal and Telegraphic Department;
- (b) In the Income-tax Department;
- (c) In the several Departments of the Secretariat establishments of the Government of India drawing a salary of—
 - (i) Rs. 500 or upwards;
 - (ii) Rs. 100 or upwards?

The Honourable Mr. A. C. Chatterjee: The information is being collected and will be furnished to the Honourable Member in due course.

Mr. K. Ahmed: Will the Government be pleased to enquire with regard to Bengal Muhammadans if there will be any in (a), (b) and (c) Departments drawing a salary of (i) Rs. 500 or upwards and (ii) of Rs. 100 or upwards?

Mr. President: This question has nothing to do with Bengal Muhammadans.

LAC RESEARCH WORK.

554. ***Babu Braja Sundar Dass:** Will the Government be pleased to state:

- (a) The amount realised as the lac-cess after passing of the Bill?
- (b) The amount of unspent balance, if any?
- (c) The conditions on which officers and men have entered service?

- (d) The number of men and officers engaged in the lac-research work stating their personal pay, status and qualifications?
- (e) Is the department of research in this direction going to be permanent one?
- (f) What amount, if any, do the Government contribute for the lac-research work?

The Honourable Mr. C. A. Innes: (a) and (b). As already notified an abstract of the accounts of the Indian Lac Association for Research will be published in the Gazette of India as soon as they are received by the Government of India. The information asked for is not available at present.

(c), (d) and (e). The Lac Association is not a Government body and Government have no information on these points.

(f) A sum of Rs. 43,427-10-1 being the net realizations on the balance of shellac deliverable under the Munitions Shellac Purchase Scheme after the Home Government had ceased to purchase shellac, was made over to the Association as a grant with which to commence its scientific work. The money was derived from the trade generally and was allotted by consent to the benefit of the trade. The Government had no claim to this money and no contribution has been made by Government to the Association.

Sir Deva Prasad Sarvadhikary: Do these receipts and expenditure in any way appear in any Government account and do they at all come up before Government except in the way of report?

The Honourable Mr. C. A. Innes: No, Sir. They come up to Government and are published for general information in the Gazette of India.

DELHI POLICE SERGEANTS.

555. ***Khan Bahadur Sarfaraz Husain Khan:** (a) Is it a fact that the Delhi Police has got a class of officers as Sergeants?

(b) If the answer is in the affirmative, will the Government be pleased to state as to the methods of recruitment of such officers?

(c) If not, will they be pleased to state whether sergeants are placed on deputation to Delhi, from the Punjab Police; and if so, whether such officers on deputation are paid from the Delhi Police grant?

The Honourable Mr. A. C. Chatterjee: (a) Yes; there are 9 Sergeants on the sanctioned strength of the Delhi Police.

(b) Vacancies are filled in accordance with Police Rules by the Senior Superintendent of Police by selection from a list of approved candidates maintained in his office.

(c) Does not arise.

DELHI POLICE SUB-INSPECTOR.

556. ***Khan Bahadur Sarfaraz Husain Khan:** Will the Government be pleased to state as to what is the minimum pay of Police Sub-Inspector of Delhi?

The Honourable Mr. A. C. Chatterjee: The minimum pay is Rs. 80 in a time-scale of Rs. 80 rising by quinquennial increments of Rs. 10 to Rs. 130. There are also three selection grades on Rs. 140, 150 and 160.

REFRESHMENT ROOM CONTRACTS.

557. ***Sardar Bomanji A. Dalal**: 1. Will the Government be pleased to state whether it is a fact that Government are taking away Railway Refreshment Room contracts from Indians and that they are giving such contracts to Europeans?

2. Is it a fact that Government intend to give the monopoly of such contracts to Europeans?

3. If so, will Government be pleased to state what led them to take this step?

4. Will Government be pleased to state whether they intend to give Railway Refreshment contracts to Indians of established reputation in future or not?

5. Why do Government not invite tenders from the public for such contracts?

Mr. C. D. M. Hindley: 1 and 2. The reply is in the negative.

3. Does not therefore arise.

4 and 5. Government have no doubt that Railway Administrations will continue, as in the past, to give Refreshment Room Contracts to the most suitable persons available irrespective of their nationality.

Mr. K. Ahmed: Is it not a fact, Sir, that in the case of Messrs. Sorabji and Company who are the contractors for the supply of refreshments or the Eastern Bengal and other Railways there have been complaints against them that their food is not only inferior in quality but insufficient in quantity? Is it not a fact, Sir, that some Railway Companies, as for instance, the Bengal Nagpur Railway Company, have taken over the management of these (refreshment rooms) and the management is going on better than on the Eastern Bengal Railway?

Mr. C. D. M. Hindley: It is a fact Sir, that the Bengal Nagpur Railway Company manage their own catering department.

Mr. K. Ahmed: Do Government propose to adopt the same in regard to all the Railways?

Munshi Iswar Saran: Will Government state if in future it will invite tenders from the public for these contracts?

Mr. C. D. M. Hindley: This matter is one which the Railway Companies deal with within their own competence. So far as State Railways are concerned, I believe it has been the case that tenders have been called for.

Munshi Iswar Saran: Will a suggestion be made to these Companies to follow the excellent example set by the State-managed Railways?

Mr. C. D. M. Hindley: I will make a note of that suggestion, Sir.

B. N. RAILWAY WORKSHOP STAFF.

558. ***Mr. K. B. L. Agnihotri**: (a) With reference to Mr. Joshi's question No. 142, dated 5th February, 1923, will the Government be pleased to state whether they are aware that the termination of services of certain number of daily paid staff, in the Bengal-Nagpur Railway workshops, has created much discontent among the other workers of the Railway?

(b) If not, will the Government be pleased to make an enquiry?

(c) Will the Government be pleased to state, (i) the number of daily paid staff whose services have been terminated; and also (ii) the number of daily paid workers; and (iii) the monthly paid workers at the Kharagpur workshop before the termination of the daily paid workers; and (iv) also the saving in expenditure per month by this termination of services?

(d) Were the persons whose services have been terminated ever punished before this occasion for their bad or negligent work or were they reported against by their superior officers in charge of the Departments concerned and were these punishments noted in their history sheets?

(e) Is it a fact that the Bengal-Nagpur Railway Workmen's (or Labour) Union approached the Agent of the Bengal-Nagpur Railway to receive their deputation to hear their grievances in this connection and the Agent gave a curt refusal to that request?

(f) (i) Will the Government be pleased to state if there was not enough work for these workers at the workshop before their services were terminated? (ii) If the work was enough for such men, then will the Government state the arrangements which the Railway Company intends to make for the speedy and efficient work in the workshop?

Mr. C. D. M. Hindley: In reply to the whole of this question I have to say that the reduction in the daily paid staff on the Bengal Nagpur Railway workshops has been made in the interests of economy in working which all railway administrations are now endeavouring to effect.

The necessity for, retrenchment in working expenses has been strongly impressed upon them and the Railway Board must leave it to the discretion of the Agents to effect reductions in the best manner possible. The Railway Board believe that where reductions in staff have to be made the Agents are giving the fullest consideration to the claims of the staff in order to avoid as little hardship as possible. Government do not therefore propose to enquire further into the circumstances of the particular case of retrenchment to which this question refers.

Mr. N. M. Joshi: May I ask, Sir, whether during this period, at the time when these people were dismissed, the number of officers in the Supervising grade was increased actually?

Mr. C. D. M. Hindley: I believe, as far as my knowledge goes, that there was no such increase.

Mr. N. M. Joshi: Has the Honourable Member scrutinised the figures given in the present Budget?

Mr. C. D. M. Hindley: I have scrutinised the figures in the present Budget for the last few days very carefully, but I do not know how that bears on this particular question.

B. N. RAILWAY ASSISTANT DISTRICT TRAFFIC SUPERINTENDENTS.

559. ***Mr. K. B. L. Agnihotri:** a) What was the number of the Assistant District Traffic Superintendents working on the 31st December, 1920, in each of the Railway districts in the Bengal-Nagpur Railway and what was the number of such officers in such districts on 31st December, 1922?

(b) If the number has increased, will the Government be pleased to give the reasons for such increase?

Mr. C. D. M. Hindley: The number of Assistant District Traffic Superintendents sanctioned for the Bengal Nagpur Railway in 1920 was 27. This sanction has not been altered since.

The Company distribute their staff in accordance with the needs of Traffic working and without reference to the Government of India.

N. W. RAILWAY SLEEPER CONTRACT.

560. ***Mr. K. C. Neogy:** 1. Is it a fact that the North-Western Railway placed a contract for cement sleepers for 1921-22, with a certain firm in Calcutta? If so, for how much and at what rate?

2. Is it a fact that the said firm did not supply the full number of cement sleepers required, but was at the same time given another contract for the same at a higher rate later on? If so, what was the number for which the later contract was given, and at what rate?

3. Will Government be pleased to state whether cement sleepers have proved a success on the Railway lines?

Mr. C. D. M. Hindley: 1. The North Western Railway placed a contract in May 1921 for the supply of 50,000 cement concrete sleepers before 31st March 1922 with Messrs. Concrete Products (Bird and Company), Delhi, at Rs. 13 per sleeper, *f. o. r.* Delhi, Kingsway.

2. The firm did not supply the full number of sleepers by the 31st March 1922, but as more of these sleepers were required, a fresh contract for the supply of 100,000 sleepers at Rs. 16-12 per sleeper was entered into, the rate being fixed after a very thorough examination of the case.

3. The concrete sleepers have not been in use for a sufficiently long time to prove whether they will be a complete success but experience so far gives promise that they will be a great success owing to their having much longer life than wooden sleepers.

Mr. W. M. Hussanally: Had any tenders been invited before the rate of Rs. 16 and odd was fixed?

Mr. C. D. M. Hindley: I am not in a position to state whether tenders were called for for these concrete sleepers. I do not think there are any other competing firms.

Sir Montagu Webb: May I ask the reason why the original contract was not carried out?

Mr. C. D. M. Hindley: I am not able to say exactly, but there were various difficulties met with in the manufacture of this particular article and the outturn was not as great as had been anticipated.

Rao Bahadur T. Rangachariar: Were the difficulties which were experienced peculiar to the firm, or were they the general world-wide difficulties?

Mr. C. D. M. Hindley: As far as I know there is no other firm making these concrete sleepers and so I suppose these difficulties were peculiar to the particular firm.

Mr. Jamnadas Dwarkadas: Is the Honourable Member in a position to state what is the relative cost of the teakwood sleeper and cement sleeper?

Mr. R. A. Spence: Can the Honourable Member state how many sleepers of the original contract were not delivered at the rate of Rs. 13?

Mr. C. D. M. Hindley: I am afraid I have not got the figures. I must require notice.

Mr. W. M. Hussanally: Have they since been delivered?

Mr. O. D. M. Hindley: I am not in a position to say that without notice. I wish to have notice.

SURMA VALLEY—INCLUSION IN BENGAL.

561. ***Rai Bahadur G. O. Nag:** Are the Government aware that in 1920 just before the introduction of the Reforms, the people of the Surma Valley in Assam were agitating for inclusion of their districts within Bengal on the ground that unless they were so included they might run the risk of being deprived of the benefits of the permanent settlement of the Calcutta High Court, and of the Calcutta University, and Sir Nicholas Beatson Bell, the then Chief Commissioner of Assam, issued a communiqué in the following words:

“ Sir Nicholas Beatson Bell has authority from the Government of India to give an unqualified denial to all the allegations? The permanent settlement will remain for ever inviolate; so also will the connection of Sylhet with the Calcutta High Court and the Calcutta University unless and until the people of the Surma Valley through their elected representatives express a clear desire for a High Court or a University of their own ”?

The Honourable Mr. A. C. Chatterjee: The reply is in the affirmative.

Rai Bahadur G. O. Nag: Are the Government aware that there are two Bills now pending before the Bengal Legislative Council for re-modelling the Calcutta University and that neither of these Bills makes any provision for the control and management of the schools and colleges of Assam. If any of the Bills is passed into law what is to become of the pledge given by the then Chief Commissioner of Assam?

The Honourable Mr. A. C. Chatterjee: The Bills to which the Honourable Member refers are before the Legislative Council of Bengal which is competent to legislate with regard to the Calcutta University.

Rai Bahadur G. O. Nag: Are the Bengal Council competent to legislate in respect of the schools and colleges of Assam? That is the point.

The Honourable Mr. A. C. Chatterjee: The Bills do not refer to the schools of Assam at all. As regards the colleges I should like a question put on the paper so that I can give a considered answer.

Mr. J. Chaudhuri: May I ask the Honourable Member whether he has considered the question that under the Devolution Rules the Central Government is to legislate for the Calcutta University and is the Government competent to delegate its powers to the Bengal Legislative Council in that respect?

Mr. President: That is rather a large question to ask as a supplementary question.

Mr. K. Ahmed: How are the Government going to fulfil the pledge about the Calcutta University being always continued so that the people of the districts may not run the risk of being deprived of the benefit of that University.

The Honourable Mr. A. C. Chatterjee: I did not hear the question.

UNSTARRED QUESTIONS AND ANSWERS.

POSSESSION OF AEROPLANES BY UNIVERSITY CORPS.

233. **Mr. Saiyed Muhammed Abdulla:** In reference to the reply given to my question No. 317 of 1922 (page 3397, of the Debates, Vol. 2, Part 3), do the units of the University Corps or any members of it possess any aeroplanes? If so, what is the number and what arrangement is observed for their proper custody and lawful use?

Mr. E. Burdon: The answer to the first part of the question is in the negative and the second part does not arise.

AEROPLANES.

234. **Mr. Saiyed Muhammed Abdulla:** In reference to the reply given to my question No. 315 of 1922 (page 3397 of the Debates, Vol. 2, Part 3), will the Government be pleased to lay on the table the particulars of the 12 aeroplanes registered till 1922, and also of any others registered since then?

Colonel Sir Sydney Crookshank: Particulars of all civil aeroplanes registered up to date under Rule 15 of the Indian Aircraft Rules, 1920, are laid on the table.

Statement showing the number of registered civil aeroplanes with the names of their owners and their stations, up to date.

No.	Type of machine.	Owner's name and address.	Station.	REMARKS.
1	Handley Page	Handley Page Indo-Burmese Transport, Ltd., 16, Chowringhee.	Calcutta	Cancelled.
2	Ditto	Messrs. G. McKenzie & Co., Ltd., 17-3, Chowringhee Road, Calcutta.	Dum Dum	Ditto.
3	Avro	Mr. E. Villiers, Clive Buildings, Calcutta.	Dum Dum aerodrome, Calcutta.	
4	Handley Page	Handley Page Indo-Burmese Transport, Ltd., 6, The Mall, Dum Dum, Calcutta.	Ditto	Cancelled.
5	Avro	Mr. W. R. Wills, Riverside, Egmore, Madras.	Egmore, Madras	Ditto.
6	D. H. 9	Raja Md. Mumtaz Ali Khan, Raja of Utraula.	Utraula	Ditto.
7	Ditto	} Assam Government	Dum Dum	Ditto.
8	Ditto			
9	Ditto			
10	Sopwith	Mr. E. Villiers, Clive Buildings, Clive Street, Calcutta.	Dum Dum aerodrome, Calcutta.	
11	D. H. 9	Mr. L. Murphy	Karachi.	
12	Avro	Mr. E. Villiers	Dum Dum aerodrome, Calcutta.	
13	Ditto	Messrs. G. McKenzie & Co., Ltd.	Ditto.	
14	Ditto	Ditto.	Ditto.	

NOTE :—Excludes one aeroplane registered in an Indian State.

ARTICLE *re* "NON-CO-OPERATION BY GOVERNMENT AND COMPANY RAILWAYS"
re GRIEVANCES.

235. **Rai Sahib Lakshmi Narayan Lal:** 1. Has the attention of the Government and the Railway Board been drawn to the articles headed "Non-co-operation by Government and Company Railways" in the *Tribune* of 19th December, 1922, and 9th February, 1923?

2. Have the Government or the Railway Board taken any step to remove the grievances of the people referred to therein?

3. If not, will the Government and the Railway Board be pleased to consider the advisability of removing the said grievances or such of them as they think fit?

Mr. C. D. M. Hindley: 1. Yes.

2 and 3. The comfort and convenience of all classes of passengers are matters which are receiving the earnest attention of Government and the railway administrations and endeavour is made to remove grievances wherever practicable.

THE BUDGET—LIST OF DEMANDS.

SECOND STAGE.

Method of Presentation.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): I wish to repeat the remark which I made in the first year of our existence as regards the way in which these Demands are placed before the House. Under clause 130 of our Manual of Business at page 43 you will notice that it contemplates that different days shall be allotted for different heads of Demands. Now, fixed days are allotted for all the Demands put together. I do not think it is consistent with the spirit or the intention or the language of that rule that these Demands should be placed lumped together for all the days. On the first occasion when I raised this question on the 7th March 1921 the Honourable the Leader of the House, Sir Malcolm Hailey, pointed out that he wanted to acquire experience of the way in which these Demands were disposed of by the House so that for future years he would note the request and give us separate days for separate heads of Demands. I am sorry he is not here to-day and I am raising the question in his absence, but if his absence causes any inconvenience to the Government Benches I will repeat the question later on when he comes, but it seems to me that it would be more advantageous to the House if different days are allotted for the different heads of Demands so that we may come prepared. Not only that, we may not rush our amendments so as to be within time, that is, the two days' notice. In fact, as the House will notice, Members have given notice of a lot of amendments which they would not have done but for this procedure being adopted, because then they will consider very carefully before they send notice of their amendments.

The Honourable Sir Basil Blackett (Finance Member): No question I think is more difficult than the question of how to place before a Parliament the estimates of the expenditure for the year. I do not understand whether the Honourable Member in moving this desires to complain of

[Sir Basil Blackett.]

the six days being insufficient as a whole, (*Rao Bahadur T. Rangachariar*: "That is one of the points") or of the general procedure. I think that experience, so far as I understand it, of the last two years has not made it appear that on the whole the six days are really insufficient. There is a difficulty always in conducting a debate on estimates which is apt to get diffused in a large Assembly. During the last two years I do not understand that there was any very great complaint as to the sufficiency of the period. But as regards the question of the form in which they are put I may perhaps refer to the procedure in the House of Commons in London. The system there is that a certain number of votes or demands are chosen usually by the leaders of the opposition parties. They take in order whichever votes they desire to have discussed and the debate on most days is confined to a general discussion of the subject on one or two or at most three votes. That enables the House of Commons to devote a full discussion, shall we say, to the Home Department, or Foreign Department, or some other Department, but although there are 20 days allotted under the British system, it is the usual experience that three-fourths of the votes are passed on the last day of the twenty without discussion. (*A Voice*: "As here.") The difficulty is to get away from that system. The Government would be very glad to consider further what method would lead to the convenience of the House in dealing with these matters as a whole and I do not know whether I may possibly suggest that a small committee might be appointed to discuss the subject. It is not an easy one. If that suggestion would commend itself—I would speak to the Leader of the House to consider what action we can take with a view to improving the procedure, but I think it must be for next year.

CUSTOMS.

The Honourable Mr. C. A. Innes (Commerce and Industries Member): I beg to move:—

"That a sum not exceeding Rs. 66,17,000 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 1924 in respect of 'Customs'."

The Demand as shown in the printed* book has been reduced by Rs. 69,000 to correct a misstatement in budgeting made by the Bengal Government in regard to the expenditure on over-time allowances.

The Honourable Sir Basil Blackett: Sir, I do not know whether I shall be in order, but I think it will be for the convenience of the House if I were to give a little explanation in regard to the supplementary sheet which was circulated on Saturday. The original figures as shown in the Blue Detailed Estimates and Demands for Grants are altered under various heads by this statement, the total reduction on those being Rs. 4,07,27,000, slightly more than the 4 crores which was the figure used in my Budget statement. That reduction together with reductions already taken account of in the Budget make a total reduction of 7,09,96,000 as compared with the total reductions of 9,04,92,000 recommended under the corresponding heads by the Retrenchment Committee. It will be seen therefore that the Government according to this sheet has given effect in regard to Civil

* Blue Book on Detailed Estimates for Demands for Grants for Expenditure of the Central Government charged to Revenue and Capital and also of Disbursements of Loans and Advances for 1923-24.

Estimates to rather more than 7 crores out of just over 9 crores of the recommendations made by the Retrenchment Committee, the difference of rather less than 2 crores being the amount which we have thought it necessary to allow for the lag, for the fact that all these reductions cannot be enforced in full by the 1st April. There are however included in the cuts totalling 4,07,27,000 cuts to a total of 5,78,000, on which the Government of India has not yet been able to come to a final decision as to whether it will or will not be able to accept those particular recommendations. The details of that sum are under the Head of Education a sum of 1,67,000, under the Head of Medical 50,000, provision for Public Health Commissioner 20,000 and two large items—School of Mines 2 lakhs and the provision for the Indian Stores Department 1,41,000. The Government of India is still engaged in considering whether or not it is able to accept the reductions recommended by the Retrenchment Committee under these heads. In regard to the remainder the Government of India after careful consideration of the items has decided that it will do its best to put the recommendations into force. As I explained the other day it is difficult in estimating to say how much the lag may be and it is possible that an insufficient allowance has been made for the difficulty of bringing reductions into force at once but these items totalling 5,78,000 have not reached that stage. The Government of India has not yet decided that it can recommend those reductions.

Rao Bahadur T. Rangachariar: With reference to the statement made by the Finance Member just now, I notice that the 7 crores for which he claims credit includes a sum of 59 lakhs under miscellaneous adjustments, so that the proper sum of retrenchment effected is 6.50 out of 9.04 and not 7.09.

Mr. A. V. V. Aiyar (Finance Department: Nominated Official): That is merely transferred from the head Miscellaneous adjustments to the Head Political. You will find it explained in the explanatory note attached. If you take the two heads together there is an actual reduction.

Rao Bahadur T. Rangachariar: I do not know whether it is to be considered as carrying out the retrenchment recommendation. It requires to be carried out further to the extent of 2.50.

Mr. A. V. V. Aiyar: The reduction of 59 lakhs is set off by an addition under the Head Political. So it does not affect the question of reduction made or to be made.

Rao Bahadur T. Rangachariar: I beg to move:

“That the provision for pay of establishment under the head ‘Customs’ be reduced by Rs. 100.”

I wish to raise a question here of some importance to us as regards the personnel of the establishment in the Customs Department. This is one of the big departments under the control of the Government of India. Honourable Members will notice we voted nearly more than 40 lakhs under this head for establishment charges which consists of both the Imperial Service and the ordinary Indian Civil Service. This is one of those departments where the Indians have found it very difficult to gain admission. The Public Services Commission recommended a modest proportion of 50 per cent. of these services in the Imperial Services to be

[Rao Bahadur T. Rangachariar.]

allotted to the Indians. The present proportion in that service is about 23 and as regards the other important services carrying salaries of Rs. 200 and upwards I tried to get the figures but I am sorry to say the figures are not available in the Government of India. The Government of India who control this establishment have not even got the establishment list which will show these figures. They are not able to give me information as to how many Indians there are on this service carrying a salary of Rs. 200 and upwards. This department is administered for the Government of India by the provincial Governments as the agents of the Government of India and early in the history of this Assembly Honourable Members will remember we made a strenuous fight that lump provisions should not be granted. However on the undertaking that the matter will be examined thoroughly by the Finance Committee these lump provisions were allowed to remain and one of the lump provisions was in regard to Customs Service. When the matter came up before the Standing Finance Committee on the 2nd June 1921 and when they discussed these lump provisions for establishments, the Standing Finance Committee pointed out (I am reading from page 7 of the proceedings of the Standing Finance Committee of the 30th and 31st May 1921):

“ This gave rise to considerable discussion particularly as to the necessity of employing officers of the class now employed and whether Indian establishment could not be obtained at cheaper rates. Eventually after long discussion the Committee agreed to accept the rates of pay proposed by the Government of India subject to the recommendation that efforts should be made to recruit Indians in large numbers.”

This was in May 1921. Sir, we had hoped that the Government of India would take steps to see that Indians are employed in larger numbers in this department but from the way they are neglecting this recommendation of the Standing Finance Committee, because they have not even got the establishment list in their hands, how are they going to safeguard the interests of Indians in this department if they will not even keep a list in order to guide them and to control the Local Governments in the matter of the filling up of these appointments and I fail to see how they are going to discharge the trust which they have undertaken to carry out. I am not able to inform the House whether there has been improvement between March 1921 and to-day. Two years have passed. How many vacancies have arisen in this service; how many of these have been filled up, and how many have been filled up by Indians, are all questions of the deepest interest to us. I do not think, Sir, that we come here merely to raise academic questions, pass pious Resolutions and then walk out. Sir, we expect that when the Standing Finance Committee lays down a recommendation of that sort, that the Government of India will take active steps to see that the recommendation is carried out. I am therefore surprised that the Government of India who are really responsible for this establishment have not even got this information to give us; they are not in a position to give us that information to-day. Sir, how can they be discharging their duty? Sir, we all witnessed that very sad and heavy spectacle the other day when the communal question was discussed; it was one of the saddest days I have passed here in this Assembly. When that question was discussed and when the Resolution was finally carried, the Government of India were placed in a more difficult position than they would have been if merely it had been a question of Indianization. It is not only a question of Indianization; it is a question of—I find it difficult to manufacture a word—shall I call it communalization or

sectification; whatever it may mean, the Government of India cannot afford to neglect this important duty of theirs. Sir, let us have Indianization first, then let us afterwards, when Indianization is complete, find out whether communalization should come in or not. Let us not talk of communalization before Indianization has begun. This is a very important service under the control of the Government of India in which I trust earnest steps will be taken towards Indianization. I know, Sir, that the Honourable Member in charge cannot afford that time which is necessary to attend to these small matters. But surely the Secretary or other officers in the Department should have this information, because how else can they keep an eye on the service; how else can they keep a watch on the way in which the recruitment to this service is made? I therefore, Sir, in order to emphasise the position that this Assembly insists upon this Department being more Indianized, move this motion.

The Honourable Mr. C. A. Innes: Sir, as regards the superior establishment of the Imperial Customs Service Mr. Rangachariar is entirely off the mark. My claim for the Imperial Customs Service is that we are probably doing more in the way of Indianization than in any other service. Out of every three vacancies, two are filled by competitive examination in India; that is to say, 66 per cent. of the vacancies are filled by competitive examination in India. I think that the House will realize that that is a very great advance in the matter of Indianization.

As regards the, what I may call, subordinate services, the only two in which the question arises are the Appraising Department and, particularly, the Preventive Service, and I think that Mr. Rangachariar has probably got the Preventive Service chiefly in his mind. It is perfectly true that the question was raised in March 1921. It was also raised when the question of incurring expenditure out of a lump grant was placed before the Standing Finance Committee, and it is quite correct that the Standing Finance Committee did suggest that efforts should be made to increase the Indian element in the Preventive Service. Well, action was immediately taken on the recommendation of the Standing Finance Committee. All Local Governments were addressed on this point. A copy of the Standing Finance Committee's recommendation was sent to all Local Governments and they were all asked to instruct their Customs Officers, subject to local conditions, to carry out the wishes of the Standing Finance Committee and of the Government of India. It is perfectly true that I have not got information as to what progress has been made since that letter was issued in August 1921. These Customs Houses are under the direct administrative control of Local Governments. We do not have the establishment list, or the establishment roll, with us. Mr. Rangachariar says that I ought to have had this information here ready in order to give it to the House. He complains that I have not got it. Now, Sir, surely the remedy was in Mr. Rangachariar's own hands. If Mr. Rangachariar had so desired, he could have put a question; he could have put a question in any one of the sessions which have intervened since August 1921 and he would have had the information promptly placed upon the table. The fact of the matter is that Mr. Rangachariar forgot all about it till the budget demand came on and then he makes the complaint that I have not got the information ready here. If Mr. Rangachariar likes to put the question now, I will get the information collected as soon as possible and place it on the table. I have inquired into this matter in going round Customs Offices. In Madras I think they have

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made an advance and in Calcutta. Approximately, one-third of all the vacancies to the Preventive Service are now being filled as a matter of course by Indians. In the Customs House, in Bombay, all I can say is—I have no exact figures—that a beginning has been made.

That, Sir, is my explanation, and I repeat what I said before, that had Mr. Rangachariar let me know that he required this information the information would have been ready here. But I say he has no right to complain that I have not this information stored ready for budget debates.

Sir Deva Prasad Sarvadhikary (Calcutta: Non-Muhammadan Urban): Sir, I am somewhat surprised at Mr. Innes' explanation that because Mr. Rangachariar did not put questions at some meetings of this House, he has not with him what he certainly ought to have. (*The Honourable Sir Malcolm Hailey*: "Why?") We have heard explanations like that or something like it in regard to railway establishment books, only a few copies of which are said to be printed off for the elect and they have not been made available although question after question has been put for their production by our indefatigable friend Mr. Joshi. I do not know what the result of Mr. Rangachariar's questions would have been, but we do maintain, Sir, that record of expenditure for which the Government of India are responsible, although they may be administered by their agents the Local Government whom they are quite right in trusting as the Government on the spot, ought to be kept here. Without that, no verification is possible, and we have had an illustration of that need only this morning. When I looked at the lump figures circulated on Saturday last showing the reductions under the various budget items, I saw that there was under the heading 'Customs' an explanation at page 6 that the reduction of Rs. 69,000 is on account of contemplated savings in overtime charge. I see Mr. Innes shaking his head, and quite rightly, in the light of the further explanation that we had this morning. What is the difference between those two explanations, the one given on Saturday morning and the other on Monday morning? Those of us who, in the absence of these revised figures, had owing to the exigencies of the moment thought fit to send in motions good, bad and indifferent were misled—my friend to the right says 'mostly bad'; I am not surprised and I am glad they are not worse. Well, Government is no better off. The explanation heartened up some of us who are wanting to attack the overtime provision from their own points of views.

Mr. President: The overtime allowances are not under discussion.

Sir Deva Prasad Sarvadhikary: Sir, I am illustrating, merely illustrating the necessity of having information of this kind with the Central Government, for verification without which, I say, the Budget figures are not fit to be presented to the House for the purposes of voting grants. That figure is incorrect, or that explanation is incorrect, the Government of Bengal made a mistake in calculating the overtime and the mistake has been corrected; it is not a saving at all. I do not know what further mistakes they have made; I do not know what other mistakes other Governments have made and there is no means of checking. Then, Sir, on the general question: I am sure, on both sides of the House with which we are concerned, there will be a feeling of disappointment that much that could have been done in the way of further Indianizing this service, has not been done; where Indianization can proceed without any detriment to the interests

concerned, enough progress has not been made. I am prepared to bear out my Honourable friend that in Bengal a beginning has been made, but I also know, and desire to voice the feeling in Bengal, that nearly all that could be done has not been done. The class of people from which these recruits come, are somewhat sore, very sore I ought to say, that much further has not been done in the matter. The essential matter is to revise the pay from the point of view of suitable Indianization, because the objective, as I explained in another connection not long ago, of Indianization is not merely to keep the non-Indian out—there may be a desire like that in some quarters—but that is not all the object; we want to economize, and from that point of view, what is essential and what should have been begun is what the Incheape Committee says:

“The strength and pay of the staffs of the various Customs Houses should be examined with a view to possible economies.”

That has not yet been attempted, and I hope someone on the Government Benches will not say that the Incheape Committee has just made that recommendation and therefore there was not time to go into the question of revising the strength and pay of the staffs. That is the essence of proper Indianization, and without that I do not think successful Indianization or economy would be possible either in this Department or in any other. A great deal will have to be done before we have finished, and the question has been prominently brought forward in connection with this Department in which Indianization could have been most carried out without detriment to the interests concerned.

Mr. W. M. Hussanally (Sind: Muhammadan Rural): I rise, Sir, to point out, in defence of the Government, that after this Resolution passed by the Finance Committee, some effort has been made, at least in my province—I am referring to the Karachi Custom House in my part of the province, not to the whole Presidency of Bombay, as my friend on my left corrects me. I am referring only to Sind,—so far as the Karachi Custom House is concerned, there were some few appointments sanctioned in 1921 in the preventive service, and so far as I am aware about 8 or 10 appointments were filled up. Out of these 8 or 10 appointments about 3 or 4 were given to Indians, and therefore I say that the policy of Indianizing these subordinate appointments, so far as the Karachi Custom House is concerned, has been begun; and the Government of India are not blameable so far as my Custom House is concerned. Another point that I was going to refer to is that to expect the Government of India to have establishment returns, and nominal rolls, for all subordinate posts in every Custom House is not possible, and therefore, if the Honourable Commerce Member has not got these nominal rolls for all the Custom Houses in India, I should not wonder. It is for the Local Governments and Departments to have nominal roles for these subordinate posts, and it cannot be expected that the Commerce Department of the Government of India should have them to be placed before the House. Thirdly, I want to say a word with regard to what fell from our revered friend, Sir Deva Prasad Sarvadhikary. He said that the object of Indianization was not only getting in more Indians into this kind of service, but also to revise the pay, by which I think he meant reducing the pay, of these subordinate staffs. I do not think that there is any room at all for reducing the pay of these subordinate posts; in fact the cry all over India has been that the pay and prospects of these subordinate offices is not sufficient even for Indians to live upon decently, and if I tell Sir Deva Prasad Sarvadhikary that the highest pay of a preventive officer is only Rs. 500 or Rs. 600 a month . . .

Sir Deva Prasad Sarvadhikary: I did not use the word "subordinate".

Mr. W. M. Hussanally: Well, by "subordinate" I mean all these preventive Services which are subordinate services. I do not think that Sir Deva Prasad Sarvadhikary thinks that the preventive service is any high service; it is after all a subordinate, non-gazetted service so far as I know, and the highest pay being only Rs. 500 or 600 a month, I do not think he would advocate that that pay should be reduced. The preventive service officers begin on a pay of Rs. 120 a month or so and I do not think he expects Government to reduce this pay for Indians, for if the pay is reduced, I do not think we can get the right kind of men to come and offer themselves for this kind of service. Therefore, so far as reducing the pay of these preventive service officers is concerned, I think it should be out of the question altogether.

Dr. H. S. Gour: (Nagpur Division: Non-Muhammadan): Sir, I am afraid Honourable Members have entirely misunderstood the object and scope of the Honourable Mr. Rangachariar's motion. The point he made was that two years back we passed a Resolution in favour of the Indianization of the Customs Houses. The Public Services Commission recommended that 50 per cent. of the appointments should be thrown open to Indians. The question therefore which Mr. Rangachariar raised was as to how far the recommendations of the Public Services Commission have been given effect to by the Government. We have been told by the Honourable Mr. Innes that Mr. Rangachariar has forgotten all about the question which he raised some months back, and that is the reason why the information which he sought is not available. But is the Honourable Mr. Innes quite sure that he did not forget all about the question himself? Surely, Sir, it was the duty of Government to see that a Resolution passed and a recommendation made was carried out, and for the purpose of ensuring compliance with recommendations and Resolutions of this House and of its Committees, it was the duty of Government vigilantly to inquire into the Indianization question and satisfy themselves that Indianization had been made to the extent demanded by this House. It is not a question of supplying statistics to the Members of this House; it is a question of doing a plain duty following upon the recommendations of this House, and from that point of view I deprecate the reply of the Honourable Mr. Innes. Now, Sir, he says, "we do not know to what extent the recommendation made by this House has been carried out." That is exactly the point upon which I submit the Government should have been prepared. They are not prepared. It is not merely a question as to whether any Member wishes to pursue that inquiry by reminding the Government; it is a question upon which the Government should have asked for no reminders. Then, Sir, we are not here dealing with the details of the subordinate preventive service or of the pay which members of this service should receive. We are dealing here with the broad question of policy. And it is from that standpoint that Mr. Rangachariar views this question, and it is from that standpoint that Members of the House generally view this question.

Lieutenant-Colonel H. A. J. Gidney (Nominated: Anglo-Indians): Sir, the remarks that have just fallen from my Honourable friend Mr. Rangachariar in his quest for Indianisation of the Customs Service, seem to have elicited no satisfactory reply from the Honourable Mr. Innes so far as the practical effect of the recommendations of the Committee is concerned.

But if it would please and satisfy Mr. Rangachariar and others who are thirsting for this information, I might tell him that the information at my disposal indicates that Indianisation of the Customs service, to which he has drawn attention is being put to very serious and practical effect, so much so that it is the opinion of various members of my community who are thereby seriously prejudiced that this Indianisation is going on at a very rapid rate indeed. Let there be no doubt. The Government is putting this into very rapid effect—although Mr. Innes is not in a position to give this House the exact figures.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Sir, it is surprising that the Government Member in charge of the Department is not aware of the exact number of officers who are serving in this department. Roughly speaking, taking, I suppose, from the chaprassis and petty clerks, he has stated that 66 per cent. of the people are Indians. Sir, I invite his attention to page 5 of the Demand for Grants, Bengal. We find that the existing strength is set out there as follows:

“ 247 Preventive officers at varying rates from Rs. 140 to Rs. 675.

310 Clerks at varying rates from Rs. 40 to Rs. 600.

27 Appraisers, 1 on Rs. 800 and rest at varying rates from Rs. 290 to Rs. 725.”

The Honourable Mr. C. A. Innes: Sir, on a point of explanation, I think perhaps I will save the time of the House and of Mr. K. Ahmed if I point out that what I said was that 66 per cent. of the recruits to the Imperial Customs Service were now being recruited in India. I did not refer to the subordinate services. I was talking of the Imperial Customs Service.

Mr. K. Ahmed: I am very much obliged, Sir. Even then there is no room for my Honourable friend to discuss the subject, because the other officers of the remaining Customs offices are ignored. There is no justification. I am sorry I did not quite catch my Honourable friend at the time. But, Sir, that is not the argument which we want to deal with. There are 27 appraisers, one on Rs. 800 and the rest at varying rates from Rs. 290 to Rs. 725, 281 servants at varying rates from Rs. 8-8-0 to Rs. 35, temporary establishment and 144, boat establishment. Sir, leaving those officers or servants at varying rates from Rs. 8-8-0 to Rs. 35, and leaving the 144 people in the boat establishment, is my Honourable friend, the Government Member, in a position to give us the names of the other people? Sir, if my Honourable friend takes the trouble to walk through the Calcutta Customs office, he would not find very many higher officers getting that salary as my Honourable friend the Mover pointed out from Rs. 200 and upwards. Government have not met that point at all. The Honourable Member in charge is not in a position to enlighten the House as to how many officers are working there. As far as I am concerned, Sir, I know for certain—I do very often walk through the Customs office—I have hardly seen, in fact I never saw one Muhammadan from Bengal, Sir, although the Muhammadans of Bengal form 56 per cent. (or 60 per cent. according to the last census) of the whole population of Bengal; and still my Honourable friend put the number at one-third. Sir, if these poor Indians are to serve only in the lower ranks and not in other places, I fail to see how my Honourable friend is satisfied with regard to the grant that he asks for. After eleven months he comes with his Budget ignorant of particulars of what he is asking for. Will this House have any sympathy for that sort of grant that he wants? I do not know. Probably later on he will stand up and say it is “ non-votable ” and we are blindly to

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accept the proposals made. He says, further, Sir, that if my Honourable friend Mr. Rangachariar had put a starred question, the answer would have been given. No doubt about it. But is he not in a position to ask the department to give him the facts and figures at this stage when he asks for the grant? He says, Sir, a good beginning has been made, without knowing how many officers were recruited since 1921. Without giving the particulars and the figures, which this House expects to know, I do not think there is any justification for saying that a good beginning has been made. I, therefore, most emphatically oppose the grant asked for and support the motion for reduction by Rs. 100.

Mr. N. M. Joshi (Nominated: Labour Interests): I move that the question be now put.

Mr. Jamnadas Dwarkadas (Bombay City: Non-Muhammadan Urban): Sir, I only want to remind the House that the question raised by my Honourable friend Mr. Rangachariar has not yet been answered. Neither the statement made by the Honourable the Commerce Member nor the intervention of my Honourable friend Colonel Gidney, who thought that the pace of Indianisation in the Customs Department was very rapid, has taken away anything from the vagueness of the answer given by the Government. The question that Mr. Rangachariar has definitely raised is this. The Standing Finance Committee made a recommendation and it was when the Committee sanctioned certain grants that came before the Finance Committee, that the Committee made certain recommendations with regard to the conditions on which hereafter further grants of a similar character would be sanctioned. What has the Government done to carry out the recommendations of the Standing Finance Committee? That is the plain question of my Honourable friend Mr. Rangachariar. My Honourable friend Mr. Innes says the recommendation of the Standing Finance Committee has been communicated to the Local Governments, but no further information is available, no figures are available; the Local Governments are probably doing their best. But if the Government of India sent out instructions to the Local Governments is not the Honourable Member in a position to state whether the Local Governments have sent any answers to those instructions or not, namely, whether it is possible for them to carry out the instructions or not, or whether they are going to make efforts to Indianise the services in the Customs Department? After all, to borrow the words of my Honourable friend, Mr. K. Ahmed, we are in absolute darkness, we are taking a leap in the dark, as he always says. We do not know anything about what is happening in the matter of the recommendation that the Standing Finance Committee had made; and that is a pertinent and a definite question raised by my Honourable friend Mr. Rangachariar, and, I think, the Government have not been able to give an answer to that. As for the argument adduced by the Honourable Mr. Innes that if a question had been asked by Mr. Rangachariar, the answer would have been supplied, it has to be remembered that when an important body like the Standing Finance Committee makes a recommendation, it is no longer the duty of the member of the Standing Finance Committee to put a question to the Government, but it becomes the duty of the Government to give practical effect to that recommendation. But, as a matter of fact, if I may remind the Honourable Member, I was myself a member of the Standing Finance Committee which undertook to do all that they possibly could to introduce Indianisation in the services.

It is the duty of the Government themselves to see that every effort is made by them and by all Local Governments concerned to put the recommendation into practice. I feel, therefore, that the answer is not yet given and the House would be justified in carrying the motion.

Mr. E. A. Spence (Bombay: European): I move that the question be now put.

(Several Honourable Members: "The question may now be put.")

Mr. S. O. Shahani (Sind Jagirdars and Zamindars: Landholders): Sir, in connection with the cost of establishments in the Customs Department I have got to point out that the salaries of the Assistant Collectors need to be revised, that the scale which has been fixed for these salaries is a very high one. It is Rs. 350 rising to Rs. 1,500. I have to point to the scale of salaries adopted in the Income Tax Department. Collectors of Income Tax all over India draw Rs. 300 to Rs. 900 only, and so far as I can see very competent people, very competent Indians can be secured for this salary. It goes without saying, according to me this is a field in which retrenchments might very reasonably be effected. I pointed this out last year and I was told by the Honourable Member for Commerce and Industries that the appointments were made by competitive examination and therefore this scale could not be reduced. I think it would be wrong to assume that I ever intended that the present incumbents should come to be affected by this proposal that I am making. I am making this proposal with regard to future entrants, and my submission is, and I trust that due notice will be taken of it, my submission is that the scale of salaries needs to be revised here, and by the revision of this scale a substantial saving will be effected.

The Honourable Mr. C. A. Innes: Sir, I should like to take up the point made by Mr. Shahani, namely, that the scale of salaries in the Imperial Customs Service is too high. The scale of salaries (I am speaking from memory) is Rs. 300 rising to Rs. 1,500, plus the usual overseas allowance

Mr. S. O. Shahani: Rs. 350 to Rs. 1,500.

The Honourable Mr. C. A. Innes: That scale is precisely the same scale as that for the Accounts Service. We hold a joint examination. And I do not think it is too high for the Imperial Customs Service because I should like to point out that all our Customs officers live in the most expensive towns of India, the seaports. Every one knows how exceptionally expensive Calcutta, Bombay and other seaports are. On the general question whether, as Indianisation goes on, we should reduce the scales of pay, there is a great deal to be said, but obviously that is a question which has got to be taken up for all the services and not for a single service like the Customs Service. I think every one will agree with that point. I should like to correct a mistake made by Dr. Gour. Dr. Gour said the Public Services Commission had recommended that 50 per cent. of the Customs Service should be recruited in India, and we had taken no action on that. The Public Services Commission was referring entirely to the Imperial Customs Service, and as I have already explained, we have gone beyond its recommendations because 66 per cent. of our recruits are now recruited in India. Then I am accused of not knowing what has been done regarding the Indianisation of the Preventive Service. As a matter of fact, on looking through this file here, I find I have a bit of information which I did not know I had, namely that, when we issued

[Mr. C. A. Innes.]

this circular in August 1921, one of our Collectors of Customs, namely, the Collector of Customs for Karachi, wrote back at once and told us that during the last few months he had already taken action in this direction and that he had appointed six Indians to the Preventive Service. I gave another bit of definite information which I do not think my friend Mr. Jamnadas Dwarkadas noticed, namely, that, as a matter of practice, we recruit one-third of the Preventive Service in Calcutta from Indians. Now you have got to remember that ten years ago there were no Indians at all if you exclude Anglo-Indians from that term, in the Preventive Service. It was thought that the Service was not suited to Indians.— You have got to remember that it is extremely hard work; the men have to be out at all hours patrolling. In Calcutta they have to go down the river in boats; they have to board ships at all hours of the night, and it was considered that the service was not suitable to the Indians. The Collector of Customs took up the question of Indianisation first and he began recruiting the Indian officer class and he found them quite satisfactory. That is why we had great pleasure in telling the Standing Committee that we would make efforts in this direction. I am sorry, I have not got the actual results of these efforts, but as I have already explained, all our difficulties arise from the fact that these Customs Houses are under the Local Governments. They are under the administrative control of the Local Governments. When we carry out the recommendation of the Incheape Committee, which as a matter of fact was our own idea, the recommendation that we should appoint a Commissioner of Customs, a Controller General of Customs, then the Customs Offices will pass under our direct control and we shall be in a very much better position to answer questions of this kind. As it is a question comes up in a budget debate, and I must confess I forgot all about it, as Dr. Gour has suggested. I forgot all about it and so did my friend Mr. Rangachariar. I did not know what this reduction of Rs. 100 in establishment referred to, and it is very difficult for us to answer questions on particular items in establishments which we have not under our control. I am quite prepared to write round to all Collectors of Customs and to find out from them exactly what has been done in this direction, what proportion of vacancies has been filled up, and if necessary, I will then issue further instructions on the matter.

Rao Bahadur T. Rangachariar : I would ask for a quarterly report.

The Honourable Mr. C. A. Innes: I do not think a quarterly report is necessary. I am prepared to ask them to let me have this information before the budget debate. Vacancies do not occur in these services so very frequently and it may be a waste of time to have quarterly reports. Every year I will instruct Collectors of Customs to let me have a statement so that, in the budget debate, we may be prepared in the future. In view of that Mr. Rangachariar might well withdraw his motion.

Rao Bahadur T. Rangachariar: On that assurance I do not press my motion.

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

Sir Deva Prasad Sarvadhikary: I beg to move:

“That the provision for Travelling and Tentage Allowance under sub-head ‘Madras’ be reduced by Rs. 3,600.”

Of course the difficulty that I labour under is also the difficulty of the Government as we found earlier in the debate: we have not enough information upon which one could exactly indicate how that Rs. 3,600 is to be cut out of the sum of Rs. 9,600. This item stands on a footing entirely different from that of establishment either permanent or temporary, or even of over-time allowances. One does realise that in doing work of this kind it would be necessary to give some allowances for travelling and for tentage, but there should be further limitation. What is the position to-day? We have to economise and economise all round. I do not mean to say and Government will not take me to mean that a reduction of this Rs. 3,600 will achieve wonders. On the other hand as an earnest of doing all that can possibly be done in the way of getting rid of avoidable expenditure, this small item would be as serviceable as any large item. Sir, scattered over the whole of these Demands is a large provision for allowances of different kinds, and this is one of them. We cannot interfere with establishment straightaway. I have already drawn the attention of the House to the recommendation of the Incheape Committee on this matter and it has been gone into in the present budget to a certain extent. In the course of the early debate I do not propose to labour that point. The Committee is of opinion, I am sure, the Government are also of opinion that all that can possibly be done to reduce expenditure to which we are not absolutely committed during the course of the year should be done. In connection with charges of this kind the necessity of waiting and exigencies of delay and other considerations of that character cannot be urged. We are met with a peculiar difficulty. Unless we succeed, with the assistance no doubt of Government, in adding out of the "lag" list a crore of rupees to what has been already deducted, we shall be in real difficulty. From that point of view these and various other amendments for which I have made myself responsible will have to be considered. Those of us who have gone into the matter in some detail do believe that another crore of rupees would not be too much for Government to make a present of to us in order that we might meet the situation as we ought to. I don't want, in a small matter like this, to take up much of the time of the House; but it is these small items that can be most easily reduced—items to which we are not absolutely committed, items which can be reduced without any serious detriment to the efficiency of the department. There may be some negligible detriment; retrenchment would mean for the time being, at all events, interference with routine system and probably proportionate inconvenience also. But that is all I should be prepared to admit. But, in regard to a matter like this, and not matters relating to permanent establishment to which we are committed, some assistance may be given to us by the Government.

Mr. N. M. Joshi: Sir, in supporting the motion made by my Honourable friend, Sir Deva Prasad Sarvadhikary, I want to impress upon the Government the necessity of giving their serious consideration to the question of travelling allowances. Sir, not only is the scale of travelling allowances very liberal but it is the common belief that many officers by resorting to unnecessary travelling make certain savings and get an addition to their salary. Sir, as a Member of the Public Accounts Committee, we recently came across a very glaring instance of this kind. An officer of the Archæological Department

Mr. President: Order, order. We have nothing to do with the Archæological Department.

Mr. N. M. Joshi: I wanted, Sir, to make out a point that this question of travelling allowances requires the serious consideration of the Government.

Mr. President: The Honourable Member does not seem to be aware that the motion before us is for the reduction of the provision for travelling and tentage allowance in Madras.

Mr. N. M. Joshi: I, therefore, hope that the Government will give their serious consideration to this question.

The Honourable Mr. G. A. Innes: Sir, this particular item of travelling allowance which Sir Deva Prasad Sarvadhikary has suggested for reduction is intended to cover the expense of travelling of the Collector and Assistant Collector when he inspects the out-ports of Madras, and these out-ports are very numerous. However, the Government have already anticipated Sir Deva Prasad in this matter. The Finance Department have made a cut already of 20 per cent. on all travelling allowances in this Budget and I think in other Budgets.

Sir Deva Prasad Sarvadhikary: On these figures?

The Honourable Mr. G. A. Innes: On the figures shown in the Budget estimate of last year. They have all been reduced by 20 per cent.

Sir Deva Prasad Sarvadhikary: On the figures now presented?

The Honourable Mr. G. A. Innes: For last year. What the Government have done is they have reduced the provision made in the Budget of last year by 20 per cent. in the Budget of this year for travelling allowances. They have made a 20 per cent. cut. And, as far as the Customs is concerned, we do not relish that cut very much because it may mean that our Collector in this particular instance will not be able to do as much travelling and as much inspection of the out-ports as ordinarily he would do. But we recognize that in these days of financial stringency it is necessary to sacrifice something, and so that cut has been made. The original provision made by the Commerce Department in our Budget has been cut down by the Finance Department by 20 per cent. and so, as I say, we have anticipated Sir Deva Prasad's objection.

Mr. S. C. Shahani: Sir, I may point out that in the case of Bombay, I find that travelling allowances have been increased from Rs. 9,900 to Rs. 11,440. I also find that in the case of Sind, travelling allowances have increased from Rs. 3,000 to Rs. 3,040. I do not notice these cuts in the case of these two places, and I beg, therefore, to point this out to the Honourable Member for Commerce and Industry.

Mr. President: The question is:

"That the provision for Travelling and Tentage Allowance under sub-head Madras be reduced by Rs. 3,600."

The motion was negatived.

Rao Bahadur T. Rangachariar: Sir, I move:

"That the provision for Overtime and Holiday Allowances under the head Customs be reduced by Rs. 2,00,000."

If Honourable Members will turn to page 8 of the Demands for Grants, they will find that there are three classes of overtime dealt with, what are

called (1) Crown overtime, (2) Merchants' overtime, and (3) Sunday and holiday overtime. Crown overtime entirely comes from the revenues of the country. "The revenues of the country suffer to the extent of Rs. 1,29,000. It is not recovered from anyone, it comes out of the general revenues. The point is this. We undertake to the public that we will give them 12 hours' service. But we tell our servants, "You work for 9 hours," so that the extra 3 hours have to be found and therefore we pay for the extra three hours by paying this overtime to our own servants whom we employ. Now, in the first place, if really our establishment is not sufficient to carry on the work which we have to do, I do not see why the establishment should not be increased. Look at it from the point of view of the men in the first place, look at it from the point of view of the Government in the next place, and look at it from the point of view of the public in the third place. It was pointed out on the last occasion by my Honourable friend, Mr. Joshi, that, when a man works 9 hours a day, they expect him to do work which is very difficult work, and to induce him, to offer temptations to make him work more is not humanitarian. Looking at it from the point of view of the Government, this more important point impresses me and that is this. Now, supposing, Sir, we were told that we will get an extra allowance of Rs. 50 per day if we stay after 5 P.M. every day, what will be the inducement to us? We will try to shirk as much work as we can during the working hours, pile up our speeches, delay the business and try to stay every day after 5 P.M. Honourable Members may say "No!" I know how many Honourable Members come here, although they are not expected to come here, they come here 7 days beforehand and stay 7 days afterwards because allowances are paid for these days. Human nature being what it is, we always try to make something out of travelling allowances and that sort of thing. Let us not pretend to be above human and therefore, I say when you really place inducements in the way of that man, you say "you work for 9 hours but if you work extra time, I will give you more", the work done during the 9 hours will not be the full work which we are entitled to get out of him. If you want more establishment, get the establishment. What is the meaning of offering this inducement to this man? The public and the Government are likely to suffer by this system continuing. The other thing is that after the 12 hours' work has to go on, and you raise from the public Rs. 4,49,000. That is from the merchants. That is the second item. Add to it this Rs. 1,29,000. That really comes to nearly Rs. 6 lakhs. You pay your establishment Rs. 25 lakhs. I have made a rough calculation. You pay this establishment Rs. 25 lakhs and you pay them over-time Rs. 6 lakhs. If you add to it this Sunday and Holiday fees, which is Rs. 1,29,000, that comes to about Rs. 7,50,000. That is to say, you have an establishment which can do only three-fourths of the work and you are short of establishment to do one-fourth of the work, and to do that one-fourth work, you pay to the same people who have to work for 9 hours a day, and you make them work not only beyond the 9 hours but you make them work on holidays also. We have been preaching so much about labour, about the Geneva Conventions and other Conventions. We have heard that it is inhuman to extract labour like this for more than 54 hours a week and all that. Here are merchants who are apparently prepared to tolerate this system going on. If the Government are really short handed, let them employ more men. There are so many men seeking for employment. We are going to have retrenchment and so many hands are going to be thrown into the streets. Why go on feathering the same nests? In fact, the officers get it. The preventive establishment gets it. I see, Sir, in the distribution

[Rao Bahadur T. Rangachariar.]

scale, that 10 per cent. is given to the superior officers and 40 per cent. goes to the men actually working. That is so, I find, in Calcutta. Whether the officers do extra work, I do not know, or whether it is really an inducement to the officers, because they get a share in the overtime allowances. They get 10 per cent. whereas the actual workers get 40 per cent. and the other 50 per cent. goes somewhere else to charities and other things. Why should we maintain such a system? These are the questions which were raised during the last two years, and the Honourable Mr. Innes undertook to place the whole matter before the Standing Finance Committee. I find, Sir, that in December last the matter was placed before the Standing Finance Committee and the Standing Finance Committee paid this Assembly the compliment of merely recording that note. Did they consider the difficulties which were raised during the debate? These three points were raised distinctly by my Honourable friend Mr. Kamat to my right, by Mr. Joshi and by Mr. Seshagiri Ayyar. Why should charitable institutions, social clubs, be maintained? Why is there this difference in system between port and port? Why this over-time at all? Why offer this temptation in the way of our men? All these questions were raised, and we are no wiser by the matter being placed before the Standing Finance Committee. If the Standing Finance Committee had recorded their decision on each one of these points which had been raised in the debate here, I should not have troubled this Assembly with this vote. As it is, I do not know what the Standing Finance Committee did. They simply recorded the note a copy of which by the courtesy of the Honourable Mr. Innes I happened to look at this morning. I saw the note which was placed before the Standing Finance Committee. But what did the Standing Finance Committee do with reference to these various questions which arise? Is it right that we should collect from the public and maintain charitable institutions—social institutions? Nearly 50 per cent. of the collections on Sunday fees and Holiday fees goes to that, and the Honourable the Finance Member last time (the Honourable Mr. Hailey) told us that he would look into it carefully. What is the result of his looking into I do not know. We have no information on that point. Still, we are told in the note made to the Standing Finance Committee that the Local Governments are looking into the question of these fees. I do think, Sir, that the whole matter must be placed once for all on a satisfactory footing. I daresay there must be some allowance for overtime. I do not deny that there will be necessity for some overtime, but not to this extent of nearly $\frac{1}{4}$ of the work which you put down for over-time. It seems to me that there is something remarkable about it. I think the officers in charge really want to get this overtime and over-payment. They get tentage allowance; they get motor car allowance; they get other allowances; leave allowance, salary allowance, and other things, and in addition to these, they get also overtime. I fail to see why we should not employ more men. If we are short-handed, let us employ more people. There are so many people going about the country in search of employment. I can assure you that. Therefore, if there is money—Rs. 8 lakhs—to spare, why should we not spend at least Rs. 6 lakhs in entertaining more establishment? I am not a merchant myself. I am not unloading or loading. But I look at it from this broad point of view, and I hope, Sir, the matter will be satisfactorily settled. With these words I move my motion:

“ That the provision for Overtime and Holiday Allowances under the head Customs be reduced by Rs. 2,00,000.”

Mr. R. A. Spence: Sir, I am sorry I am anticipating Sir Campbell Rhodes speaking. We generally listen with great pleasure when Mr. Rangachariar does speak. But on this occasion he told us that he was not a merchant. If he had been, Sir, he would not have spoken as he did and it is because he is speaking of what he really does not know that we have not listened to him with pleasure. As Sir Campbell is more competent to deal with this matter and as I see he is willing to speak, I will leave the rest of the matter to him.

Mr. Manmohandas Ramji (Indian Merchants' Chamber and Bureau: Indian Commerce). Sir, in this connection, I may say that the practice generally is that when a ship is to be emptied in a given time, and some holiday or some Sunday intervenes, they have to complete the discharging of the ship or the filling of the ship. It is a matter of great convenience to the authorities and to the merchants to expedite matters in this direction, and therefore it is that overtime in connection with this work is charged and is willingly paid by merchants connected with the transaction to the staff. It is for the extra work, work which cannot be delayed, that this is charged, and I hope this House will not accept this motion.

Sir Campbell Rhodes (Bengal: European): Sir, I have great sympathy with what Mr. Rangachariar has said about overtime in general. There is a temptation, when a merchant pays overtime, for his employees to slack during the day in order to get overtime at night. I think this House may be sure, as Mr. Rangachariar has pointed out, that when an employee has got the temptation of overtime, he can very often slack during the day. But the position is slightly different as regards the Customs House Preventive Officers, for it is not within his power to decide how long he will work. A steamer comes into port and desires quick discharge. Say it is unloading salt. There must be a Preventive Officer on board and the speed with which that officer works is decided entirely by the speed with which the salt is unloaded. The steamer is there to do all the work it can and therefore the Preventive Officer must keep working at the same pace. As a matter of fact, the work is very light. It is work of supervision and seeing that the salt is properly weighed over the side and there is no hardship on a man working even as long as 12 hours. The scale may be stopped for an hour or two during the day for repairs in which case, though he is there, he has nothing to do. But the point I wish to make to the House is this, that it is not within his control to slacken off. Mr. Rangachariar pointed out that if there is overtime regularly paid, then a larger staff might be employed. I may point out that that would be a very extravagant way of meeting the difficulty from the point of view of the country. Steamers do not come in regularly every day to discharge a fixed number of tons every day and therefore it is desirable that these men should do a little extra work when business presses and then the staff so to speak, can be automatically reduced when times are slack. Under Mr. Rangachariar's scheme we should frequently have periods during which half the number of customs officers would have nothing to do and I suggest that the moral effect of that would be even worse. As regards Sunday and holiday fees, these are fines to discourage work on Sundays and holidays and they are paid by the merchants and shippers and they are quite willing to pay anything they can to what Mr. Rangachariar calls charitable objects. In Calcutta a portion of the Sunday fees has gone to hospitals to pay for the seamen who come out and have to go into hospital, and personally I

[Sir Campbell Rhodes.]

I think that is a worthy cause to which the money is devoted. On these grounds I oppose this amendment.

Dr. Nand Lal (West Punjab: Non-Muhammadan): I support this amendment. The Government should, before keeping such a sort of establishment, see whether this kind of system is not creating some sort of temptation in the way of the employees of the Government. Government's attention should always be focussed on this question and Government itself should not give any opportunity to any of its employees to be tempted or to stoop low. Now, I ask the Government Benches, under the present system is it not the strongest possible temptation in the way of these servants to idle away their time? (*A Voice*: "No, no. Certainly not.") To my mind they will not employ their minds so much on the work as they will anticipate that they will be drawing extra money for their overtime. I think it cannot be denied. Mr. Spence may say, "No." Other merchants may say, "No," but it is the fact and it ought to be confronted and cannot be denied. These workmen are sure to be tempted as I have stated. The other point which prompts me to be in favour of this amendment is this that if they are made to work on Sundays they will have no time for taking rest at all. During the week days, that is, six days of the week, they will not be able to work so hard as they would be doing otherwise, because it is a fundamental principle which does not require great elaboration and argument that a human being after hard work requires some sort of rest. After having worked for six days it is quite natural that these workmen would like to take rest. Now they are told, "You should not take rest. We shall pay you for Sundays and other holidays even." They will not take rest but they will work on these rest days and pocket the money, and on the working days they will try to idle away their time to a certain extent. Therefore, on these two grounds this system which has been adopted by Government seems to be one which should be condemned. The other point which requires appreciation is why a distinction should be made in favour of this Department alone. This distinction will naturally create an idea in the minds of the employees of the other Departments of the Government that they should also try to avail themselves of such allowances though they have not got work of a similar type, but all the same that very idea will prompt them not to apply themselves to work to that extent to which they would have done if they had not had that idea in their minds. You will kindly see on page 1, we have got overtime and holiday allowance for Madras. On page 2 we have got over-time and holiday allowance for temporary establishment. On page 3 we have got over-time and holiday allowance. On page 4 the same thing and on page 5 the same thing. The aggregate total of this allowance is a very appalling figure which should not be parted with by Government. On this ground also this expenditure should be condemned and especially at this juncture when we are in this financial embarrassment we cannot afford to allow ourselves to spend money in this fashion. (*Mr. Jamnadas Dwarkadas*: "It is paid by the merchants.") It is not paid by the merchants, it is paid by the Government, Mr. Jamnadas. Kindly see the remarks

Mr. President: The Honourable Member must address the Chair.

Dr. Nand Lal: Mr. Jamnadas Dwarkadas says it is paid by the merchants. May I invite his attention to the remarks on page 8 of this Book:

"These are fees paid to the staff by Government for overtime work and not recoverable from merchants."

(Mr. Jamnadas Dwarkadas: "Am I right or you?") (A Voice: "Address the Chair.") Then the other explanation which is given by the Government is this:

"as the work for which they are earned is performed during the free service hours but is in excess of the prescribed hours, viz., 9 hours a day or 54 hours a week. Such fees are also necessitated by the performance of work outside the free service hours or on holidays and Sundays."

(Mr. R. A. Spence: "May I ask the Honourable Member to read the whole of it?") (Mr. Jamnadas Dwarkadas: "Will you finish all the footnotes?") A certain payment is made by the merchants no doubt, but that is set apart. As Mr. Rangachariar has said, I agree with him that a certain amount is charged, but when it is realised it is set apart, namely, it goes to the income side. It is the Government then that pays it subsequently. I am not discussing the source. I am discussing who is the paymaster. The paymaster is the Government and the merchants are not the paymaster. Mr. Jamnadas Dwarkadas's opinion, I am sorry, does not appear to be correct technically.

In opposition two arguments have been advanced that on some occasions Government requires employees and workmen and at that time there is a great rush and it will be extremely difficult to keep a permanent staff to cope with such sort of work. The other argument which has been advanced on behalf of Government is this—that if you keep a special staff for this purpose and for these hours only, it will prove very expensive. I think these two arguments can very easily be answered. The first argument can be met with this reply. It has been conceded on behalf of Government that these ships do not come every day and that it happens occasionally. This point has been conceded by Government and other speakers. I am availing myself of their arguments. For this purpose other workmen could be employed to do temporary work, so that the Government employees may not be tempted to idle away their time for which they are paid and this system of making allowances on holidays and making extra payments for overtime is not sound in principle. So on all these grounds I support the amendment heartily.

Mr. Darcy Lindsay (Bengal: European): My Honourable friend Mr. Rangachariar has made a reference to the Standing Finance Committee and he has taken them to task for not doing their duty. The Standing Finance Committee had placed before them a very able memorandum prepared by my namesake Mr. H. A. F. Lindsay in reference to the discussion that took place in this House last March and I am quite sure that if this memorandum had been placed in the hands of all the Members of the Assembly this motion for reduction would never have been made. Government in dealing with the matter abbreviated the memorandum as appears in the footnote on page 8 and which has been referred to only in part by my friend Dr. Nand Lal. It seems to me that there is a misunderstanding on the part of some of the Members about these fees. As Mr. Rangachariar has pointed out, there are three types of fees. One is for the extra three hours the men may be kept at work in addition to the regulation nine hours and they receive an allowance of so much per hour for this overtime. It is very much cheaper to keep the same man employed on the steamer than to send down another man to relieve him. A second charge is the merchant's overtime fees. This money is entirely paid by the merchant, the shipowner or agent who wants to get the steamer away by a particular time. Unfortunately my friend Dr. Nand Lal comes

[Mr. Darcy Lindsay.]

from a part of India where they have only canals and no sea water ways and therefore no experience of tides but the river Hooghly is a tidal river where steamers of heavy draught can only get away at certain tides and it is most essential unless the steamer is to remain for possibly another fortnight, that there should be overtime work at night, on holidays and on Sundays when occasion arises. The men are paid for this special work and the money recovered from the merchants or the owner of the ship. It does not at all follow that the same man who works on a Sunday will be put to work on the Monday which is one of the points made by my Honourable friend Dr. Nand Lal. The Customs authorities have a considerable staff at their disposal who are not working every day—the work being dependant on the number of ships in port and there are always available a certain number for extra work who have to be paid their monthly wage whether or not they are put on to this extra work on Sundays and holidays. Then my Honourable friend Mr. Rangachariar appeared to think that it was at the option of the Preventive Officer to secure the three hours' overtime by possibly neglecting his work during the day. This I think has been very satisfactorily explained by my Honourable friend Sir Campbell Rhodes. I can only tell the House that if this reduction were made it would most seriously interfere with shipping and the general trade of the country. We could not get our ships away in time or load and unload them with expedition. Consequently the expenditure on importing and exporting goods would increase. On these grounds I ask the House to reject this amendment.

(Voices: "The question may be put.")

Mr. President: The question is that the question be put.

The motion was adopted.

Mr. President: The question is:

"That the provision for Overtime and Holiday allowances under the head Customs be reduced by Rs. 2,00,000."

The motion was negatived.

Mr. Harchandrai Vishindas (Sind: Non-Muhammadan Rural): Sir, I move:

"That the provision for Bombay under the head Customs be reduced by Rs. 100."

The point I wish to make in this Resolution is one which will interest the House and which I beg to submit for the guidance of the Government in the future. From the very nature of the amendment I have proposed it would appear that I do not really want a regular reduction of Rs. 100 but I have to refer to certain questions of principle and of policy for the Government to take into consideration. I shall be very brief in making my suggestion to the Government departments by pointing out what is the particular question that I wish to refer to. Now I am concerned with the province of Sind. Therefore I shall not take up the time of the House in any way by referring to the other provinces. The ^{1 P.M.} Sind Division appears at page 4 of the Book of Demands and Sind as you are all aware is a part of the Bombay Presidency, so that the main sub-head under which I am speaking begins at page 2, Bombay. What I want to point out is that—and the point was incidentally referred to just now by my friend Mr. Shahani,—and as that was with reference

to remarks upon another point I do not think I am wrong in repeating it as it now comes under a regulation motion. Now, the pay of the Assistant Collectors in Sind appears to be, as at page 4, Rs. 350 rising to Rs. 750. My point is that such a heavy pay is not at all necessary in the case of the Assistant Collectors. By way of analogy I would refer to

Mr. President: The question of the pay of the establishment has already been discussed. If the Honourable Member wished to raise the question he should have raised it on the reduction moved by Mr. Rangachariar, when the House discussed the general question underlying the pay of the establishment.

Mr. Harchandrai Vishindas: I submit that I am referring to a specific item. So far as the general question is concerned that has been dealt with. What I say is that although in regard to the pay the Government has to consider several counter-considerations in fixing it, it need not be more than Rs. 350 to Rs. 900.

The Honourable Mr. C. A. Innes: May I point out that this is an Imperial Service and there is a uniform scale of pay in all Ports for Assistant Collectors and therefore Mr. Harchandrai Vishindas's point is not a good one. This particular point, moreover, has been discussed and has been discussed by Mr. Shahani.

Mr. Harchandrai Vishindas: Yes, that is what I said

Mr. President: If the Honourable Member acknowledges that it was discussed by Mr. Shahani and Mr. Shahani was not stopped by the Chair, then he is out of order.

Mr. Harchandrai Vishindas: Very good, Sir. I won't say anything more on this particular point. My other point is that the Assistant Collectors, Appraisers and Preventive Officers have all been lumped together. It would be much more enlightening if they were separately mentioned, I mean to say, if the pay of each grade was separately mentioned. As it is, I am speaking subject to correction,—in the first place the word "Inspector" is rather a misnomer and should be altered to "Examiner"—the number of Appraisers is 13, including one Head Appraiser, and the number of Examiners is 15. The rest are Preventive Officers. The pay of the Head Appraiser is Rs. 700 a month, that of the other Appraisers is Rs. 200 rising by Rs. 25 annually to Rs. 600; and that of Examiners . . .

Mr. President: Order, order. We have had that interesting information already from the Honourable Member from Bengal. Unless the Honourable Member can bring his remarks into order with special reference to the circumstances of Sind, he is not in order.

Mr. Harchandrai Vishindas: I am referring to that, Sir. I also said that my remarks would not be in order unless they were specific, and these remarks are all applicable to Sind, not to the general question, because the scales of pay in other provinces would be different. But if the Chair disallows me I will sit down. But I submit that my remarks apply especially to Sind. Now, the pays in Bombay are different from those in Sind in so far that in Bombay the Head Appraiser gets Rs. 800, every other Appraiser Rs. 250 rising by Rs. 20 to Rs. 450 and then by Rs. 25 to Rs. 675, Examiners Rs. 150—10—350 and Head Examiner Rs. 450.

[Mr. Harchandrai Vishindas.]

The point I am going to make in this connection is one that has not been previously raised and it is that there is no reason why the Sind establishment should be placed on a different footing from that of the establishment in Bombay when the cost of living and house rent, as appears from various Government reports, is very nearly the same. I refer first to Mr. Findlay Shirras' *Labour Gazette* and also to Mr. Datta's inquiry regarding rent and prices in Karachi. So my point is, with regard to this particular question, that the level of pay in the two places should be the same. Since January 1922 the lower paid men have in most cases been given an increase of 5 to 10 per cent. and some from 20 to 40 per cent., although the Government of India has authorised the Local Government to give these men a maximum promotion of 50 per cent., which has not yet been carried out. That point should be taken into consideration by Government. Government have recognized the principle of one promotion for every year's service in the case of Preventive Officers in the same office, but the present Appraisers and Examiners, the majority of whom began their life as clerks, will not be able to rise to their maximum unless one-third of their services in the ministerial grade is also counted. The majority of the Preventive Officers began life as Preventive Officers and so one promotion for every year's service has resulted in their getting 18 promotions for 18 years' service, while Examiners and Appraisers with even about 30 years' total service are getting Rs. 150 and Rs. 400 respectively. Sir, this point also of the equitable regulation of promotions, both in the interests of economy and in the interests of the men, should be taken into consideration. That is all I have to say.

The Honourable Mr. C. A. Innes: Sir, I understand that the first point raised by Mr. Harchandrai Vishindas was that he would like a little more detailed information under the head "pay of establishment for Sind." Is that so? (*Mr. Harchandrai Vishindas:* "Yes.") I will certainly see what we can do in that direction.

The other point raised by Mr. Vishindas was that we discriminate unfairly between the Custom House staff in Karachi and the Custom House staff in Bombay. As I have explained already to the House on more than one occasion, these Custom Houses are under the administrative control of the Government of Bombay. They send up their proposals to us and we examine them. In this case, the Bombay Government did not think it necessary to give the same rate of pay, or the same scales of pay in Karachi as they give in Bombay; and as far as the Government of India is concerned, we must accept the view expressed in a matter like that by a responsible Local Government.

As regards the next point, namely, as to how these men were brought on to the new scale of pay, it is rather a complicated matter and, at the request of the Local Government, we left them to deal with the matter. I think that is the only explanation I can give on that point.

Mr. President: The question is:

"That the provision for Bombay under the head Customs be reduced by Rs. 100."

The motion was negatived.

Sir Deva Prasad Sarvadhikary: Sir, I move:

"That the provision for Leave Allowance under Bombay be reduced by Rs. 22,000."

This is another direction in which we seek for retrenchment. Not only here but elsewhere have we spoken about travelling and tentage allowance as being capable of suitable reduction. Contingencies can also be similarly dealt with. The Inchoape Committee has made quite clear what had long been clear to us that our leave rules are—I shall not call them extravagant—but far too generous and some of our avoidable expenditure is due to that. With the Government of India it is not quite like a Bengal household used to be obliged to do not very long ago, *viz.*, to keep up two establishments, one to get ill with malaria and the other to work and wait for an attack of malaria. That is sometimes necessary, but I do not think that with increased facilities for travel for going home and other conveniences the leave rules need be as liberal as they are now—and the Inchoape Committee has drawn pointed attention to that. I do not mean to say that people should work themselves to death and should not have any leave, and generous leave also, but the impression all around is . . .

Mr. President: Order, order. Are these leave allowances paid under rules made by the Customs Department or under general rules made by the Government of India?

The Honourable Mr. C. A. Innes: I understand that the allowances are for leave enjoyed in India, which leave is granted under the general rules of the Government of India.

Mr. President: The question of the amendment of the leave rules cannot very well be brought in here. The Honourable Member must take other opportunity of discussing them.

Sir Deva Prasad Sarvadhikary: I shall not discuss the question of principle; I am now on the question of staff, and I submit that things should be so arranged that with lesser staff the work of the Department can go on, so that the leave allowances to which my motion refers may be minimized.

Sir Montagu Webb: Greater staff?

Mr. President: The question is:

“That the provision for leave allowances under Bombay be reduced by Rs. 22,000.”

The Honourable Mr. C. A. Innes: Sir, I feel it rather difficult to deal with a Motion like this, for, obviously, if we are going to reduce leave allowances, it can only be done by altering the rules, by making the rules less liberal. The provision here is the best estimate we can make of the amount we are likely to expend during the year in paying allowances to people on our establishment who are on leave in India. I do not think it is right that, as a method of retrenchment, we should refuse our officers the leave which they have earned and which is due to them under the Fundamental Rules. You have got to remember these allowances for leave are for all our establishments, officers as well as men, when that leave is taken in India: and if the leave is due to them, and if they require it, whether it be for sickness or private reasons, then I think we ought to give it, and I think that our Custom House establishments are already overworked, very greatly overworked: indeed my own opinion is that if Sir Deva Prasad Sarvadhikary's idea is that we should definitely restrict the leave of our establishments during the course of this year on account of financial stringency, well, my own opinion is that that will probably be false economy, it will probably mean that the men will break

[Mr. C. A. Irnes.]

down and will have sickness. In these circumstances I hope Sir Deva Prasad Sarvadhikary will see that the question which he has raised is contingent upon the alteration of the rules, and that he will not move this reduction in respect of a particular service like the Customs service.

Mr. W. M. Hussanally: Sir, on a point of order. I should like to know from the Honourable the Commerce Member whether a motion for reduction of this kind does not force the Government to reconsider the rules. I believe that this provision of leave allowances is provided for under each head of expenditure in each Department, and if that be so, a motion for the reduction of one grant will compel Government to consider the amendment of the rules—the leave rules, I mean, and if that be so, the Motion will be perfectly in order?

Mr. President: The Honourable Member is putting the cart before the horse.

Mr. R. A. Spence: May I ask the Honourable Commerce Member for some information, Sir? I see that these leave allowances that we are discussing only occur on page 3 under Bombay. May I ask what happens to the leave allowances in the case of Bengal and Madras and Burma? They must be necessary surely, in which case it seems to be only a matter of detail how they are put, but these leave allowances which figure under Bombay do not figure under any of the other Presidencies, and therefore if we were so unfortunate as to have this motion for a cut carried, it seems to me that Bombay would suffer and the rest of the Presidencies would go scot-free.

Mr. A. V. V. Aiyar: Sir, the explanation is that these estimates are prepared by different officers. The Bengal estimates are prepared by the Accountant General, Bengal, the Bombay ones by the Accountant General, Bombay, and the Madras ones by the Accountant General, Madras, and so on. Some people mix up these leave allowances along with the pay of the ordinary establishments, and some people show it separately and say that it represents leave allowances; that is the simple explanation why there is no definite provision in other provinces.

The Honourable Sir Basil Blackett: I think, Sir, it may be to the convenience of the House if, with your permission, I make the statement that the Government of India have for some time had under consideration the desirability of reconsidering the whole of their leave rules and have been waiting for the Report of the Retrenchment Committee to do so, and intend forthwith to institute an inquiry into that subject.

Mr. J. Chaudhuri: May I ask Mr. Aiyar that in future uniformity should be observed in furnishing similar details under each sub-head in each Presidency with regard to the Customs estimates for facility of comparison?

Mr. A. V. V. Aiyar: We will do our best, Sir; but the Budget is prepared in such a hurry that such small matters I would ask the House to overlook.

Sir Deva Prasad Sarvadhikary: Having regard to what the Honourable the Finance Member and the Honourable Member for Commerce have said, I do not wish to press this motion. What has been explained by Mr. Aiyar shows our difficulties in Budget time. The Government, he

says, had to hurry the Budget which accounts for its imperfections—Government had 365 days, and we had 5 days.

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

Sir Deva Prasad Sarvadhikary: In connection with my motion *No. 30, Sir, dealing with commodities of a very succulent and luscious nature one would like to have some explanation. Mr. Kabeer-ud-din Ahmed will probably be satisfied both as to quantity and quality. When we are obliged to neglect important research of other kinds, I do not know whether research in edible oysters ought to find a place in this Budget. I should like to ask for a word of explanation, and then perhaps I shall see my way to withdraw the motion.

Mr. President: So far as I see, no provision has been made.

The Honourable Mr. C. A. Innes: I think that Sir Deva Prasad Sarvadhikary has omitted to notice that though there does appear an entry of expenditure of Rs. 1,675 on account of improvement of edible oyster culture in Sind, there also appears later on the page a deduct entry—"contribution from contractors on account of edible oyster culture in Sind, Rs. 1,675", and so the two entries cancel each other, which I do not think Sir Deva Prasad Sarvadhikary has noticed. What the entry was I am afraid I cannot explain in a moment; I remember I noticed it last year in the Budget, and I enquired why it appeared in the Customs Budget, and for accounts reasons, they apparently retained it in the budget, but as I explained, they have made a deduct entry which cancels the provision.

Sir Deva Prasad Sarvadhikary: Sir, I should like to withdraw my motion.

Mr. E. A. Spence: Before the motion is withdrawn, might I ask Government that some provision be made in the next Budget, Customs or other budget, with a view to doing something to improve the edible oyster culture in Karachi?

Babu Braja Sundar Das (Orissa Division: Non-Muhammadan): Sir, I am feeling extremely diffident to extend my pruning knife to this very important branch of the financial pagoda tree of the Government of India. The Incheape Committee have not dared to do it. There are certain things which seem to me inexplicable. Therefore, Sir, I venture to bring forward this motion† of mine. With an apology of a Customs Department in my own province, I mean Bihar and Orissa, I do not pretend to claim any knowledge in the travelling, halting, worshipping, talking, eating, drinking and other contingent allowances that have been just talked over. But, Sir, there are other things for which I propose this reduction. I know that any cut that I might propose in this Department will hit my province very hard, because, fortunately or unfortunately, my province has no non-votable or untouchable item to its credit. You will find from the figures that .01 per cent. has been reduced in the case of votable items in the other provinces. My province claims a reduction of 25 per cent. as an effect of the retrenchment that has already been made. But the figures which have been presented to us during the last three years tempt me

* "That the provision for Improvement of Edible Oyster Culture in Sind under Sind Division be omitted."

† "That the demand under the head 'Customs' be reduced by Rs. ₹1,31,564."

[Babu Braja Sundar Das.]

to ask a few questions of the Government Member* in charge of this Department. If we look up the non-voted item in 1921, it was Rs. 42,600 in the Budget, and this year in the proposed Budget it is Rs. 5,51,600. The voted item was Rs. 7,67,400 and this year it is Rs. 7,05,400. It will take a good deal of time to read all the figures. In 1921-22 the non-voted item in Madras was 42,600; Bombay Rs. 1,13,700, Bengal Rs. 69,000, Burma Rs. 28,800, Bihar and Orissa nil, Punjab Rs. 23,000. So the total non-voted item in 1921 was Rs. 4,68,900, and in the present Budget, total item under the head non-voted—

	Rs.
The Government of Madras	5,51,600
" Bombay	1,59,000
" Bengal	97,000
" Burma	84,000
" Bihar and Orissa	Nil
" Punjab	23,000
" Central Provinces	Nil
Total	<u>9,14,600</u>

It is clear that the non-voted item has gone up by about 105 per cent. while the voted item when compared with the figure of 1921, will be seen, has come down by '01 per cent. as an effect of the retrenchment proposals that we made in the Assembly. Here, Sir, the Retrenchment Committee make no recommendation whatsoever excepting one item, that the Commissioner of Customs in Bombay should be cut down. They say that the strength and pay of the staff at the various Customs Houses should be examined with a view to economy. That is their recommendation. But they have not gone further to examine the question on its merits. We see from the figures that I have already quoted that the expenditure under the head "Customs" is going up very much from year to year and particularly on the non-voted side. But proportionately there has not been a rise in the income. We should like to know how, in what proportion and how long this increase will continue, whether it will ever stop, or whether it will be an ever-growing concern that will swell further from year to year just as the non-voted item has doubled and trebled itself in the course of two or three years. We have been asked during the last three years to meet deficits by paying extra taxations. As an ordinary tax-payer, I should like to demand an explanation. Though I may not touch this non-voted item, it is fair that I should demand an explanation from the Government as to why and how the expenditure under this head is going up out of all proportion and particularly I would ask the Member in charge to say as to why in Madras the non-voted item Rs. 42,600 in 1921 has gone up to Rs. 5,51,600 this year. This is unintelligible to me, Sir, and I think it is unintelligible as well to many of my colleagues. We should at least know why this non-voted item goes up every year. Then, Sir, allow me to give the reason for reduction that I propose. The Honourable the Finance Member appealed to us to make sacrifices by consenting to pay an extra tax. I suggest that instead of paying an extra tax, we would rather try to keep the expenditure up to a certain level that was in vogue in 1921. The reduction that I have proposed, namely, Rs. 11,31,564, is the figure, which if deducted, will give us the actual expenditure for 1921-22. So with these few words, I want to be enlightened by the Government as to the reason and nature of the enhancement of the non-voted item from year to year, where it will stop and in what proportion it grows,

and then I ask Government to cut this item to this extent, so that we can arrive at the figure that we had in 1921-22 and be saved from paying an extra tax.

The Honourable Mr. C. A. Innes: Sir, the first question asked by my Honourable friend related to the increase in non-votable expenditure in Madras. The answer to that question is simple. It will be found on page 2. The Honourable Member will see that since 1921-22 our assignments to Travancore and Cochin have increased from Rs. 2,87,000 to a budget provision of Rs. 5 lakhs. That increase is entirely beyond our control. It is due to the increase in the trade at Cochin port and the consequent increase in the receipts at Cochin port; and by the Inter-port Trade Commission of 1895 a proportion of those customs receipts has to go to the Native States of Cochin and Travancore. Sir, the House will see that this trade increase is entirely beyond our control. As regards the general suggestion that, in view of the financial stringency, we should cut our expenditure on the Customs Department down to a figure which obtained in 1921-22, I can only say that I hope that the House will do no such thing. The Honourable Member complained of our constantly increasing expenditure. Has he looked at the constantly increasing revenue? Does he realise that our revenue under the head Customs since 1921-22 has increased from 34 crores of rupees to an expected revenue of 45 crores in the coming year? This increase of revenue inevitably means a great increase of work of our Customs staff. Merchants tend to criticise appraisements more. It is matter of great importance to them. The Preventive Officers have more smuggling to deal with. Merchants generally are more keen about their rights and there is more correspondence, and where your customs revenue is increasing year after year, as our customs revenue is doing, it inevitably means a considerable increase of staff. After all we are collecting this very large revenue for the Government of India at a cost of 1·7 per cent., and I think the House will agree with me that that is not a very excessive cost. The Inchcape Committee has examined this and do cuts to recommend. It has suggested that we should inquire whether the staff cannot be reduced at the different Customs Houses. Naturally we shall take up that suggestion, but I should not be honest if I were to express any hope that we are likely to be able to reduce that staff. I do not mean to say that we shall begin the inquiry with a prejudice against it, but our experience shows that our customs officers are continually coming up to us pointing out grave breakdowns in their offices owing to increase of work and the inadequacy of staff. We have had more than one breakdown in more than one Customs House entirely owing to the inadequacy of staff. In these circumstances I hope that the House will not accept this reduction.

Mr. S. C. Shahani: Sir, I rise to point out that the figures that are given to us in these demands for grants do not show that our receipts go on increasing from year to year

The Honourable Mr. C. A. Innes: Page 296, Mr. Shahani.

Mr. S. C. Shahani: I see, Sir, that the total revenue in 1921-22 was Rs. 34·40 crores. In the year 1922-23 it was estimated at 45·41 crores, and actually amounted to 42·30 crores, but this is due to the revised schedule. If you will look into the figures for 1923-24 you will find that there has been a slight decrease.

The Honourable Sir Basil Blackett: That is compared with the estimate, not the actual.

Mr. S. C. Shahani: We are dealing now with the estimate. It is not estimated that the receipts will be larger, and yet, if you will look into the expenditure figures, you will find that the expenditure has increased from 70,01,000 to 76,28,000. Deduct from that 69,000 and it comes to Rs. 75,59,000. I find that the expenditure increased by 5,58,000. According to me there is no justification for this increase, especially when we have a deficit of 4½ crores. I would no doubt be inclined to reduce my cut of 8 lakhs to Rs. 5,58,000, but so far as the figure of 5,58,000 goes, I see absolutely no justification for this increase, and I am going to support it by reference to a few figures which have attracted my attention here in Demand No. 1. The Appraisers, Preventive Officers, clerks, etc., were shown at 265, and this number has increased to 269, and I find that quite a new provision has been made in respect to the entertainment of 3 Appraisers, 1 Auditor and 3 clerks in the Presidency of Madras. I find that in Bombay the rewards are estimated to increase from Rs. 36,400 to a lakh. This increase again, according to me, is unjustifiable. Coming to my own Province, I find that the number of Preventive Officers has been increased. I have made inquiries and I find that if we reduce the number by about 5, we would not in any manner suffer so far as our collections go. The Government have provided sergeants for a very careful scrutiny of the Harbour of Karachi and I understand that thefts are prevented by them, and also smuggling to a great extent. If this is so, the increase in the number of Inspectors and Preventive Officers here is also according to me unjustifiable. I have also to draw attention to one other thing, namely, that officers are being imported from the Revenue Department. I suppose that accounts for the deputation allowances from other departments. This custom of importing officers, to whom deputation allowances have to be given, I think ought to be discontinued. I have also to point out that the maximum pay of the Head Appraiser in Calcutta and in Bombay ought to be reduced, and the maximum pay that is allowed to the Appraisers in all Presidencies should be nearly the same. With these remarks, Sir, I resume my seat.

The Honourable Mr. C. A. Innes: Sir, may I ask if Mr. Shahani moved an amendment? Because the motion before the House is a reduction of 11 lakhs. I understood that Mr. Shahani only wished to reduce the figure to last year's figure.

Mr. S. C. Shahani: I want to reduce it to 5 lakhs.

Mr. President: The question is:

“That the demand under the head Customs be reduced by Rs. 11,31,564.”

The motion was negatived.

Mr. Manmohandas Ramji: Sir, I see that this demand under the head ‘Customs’ was passed in last year's budget for Rs. 60,49,000 in the voted portion. In the revised estimates, we find that it has come to Rs. 61,60,000. There is, therefore, an increase of Rs. 86,000 after allowing for exchange of Rs. 25,000, according to the revised estimates. Now, let us take the total, both votable and non-votable. The total, according to the revised estimates, is Rs. 70,01,000 and the total according to the budget estimate for 1922-23 after allowing for exchange at the revised estimate rate comes to Rs. 67,53,000. There is thus an increase of Rs. 2,48,000. Now, as against this, the demand before the House is

Rs. 66,17,000, which is an increase by Rs. 4,57,000 over the voted portion of the revised estimates for 1922-23, and, if we look at the total, which is Rs. 75,59,000, we find that the increase over the total of the revised estimate is Rs. 5,58,000, and that this total expenditure of Rs. 75,59,000 is Rs. 8,09,000 more than what we had originally budgeted for in March last year after allowing for exchange at the rate according to the revised estimate.

With regard, Sir, to a point raised by my friend here, the Honourable Mr. Shahani, that there is a proposal to increase the sum under Rewards. My view on this subject is that that system ought to be abolished and no rewards ought to be paid. That in itself works very hard and therefore it is a system which ought to be deprecated. Let us look at the Revenue, page 296. We find that there is not much difference between the Budget estimates for 1922-23 and 1923-24.

Mr. President: Order, order. I cannot allow this question to be referred to successively on every amendment that is moved. If Honourable Members desired to take part in the debate, they should have discussed it on the motion of Babu Braja Sundar Das.

Mr. Manmohandas Ramji. With these remarks, Sir, I move my amendment:

“That the demand under the head Customs be reduced by Rs. 4,00,000.”

The Honourable Mr. C. A. Innes: Sir, the increase in the budget for 1923-24 over the budget for 1922-23 is due to various miscellaneous items. There is an increase of Rs. 4,36,000 under the pay of establishments. Now, partly that is because we have had to make provision for Rs. 30,000 for 3 more Assistant Collectors. The reason why we have had to do that is that, so far, in the Imperial Customs Service, we have had no leave reserve at all. We have merely been allowed 3 probationers. The Public Services Commission recommended a proper leave reserve but for various reasons we postponed creating a leave reserve until we were absolutely compelled to do so. The House will see that a probationer makes a very bad form of leave reserve as, when a man is on probation he is not fitted to take charge of a branch of a Custom House. That has been passed, as all the new items of expenditure—I wish to emphasise that—have been passed by the Standing Finance Committee. Then there has been a certain augmentation of the preventive and ministerial staff in the various Custom Houses. They have been explained in the foot-notes to the demand. Let me take one. We have had to augment the preventive staff in the land customs in Madras, the reason being that we found that very large quantities of gold thread and matches were being smuggled across the land frontier from Pondicherry into Madras. The matter got so bad that people who imported in the ordinary course gold thread found that it no longer paid them to do it. Consequently, we have now increased the staff. Then again, we have made provision in the budget for one lakh for allowances for leave salaries in India. Last year this was not shown.

The next point that has been taken is about Rewards. Mr. Manmohandas Ramji complains that the reward system is a bad system. That may be so or it may not be so, but, especially when you have your customs rates as high as they are now, you do find dishonest merchants trying to evade the customs and you do find in practice that the practice of giving

[Mr. C. A. Innes.]

rewards does give an incentive to your Preventive Officers properly to discharge their duties. Some very bad cases of smuggling of feathers out of India against prohibition have recently been detected. Fines have been imposed amounting to over a lakh of rupees and there are many other cases of ordinary traffic. Under the Sea Customs Act, we are entitled to and we do give a proportion of these fines as rewards to the men.

I do not think I need go through all the items one by one. I need only say that each separate case of new expenditure has been placed before the Standing Finance Committee and has been passed by it. In addition to that, owing to the incremental system of pay which obtains in our Custom Houses, there must be some increase in the budget and as I said before, we are collecting a very large revenue out of a very small rise. I hope the House will not make this reduction.

Mr. N. M. Samarth (Bombay: Nominated Non-Official): Before we vote on this amendment, may I be permitted to ask what is really meant by the figures on page 3 of this revised schedule of demands supplied to us? On that page is given the statement comparing the budget estimates of civil expenditure for 1923-24 as now revised with the budget for 1922-23 and the reductions recommended therein by the Retrenchment Committee. Now, the second and third columns of that statement show that in regard to customs the budget figure for 1922-23 which the Retrenchment Committee took was Rs. 72,74,000 and the reduction recommended by the Retrenchment Committee therein was Rs. 47,000. Therefore, the recommendation of the Retrenchment Committee is that the figure of expenditure on Customs for the year 1923-24—if I am wrong I hope to be corrected—shall be Rs. 72,27,000. Now, take the budget figure for 1923-24 as given in the estimates presented on 1st March, namely, 77,19,000. Therein a further reduction on distribution of lump deduction is made of Rs. 69,000. And, thereafter, in the sixth column you get the figure as revised, namely, Rs. 76,50,000. Now, in the seventh column there is a figure—3,76, which is supposed to be the reduction made in the revised budget for 1923-24. Now, really it means that it is an addition to the figure for 1922-23 assumed by the Retrenchment Committee. I take it that the Retrenchment Committee—if there is any meaning in these figures—took the figures for the Budget of 1922-23 under Customs expenditure as Rs. 72,74,000. You then put in the Retrenchment Committee's reduction; only Rs. 47,000 out of this shall be deducted. Therefore they recommended that the budget expenditure for 1923-24 was to be reduced by Rs. 3,76,000. Instead of which, the real budget expenditure is Rs. 76,50,000 with the result that the expenditure is Rs. 4,23,000 over the figure recommended by the Retrenchment Committee. Am I right or am I not?

Mr. A. F. L. Brayne (Finance Department: Nominated Official): Sir, I may say that the Retrenchment Committee, when working on the figures for 1922-23, did not take into account various new expenditure which may have been given sanction to during the year. They merely worked on the estimate and unless they became aware that some new items had been given sanction to and new expenditure incurred they were not in a position to take these into account in estimating a reduction. For example, on the last page of their report they say that it is necessary to make provision for increments of incumbents of posts on time-scales; they had not got such estimates before them and they only worked on

the figures shown in the budget, but they left it to be understood that had other items been sanctioned or new expenses incurred for such matters as increments of salaries, those should be taken into account. Their intention was not as the Honourable Member supposes.

Rao Bahadur T. Rangachariar: But they were given a provisional budget also for 1923-24. I see there they refer to provisional budget figures being given to them for 1923-24.

The Honourable Sir Basil Blackett: In certain cases only, but not by any means in each case.

Mr. T. V. Seahagiri Ayyar: Why was it not done?

The Honourable Sir Basil Blackett: They were not ready.

Mr. N. M. Samarth: My point is this. Is it or is it not a fact that you have exceeded the recommendations of the Retrenchment Committee? And how many lakhs have you exceeded it by?

The Honourable Sir Basil Blackett: Had the Honourable Member been present at the beginning of the Session he would have heard my explanation of it. We are speaking at the moment of the Customs head alone. If it is the Customs head alone that the Honourable Member is speaking of, then it is perfectly true that as compared with the total budget figure of 72.74 last year, the budget figure for this year is 76½, and the difference, reduction or increase which is shown in the last column, is in this case shown by a minus, that is to say, it is an increase over the figure as it appeared on the figures that were in the Inchcape Committee Report. But as has already been explained by Mr. Brayne, the Inchcape Committee had not and could not have before them the exact budget figures for 1923-24; we were working *pari passu* with them all through the last three months, but the budget figures which have gone into our estimates were only ready a week or fortnight at the most before the date on which I had to present the budget. The difference of 376 lakhs in this case is an increase as compared with the figures as they left the Retrenchment Committee. But as has already been explained by Mr. Innes, nothing was included for the increments; nothing was included for the additional inspectors whose appointment was sanctioned by the Finance Committee and has been proved to be necessary, and the Inchcape Committee very carefully guarded themselves against saying that the budget figure of 1922-23, *plus* or *minus* their recommendation for retrenchment or increase was to be the budget figure for 1923-24; they did not say that and they did not mean it. In this case the increase of 3 lakhs has been fully explained by Mr. Innes as being necessitated by special increases required in order to collect revenue. If the Honourable Member will kindly look down this sheet, he will see there is a *minus* quantity in this case and under Taxes on Income and under Opium; and broadly speaking in all the other cases where there is a *minus* figure it will be at once explained; but in the other cases there is a very big reduction, and as compared with the total figures 14,769.53 that left the Retrenchment Committee—who have recommended a reduction of 9 crores, we have been able to effect a reduction of just over 7 crores, that is to say, a little less than 2 crores less than the figures that they gave.

Mr. W. M. Hussanally: Sir, there is one point that I should like to be a little further explained, and that is, that all the items of new expenditure sanctioned by the Standing Finance Committee were subject to the

[Mr. W. M. Hussanally.]

approval of the Retrenchment Committee and the question that now arises is whether all these items of new expenditure were submitted to the Retrenchment Committee and whether they were approved of by them. If these items of new expenditure were not subjected to the scrutiny of the Retrenchment Committee, then I say there is no reason why these new items of expenditure should be included in the budget. That proviso was specially made by the Standing Finance Committee, in all items of new expenditure sanctioned by them, and if these new items of expenditure have not been approved by the Retrenchment Committee, I think they ought to be taken off.

Mr. B. A. Spence: Sir, is not the greater part of this excess of 3.76 lakhs accounted for by this excess payment to Travancore and Cochin States—a non-votable item? (*Cries of 'No'*) If Honourable Members will look at the figures they would not perhaps say 'No.' They will see that the figures for payment of compensation to Travancore and Cochin States have gone up by Rs. 2,70,000, and that has been explained by the Honourable Commerce Member as being payment made over to Travancore and Cochin States for services rendered and therefore under contract and therefore the budget has not gone up over the Inchcape figures. I take it that is how it has gone up, anyhow by Rs. 2,70,000.

Mr. Jannadas Dwarkadas: Sir, such increase in the expenditure raises what I consider a very important issue for this Assembly to decide. Here you have a recommendation made by the Retrenchment Committee, that Rs. 47,000 be reduced out of the budget estimate of 1922-23, which means that the Retrenchment Committee thought that the budget estimate of 1922-23 was too much, was in excess by Rs. 47,000 over the required figure. Well, instead of a reduction now we find that the Government proposes to increase the expenditure by about Rs. 4 lakhs. The issue now before the Assembly is this: the Retrenchment Committee having proposed a reduction, would the Government be justified at this stage in this year in bringing proposals for increased expenditure? If we allow that in this case, it would only mean that next year we shall have all kinds of new proposals made by Government under all items, saying that the Retrenchment Committee could not go into the circumstances that arose in the year 1923 and therefore the proposed increase is due to the fact that the Retrenchment Committee was not able to consider those circumstances. Here the Retrenchment Committee has made its report and as my Honourable friend Mr. Hussanally pointed out the Standing Finance Committee whose authority has been quoted made it a special condition that the grant was subject to the approval of the Retrenchment Committee. (*Mr. N. M. Samarth:* "All their recommendations.") If we give in on this question, we shall not only be going, as I take it, against the wishes of the Retrenchment Committee for reduction, but we shall be involving the House further in sanctioning certain proposals for increased expenditure which in the interests of retrenchment we are not called upon to do. I therefore support my Honourable friend Mr. Manmohandas Ramji's motion.

The Honourable Mr. C. A. Innes: Sir, I should just like to clear up certain misapprehensions which have arisen owing to the intervention of my friend, Mr. Samarth. It has been suggested that the Inchcape Committee expressly passed the Customs budget for 72.74 lakhs subject to a reduction of Rs. 47,000 on account of the pay of the Commissioner in

Bombay. Now, let me take the first point about the pay of the Commissioner in Bombay. That recommendation of the Inchcape Committee for reduction of that amount is contingent upon the appointment of a Controller General of Customs. If we appoint a Controller General of Customs we shall be able to oust the local Governments from the administration of customs and then we should be able to save that amount of Rs. 47,000 under the pay of the Commissioner. Well, we have still got to create the post of the Controller-General and until we do so we must have somebody in Bombay to hear appeals against decisions of collectors in customs cases. Therefore that proposal to reduce Rs. 47,000 cannot for the moment be given effect to.

Now, the next point I wish to make is this. The Inchcape Committee asked us for our budget figures for 1922-23; we sent them and they worked upon those figures; but I deny altogether that their report is meant to be interpreted as passing our budget for this year on the figure of last year. Now, what have we done? The new items entered in our budget for 1923-24 are shown in big black ink in this budget; they amount to Rs. 39,000 only.

The only other increases which appear in the Budget are on account of proposals sanctioned in our last Budget or by the Standing Finance Committee between the last Budget and the September meeting, and they were sanctioned by the Assembly during the demand for Supplementary Grants. There are no new proposals—this is the point I wish to make—there are no new proposals in this Budget other than those shown in big print in the Budget. One is the pay of the three Assistant Collectors. Now it is perfectly true, as Mr. Hussanally has said, the Standing Finance Committee passed that proposal regarding the provision of Rs. 30,000 for three Assistant Collectors subject to reconsideration in the light of the Retrenchment Committee's recommendations. The Standing Finance Committee did not suggest that that proposal should be placed before the Inchcape Committee; nor could the Inchcape Committee have dealt with individual items of this kind. The only reservation the Standing Finance Committee made was that that proposal might require reconsideration in the light of the Inchcape Committee's Report. Now you have got the Inchcape Committee's Report here. Is there any charge against the Customs Department of extravagance? Is there any charge against us that we made greater provision than is necessary? Not at all. Absolutely nothing of the sort. And I have already given an independent explanation and justification for that extra demand of Rs. 30,000. We cannot go on as we are doing now with a leave reserve on a service of 25 officers of only three probationers. The usual leave reserve in any Government Department is 30 per cent. We have now got in the Customs Department a leave reserve of only 15 per cent. or so with the result that when our officers go on leave we cannot man the Department properly.

The other item is the entertainment of 3 Appraisers, 1 Auditor and 3 Clerks in Madras. That is due to the new system adopted in regard to the assessment to custom duty of registered letters and parcels coming from England. Formerly the English Post Office used to prepare a way-bill. That way-bill came out a week before the letters and parcels. The valuations were worked out on that way-bill and the whole thing was done in Bombay. Now the British Post Office have refused to go on with that system unless we pay £5,000, and we have had to adopt another system. Part of the system is the decentralisation to Madras of their own assessing work. That has necessitated the small increase of establishment.

[Mr. C. A. Innes.]

The only other item is the revision of the pay of the Chemical Examiner's Laboratory Assistants in Bengal. That is simply because with the existing sanctioned pay we cannot keep the Laboratory Assistants: they are tempted away to other posts.

Now what I have tried to make out is this. It is not right that the House should think that the Incheape Committee passed the Budget for the following year. All they did was they examined our Budget for the current year and they said they had no recommendations to make. We now put up a Budget before you which shows certain new items—they are printed in black letters—and it shows the effect of certain new proposals already sanctioned by the Assembly—sanctioned, that is, by the Standing Finance Committee, for which Supplementary grants have been given by the Assembly in September. That being so, I hope the House will not accept this recommendation to reduce the Budget by 4 lakhs of rupees.

Mr. T. E. Moir (Madras: Nominated Official): Sir, my only justification for intervening is that for part of the period, at any rate, to which this additional expenditure relates I served as Chairman of the Standing Finance Committee. Unfortunately I have not with me a copy of the document to which the Honourable Member for Commerce and Industry referred which declared our intentions as regards the items of expenditure which we had passed in their relation to the recommendations of the Retrenchment Committee. There has been a certain looseness of phraseology regarding our intentions. As far as I remember, and as far as I am able to gather from the proceedings of the Standing Finance Committee, we never used the phrase "subject to the approval of the Retrenchment Committee". Our expression throughout was "subject to the recommendation of" or some such phrase; and I think the other Honourable Members of that Committee will bear me out when I say that our intention was that the mere fact that we passed a particular item of expenditure was no justification for the Government undertaking that expenditure if, in doing so, they ran counter to the recommendations of the Retrenchment Committee. (An Honourable Member: "Quite so.") I am unable myself to say whether in any item in connection with the expenditure on Customs the Government have contravened that intention and understanding; but I am perfectly ready to accept the assurance of the Honourable Member for Commerce and Industry that in no case has that understanding been contravened. I hope that these few remarks will clear up the point about our recommendations so far as the Standing Finance Committee is concerned.

If I might add one more word; if I am in order, may I say that the attitude in which the Standing Finance Committee regarded all recommendations in respect of increase of expenditure in revenue producing departments was that they examined every recommendation most closely and in every case they satisfied themselves before giving their assent to such expenditure being included in the Budget that it was essential in the interests of revenue. That was a commonsense standpoint to take and it was with reference to that consideration that they scrutinised every item throughout.

Mr. N. M. Joshi (and other Honourable Members): I move that the question be now put.

Mr. President: The question is that the question be put.

The motion was adopted.

Mr. President: The original question was :

“ That a sum not exceeding Rs. 66,17,000 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, 1924, in respect of ‘ Customs ’.”

Since which an amendment has been moved :

“ That the Demand under the head ‘ Customs ’ be reduced by Rs. 4 lakhs.”

The question I have to put is that that reduction be made.

The Assembly divided :

AYES—52.

Abdul Majid, Sheikh.
Abdulla, Mr. S. M.
Agarwala, Lala Girdharilal.
Ahmed, Mr. K.
Asjad-ul-lah, Maulvi Miyan.
Ayyangar, Mr. M. G. M.
Ayyar, Mr. T. V. Seshagiri.
Bagde, Mr. K. G.
Barua, Mr. D. C.
Basu, Mr. J. N.
Bhanja Deo, Raja R. N.
Bhargava, Pandit J. L.
Bishambhar Nath, Mr.
Chaudhuri, Mr. J.
Dalal, Sardar B. A.
Das, Babu B. S.
F. Khan, Mr. M.
Ginwala, Mr. P. P.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hussanally, Mr. W. M.
Iwar Saran, Munshi.
Jamnadas Dwarkadas, Mr.
Jatkar, Mr. B. H. R.
Joshi, Mr. N. M.

Kamat, Mr. B. S.
Lakshmi Narayan Lal, Mr.
Latthe, Mr. A. B.
Mahadeo Prasad, Munshi.
Mudaliar, Mr. S.
Mukherjee, Mr. T. P.
Nag, Mr. G. C.
Nand Lal, Dr.
Neogy, Mr. K. C.
Pyari Lal, Mr.
Ramayya Pantulu, Mr. J.
Ramji, Mr. Manmohandas.
Rangachariar, Mr. T.
Reddi, Mr. M. K.
Samarth, Mr. N. M.
Sarfaraz Hussain Khan, Mr.
Savvadhiary, Sir Deva Prasad.
Shahani, Mr. S. C.
Singh, Babu B. P.
Sinha, Babu Ambica Prasad.
Sinha, Babu L. P.
Sinha, Beohar Raghurir.
Srinivasa Rao, Mr. P. V.
Ujagar Singh, Baba Bedi.
Venkatapatiraju, Mr. B.
Vishindas, Mr. H.

NOES—51.

Abdul Quadir, Maulvi.
Abdul Rahim Khan, Mr. .
Abdul Rahman, Munshi.
Abul Kasem, Maulvi.
Achariyar, Rao Bahadur P. T.
Srinivasa.
Aiyar, Mr. A. V. V.
Aiyer, Sir P. S. Sivaswamy.
Akram Hussain, Prince A. M. M.
Allen, Mr. B. C.
Amjad Ali, Maulvi.
Blackett, Sir Basil.
Bradley-Birt, Mr. F. B.
Brayne, Mr. A. F. L.
Bridge, Mr. G.
Burdon, Mr. E.
Cabell, Mr. W. H. L.
Chatterjee, Mr. A. C.
Clark, Mr. G. S.
Cotelingam, Mr. J. P.
Crookshank, Sir Sydney.
Faridoonji, Mr. R.
Gajjan Singh Sardar Bahadur.
Gidney, Lieut.-Col. H. A. J.
Haigh, Mr. P. B.
Hailey, the Honourable Sir Malcolm.

Hindley, Mr. C. D. M.
Holme, Mr. H. E.
Hullah, Mr. J.
Ikramullah Khan, Raja Mohd.
Innes, the Honourable Mr. C. A.
Jamall, Mr. A. O.
Ley, Mr. A. H.
Lindsay, Mr. Darcy.
Mitter, Mr. K. N.
Moir, Mr. I. E.
Muhammad Hussain, Mr. T.
Muhammad Ismail, Mr. S.
Mukherjee, Mr. J. N.
Nayar, Mr. K. M.
Percival, Mr. P. E.
Rhodes, Sir Campbell.
Sams, Mr. H. A.
Schamnad, Mr. Mahmood.
Shahab-ud-Din, Chaudhri.
Singh, Mr. S. N.
Sircar, Mr. N. C.
Spence, Mr. R. A.
Stanyon, Col. Sir Henry.
Townsend, Mr. C. A. H.
Webb, Sir Montagu.
Willson, Mr. W. S. J.

The motion was adopted.

The Honourable Sir Basil Blackett: Sir, I should like to make it perfectly clear that a reduction of this sort in expenditure could not be taken into account so as to reduce our budget deficit, because it is one which I cannot possibly regard as in any way reducing the deficit as it stands at present. If I was really expected to make that reduction, I should have to take at least a crore from my estimate for revenue. From the point of view, therefore, of the deficit, the whole still remains to be covered, and I myself cannot regard that as a real cut and therefore it does not affect the amount of the deficit remaining to be covered.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 62,17,000 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, 1924, in respect of 'Customs'."

The motion was adopted.

The Assembly then adjourned for Lunch till Twenty Minutes Past Three of the Clock.

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

TAXES ON INCOME.

The Honourable Sir Basil Blackett: Sir, I beg to move:

"That a sum not exceeding Rs. 58,93,000 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, 1924, in respect of 'Taxes on Income'."

Rao Bahadur T. Rangachariar: Sir, I beg to move:

"That the provision for Re-organisation of Income-tax Officers under the head 'Taxes on Income' be reduced by Rs. 2,00,000."

Honourable Members will notice from page 3 of the memorandum circulated to us that the Retrenchment Committee did not propose any reduction over the Budget figure of 1922-23 under the head 'Taxes on Income.' It stood at 47.01 lakhs. As Honourable Members will notice from column 6 the demand is now 63.79 lakhs. There is an increase therefore of over 16 lakhs over what the Retrenchment Committee said they would not reduce. In fact, all this extra expenditure is due to the re-organisation of the Department in the various provinces. I do not deny that there is necessity for re-organisation. But I do deny that there is necessity for so much pace in the re-organisation scheme. We can get on with the existing arrangements in several places. It is only in important places, in cities where you have got large income-tax amounts to deal with, that these re-organisations may be necessary and be given effect to. But in other places the old arrangement may last. Therefore, while I recognise the necessity for re-organisation, I think we may safely reduce the expenditure by Rs. 2 lakhs. If Honourable Members will turn to page 10 onwards they will notice that in Madras a provision for re-organisation of the Income-tax staff of Rs. 58,000 is provided. On page 11, in the Bombay Presidency, the re-organisation costs about Rs. 3,50,000, and similarly also, in Burma there is a provision of Rs. 1,25,000 on page 18. There are

several other provisions which are scattered here and there. I will not go in for the whole of the re-organisation scheme, but I do think that here there is room for reduction. Honourable Members will also remember that in the year 1921-22 our expenditure was only 23-05 lakhs and what we voted for last year was only 45-31 lakhs as against a proposed demand of Rs. 47-55 lakhs. What they now want is nearly 40 lakhs over the 1921-22 figures and nearly about 17 lakhs over the demand for last year and nearly 18 lakhs over what we granted last year. I propose only a reduction of Rs. 2 lakhs. I therefore commend this modest proposal for the acceptance of the Government and of the House.

Mr. A. V. V. Aiyar: Sir, the Honourable Mr. Bangachariar has in making this motion conceded that it is desirable to proceed with the scheme of re-organisation. That point will no doubt be referred to again by other Honourable Members, and as they may not concede the point so readily, I will make a few remarks about the desirability of going on with this scheme as rapidly as possible. In dealing with this demand in the last two years the Honourable Sir Malcolm Hailey has stated to the House the reasons for going on with the scheme. He claimed that improvement in the Income-tax administration results in just assessments and that it brings into assessment a very large number of people who have hitherto escaped assessment. I will just cite one instance where the improvement in machinery has brought in an increased revenue. There are 20 districts in Bihar and Orissa where we shall ultimately have to employ a special staff for income-tax collection. In 6 districts a special whole-time staff was entertained in the year 1921-22 and in 5 districts a special staff has been entertained only from the beginning of January 1923, while in the remaining 9 districts no special staff has yet been entertained. In those 6 districts the number of assesses increased from 3,484 in 1921-22 to 3,831 in 1922-23 and the tax increased from Rs. 19,82,000 to Rs. 33,70,000, while in the 9 districts in which no special staff has yet been entertained the number of assesses increased only from 2,500 to 2,527 and the tax from Rs. 6,58,000 to Rs. 7,92,000. I think, Sir, these figures show conclusively the desirability of proceeding apace with this re-organisation. Sir, we have provided in the Budget for the extent to which we hope to be able to effect re-organisation. But I quite concede that it may not be possible to give effect to our re-organisation to that extent and that there may be some savings. I will show to the House that those savings are required for a definite purpose. As the House is aware, Income-tax was a divided head of revenue before the reforms. The Local Governments then collected the tax for us. They took half the tax under the division of revenue then in force and paid in full for the establishment. Since the reforms income-tax has become a Central subject. We have not got our staff throughout all the provinces and we have to leave the collection to the provinces. They can now only act as our agents and they expect payment for the services which they rendered to us. This question of payment was raised first immediately after the reforms and it has since been in continual discussion with the Local Governments. We discussed the matter on the last occasion at the Conference which was held in Simla in May last with the representatives of the different provinces. It was then decided that the Government of India should work out some formula for determining the remuneration to be paid to the Local Governments and refer it for the opinion of the Local Governments concerned. The matter is still under consideration and we have not come to any final conclusion with the provinces but we have put to them certain definite proposals. We have our

[Mr. A. V. V. Aiyar.]

own Central Government's income-tax staff in the bigger cities and the task of collection is left to the provinces mainly in the case of the rural areas. We find from an examination of the cost of collection in the rural areas where we have got our own staff that the cost of establishment in the rural areas is roughly ten per cent. of the revenue collected. We have made a suggestion to the Local Governments that they should accept from us for the services they render to us payment on that basis. The figures from one of the Local Governments which I have before me show that while we consider this offer very liberal the Local Governments are not of that opinion. As a matter of fact, they are asking for a very much higher percentage of the revenue collected. It follows, Sir, from what I have said that we have a definite payment to make to the Local Governments for the collection of revenue in areas where we have not got our own staff. We have made a certain amount of provision for the expansion of the Central Government's staff in the provinces. If we are not able to carry out that scheme to the extent to which we anticipate, it only follows that we should pay to the Local Governments a larger sum in respect of the areas where we expected to introduce the Central Government's staff but where we have not been able to do it. We have made a provision of Rs. 9 lakhs in the budget for next year on account of payments to the Local Governments, but if we are unable to introduce the Central Government's staff to a larger extent than now anticipated, the result will be that we will have to increase the payments to the Local Governments to a corresponding extent or to be more correct, to a larger extent, as the rate at which they require payment from us is larger than 10 per cent. (*A Voice*: "How much are they asking?") I have not got detailed figures for all the provinces but I will give them for one province if you like. I have got figures for the Madras Presidency. The total cost of the whole scheme sanctioned for the Madras Presidency, that is, the scheme for the introduction of the Central Government's staff throughout the Presidency amounts to Rs. 8 lakhs, while the cost of the staff at present entertained amounts to Rs. 6 lakhs. The Government of Madras have asked the Government of India for a payment of Rs. 6 lakhs on account of work done by their officers, that is to say, for a payment of Rs. 4 lakhs in excess of the expenditure which will devolve on the Central Government if the scheme for re-organisation is introduced throughout that province. That shows the difficulties in coming to a settlement with the Local Governments. My point is that in the first place it is desirable to introduce this re-organisation and to employ the Central Government's own staff as rapidly as possible in the provinces and in the second place, that to the extent to which we are unable to do so we have only to make an increased payment to the Local Governments. I hope I have satisfied the House that there is no room for any reduction in this total demand because while we admit that there will be some saving in the provision for re-organisation, the amounts are required for a definite purpose. But if the House decides to make a reduction, we will expect the House to indicate how they would make that reduction, and how they would wish us to meet the demands from the Local Governments.

Mr. J. Ramayya Pantulu (Godavari cum Kistna: Non-Muhammadan Rural): I am glad that my Honourable friend Mr. Rangachariar takes the view he has taken to-day of the special establishment for collecting income-tax. If I remember aright, during the discussion on the Income-tax Bill he hailed the prospect of the income-tax work being, after all,

taken away from those great sinners, the revenue officials. But I now see he is himself afraid that the pace at which this separate establishment is being increased is rather too fast. It seems to me, Sir, that a separate establishment for income-tax work is likely to lead to one of two evil results and I want Government to take steps to avoid those consequences. One is that the establishment may become bloated and eat up a good portion of the revenue it produces. On the other hand, it may try to justify its existence by increasing the revenue by over-assessments. Both these alternatives are very bad and I hope Government will take steps to see that neither of these consequences happens. In this connection I wish to suggest to Government the advisability of re-introducing in the Income-tax Act a provision for the composition of income-tax which existed in the old Act. A provision like that will, to some extent, reduce the work of the Department and may result in some saving under the establishment charges.

Dr. Nand Lal: Speaking for myself, I am of opinion that the old system was less expensive and was more convenient for the assesseees. I find from a survey of the past years that the expenditure so far as the Income-tax Department goes, has been increasing, and this year's budget demand is decidedly very heavy. You will be surprised to see the increase which we have been witnessing on the expenditure side so far as the collection of income-tax goes. In 1911-12 the whole expenditure was Rs. 4 lakhs only. In 1912-13 it rose to Rs. 8 lakhs. In 1920-21 it again rose to Rs. 11 lakhs. In 1921-22 it rose to Rs. 28 lakhs and for the current year the demand was for Rs. 44,80,000 and for the coming year it is much more. If we take an account of the collection the result of our analysis is very discouraging. It has not been proved by making a reference to the various provinces that on the whole this new organisation has helped us in collecting more irrespective of the increase in rates. The result is otherwise. Take the case of Bengal. The Honourable the Finance Member I think will have to concede this point that the collection in that province has been much less than it was expected. Take the case of the Punjab. Of course, so far as the Madras Presidency is concerned, there has been some increase, but one province is not sufficient to be taken as a criterion. Therefore, so far as the revenue side is concerned, we have not profited very much. There are other phases of it, the convenience and comfort of the assesseees. There has been a number of complaints that this department is not properly managed. Assesseees are summoned to produce their books and registers on a specific day, without knowing how many registers and accounts will be examined and irrespective of the convenience and comfort of respectable assesseees. What is the result? By the end of the day four or five registers have been examined. The other assesseees shall have to go back after they have been detained for more than five hours or six hours in some cases. It gives rise to a great amount of discontent. Though the intention of the Government is good that this department may be separated from the old system which was being run by each Local Government separately, experience shows that it has not added to the convenience of the public. Perhaps it may be urged on behalf of Government that your own argument establishes that the Government wants more employees, more examiners to see the registers. In reply to that I may submit that the staff which has been given to the collectors or assessors is more than sufficient. In any case it is more in strength than it used to be under the old system. Now there are Assistant Commissioners and a number

[Dr. Nand Lal.]

of collectors. A collector is put in charge of one district and then sometimes two collectors are deputed in some big towns, as for instance, Lahore has got two collectors. Then there are so many inspectors. So the strength of the establishment is greater than it used to be. There is a third phase of it. It is extremely difficult to see who is responsible for this inconvenience and discomfort. I have been told by very responsible men one of whom put a question in the Punjab Legislative Council complaining against the management of the income-tax department. The reply which was given to that gentleman was that this is a Central subject. I myself put some questions and I was told that the question should be put in the Provincial Council. So the assesses do not know where to go and lodge a complaint and get their grievances redressed. I submit that there is a great amount of dissatisfaction and discontent on account of the duplication of this management. So therefore the suggestion which has been offered by my learned friend Mr. Rangachariar, I do not think, will meet the need. Therefore I feel forced to say that the old system should be resorted to. The reorganisation will not prove paying to us, nor will it ameliorate the conditions to which a good many assesses have been subjected. With these few remarks I support the reduction and resume my seat. *

Dr. H. S. Gour: Income-tax is a direct tax, and all direct taxes are odious, but when we deal with this income-tax it becomes doubly odious by reason of the fact that a regular Star Chamber inquisition has been ordered since the reorganisation of this department. Accounts books are ransacked, pages after pages turned over and when the accounts are properly kept and produced before the income-tax inspectors they are only inspected to be rejected and an arbitrary assessment made upon the assesses. I entirely endorse the remarks made by the last speaker that the assessment of the income-tax in this country has been a fruitful source of widespread discontent, and I think this House certainly would not be justified in lending its assistance to the reinforcement of a department which has certainly not justified itself during its short career. (*Mr. R. A. Spence: "No."*) I shall very briefly point out to the Honourable Member who cries 'No.' He has probably no sufficient experience of the assessment. I shall briefly point out to the House that the incidence of charges on the realisation of income-tax has been steadily growing. In my budget speech I gave the figures to the House. It was originally 1 per cent. and has now gone up to 3.5 per cent. What is the justification for this great rise? The occupants of the Treasury Benches have not justified this great rise. Only a few minutes ago the Honourable Member for Commerce and Industry justified the Customs Department by saying that the incidence of charges of collection was in the neighbourhood of 1½ per cent. If that be the standard of collection, I submit the income-tax collection charges which come to 3.5 per cent. are excessive and there comes a time when I think the assesses must protest against the kind of inquiries made, the delay occasioned and the general dissatisfaction caused by the mode and manner in which the income-tax is assessed in this country. My friend Mr. Aiyar says that the income-tax administration has to be strengthened because we shall get more money from the people. Surely, Sir, that is not the sole purpose of strengthening the income-tax administration. The object of increasing or revising income-tax administration is to make an equitable assessment

and the question therefore is whether the reorganisation of the income-tax department has been conducive to the more equitable assessment of this tax. On that point Honourable Members on this side of the House join issue with the occupants of the Treasury Benches. We say that a very large increase which has been made in the administrative departments of income tax during the last two or three years, and which is proposed to be made during the ensuing Budget year, is not justifiable and has not been justified in the past. Reference has been made by my friend to certain rural areas. I do not know what income-tax is collected from the inhabitants of the rural areas, and how we shall stand if we were to centralise the collection in the rural areas rather than leave its collection to the Provincial Governments. Those are the facts upon which my friend Mr. Aiyar has been studiously silent, and unless we were given the figures as to what we stand to gain by having a central organisation for the collection of income-tax from these rural areas, we would not be justified in voting away the people's money for the purpose of paying the income-tax collectors and inspectors. Then, Sir, it has been said by my friend that in Bihar and Orissa where they were formerly collecting 19 lakhs of rupees they are now in a position to collect 33 lakhs of rupees. But I ask, at what cost? My friends here will be soon translated to the Olympian heights of Simla, but we have to go down to our constituencies. We mix with the people; we ask them what their difficulties are and we are told that ever since we have taken office this tax has been increased year by year; the inquisition has become more and more oppressive to the taxpayer; the account-books which the people keep never satisfy the inspectors, and even the accounts of the very best accountants are rejected by the inspectors only to make assessments at a fancy figure. This, I submit, is the grievance of the people against which this House must rally to the support of the Mover of this amendment. I support it.

Captain E. V. Sassoon (Bombay Millowners Association: Indian Commerce): Sir, I think this House quite realizes that when you increase direct taxation like the income tax you are liable to make the desire to evade it stronger. Those of us here, I mean all the Members of this House, no doubt disclose our true incomes and pay our proper dues to the Government. Therefore it is to our advantage that others who may not so honestly put forward their complete incomes should be brought to book. (Hear, hear.) I therefore think that we are all agreed that we want to give all the help that is necessary to Government to get the right amount of income from this direct taxation. But I must join issue with the Government when it comes to the question of the charges of the cost of collection against the amount that is received. Mr. Aiyar mentioned that 10 per cent. was offered to the Provincial Governments. I made an interjection and asked how much the Provincial Governments had offered to do the work for. It may be due to my lack of intelligence but all I understood was that instead of an outlay of 6 lakhs by the Central Government the Madras Government offered to do something for 6 lakhs. That, as I have said, may be due to my lack of intelligence; but I was expecting to get percentages. I was . . .

Mr. A. V. V. Aiyar: What I said was that the Madras Government wanted 12 lakhs for a work which the Central Government could have done for 8 lakhs.

Captain E. V. Sassoon: Well, I cannot compare horses with donkeys. Mr. Aiyar told us that we offered them 10 per cent. I would like to have

[Captain E. V. Sassoon.]

something to compare that with. Perhaps Mr. Aiyar or some other occupant of the Treasury Bench will give the information. What I am interested in knowing is this. I see that something like 17 lakhs of extra expenditure is required by the Government for extra collection. Are we going to receive this 1,70 lakhs revenue through this expenditure of 17 lakhs, or what are we to expect to get therefrom? That seems to me to be the real point at issue. If the Treasury Bench can prove that we are going to get a really justifiable return for this expenditure, I for one will support it. But if we are simply going to spend this money without getting a proper return for it, then I am not at all certain that I will not support Mr. Rangachariar, not because I oppose the reorganization of the Revenue Department, but because the subject has not been put before this House in a clear and definite manner which would enable us to understand it. Therefore I do hope, Sir, that we will get some definite, lucid statement from the Treasury Bench showing us what we may expect to get in return for the 17 lakhs we are asked to spend on this Revenue Department.

Maulvi Abul Kasem (Dacca Division: Muhammadan Rural): Sir, the Honourable Mr. Rangachariar in making his motion clearly stated that he acknowledged that there was a need for the reorganization of the Income-tax Department, but he brought the issue within the narrow limit of whether the cost this House was asked to sanction was absolutely necessary for that reorganization. It has been said by the Honourable Mr. Aiyar that by spending this larger amount we can get more money and do get more money, and some figures were quoted. But may I ask whether, because a larger amount of income-tax was collected in a particular year, it was due to the rise in the income of the people in that year or due to the additional taxation I mean in the rate of income-tax or entirely to the ability and energy of the income-tax officers themselves? I will not, Sir, go into the question of the hardships which are felt by the assesseees. Dr. Gour has dealt with it. But I want to know, Sir, why it is that in maintaining a staff of income-tax officers we pay such generous salaries and emoluments? I have no experience of any other province, but in Bengal I know that when these income-tax officers were being appointed advertisements were published in the papers calling for applications; and for about 62 appointments something like 15,000 applications came in. From my personal knowledge I can say that the men recruited from the Provincial Service were given a much higher pay than they received in their service. Am I to understand, Sir, that the work of the Provincial Service, I mean Deputy Collectors, etc., who have to deal with both judicial and executive work, is less arduous or requires less of what has been termed character, integrity and education than the work of income-tax officer? If not, why is it that an income-tax officer is paid at a higher rate than a Deputy Collector or a judicial officer like a Munsiff? If we can get Munsiffs and Deputy Collectors on a particular scale of pay, how is it that we cannot get the same class of officers as Income-tax Officers? Therefore I think, Sir, that the Income-tax Department is not only too generous in the matter of salaries, but in many cases extravagant. For instance, Sir, in the city of Calcutta the Collector of Calcutta was the Collector of Income-tax, Excise and Land Revenue. Now that officer has been relieved of his work of income-tax collecting which has been placed under an official designated a Commissioner of Income-tax, and he is, I believe, paid a very good salary. —I do not know the figure, but a very good salary. But may

I ask, could not that very officer be secured for a much smaller salary than he is now receiving? If he was working as the Collector of a District or as a District Judge he would get much less pay than he is getting as Commissioner of Income-tax. I could understand if it was necessary to get a very senior member of the service that he would have to get his grade pay—a high pay. But if you can do the work with a junior member of the Indian Civil Service why not pay him at the rate he would get in the ordinary cadre? As regards the statement made by Mr. Aiyar that the efficiency of the staff is to be judged by the amount of money collected, I would agree with him if these assessments made by them were subject to any judicial investigation or to a non-official board which examined his assessment and examined the case of the assessee as well. But the facts are that the Income-tax officers assesses an assessee, and if the assessment is not agreed to an appeal is made to his immediate superior who also is an Income-tax official and there the matter stands. So naturally there is not much credit due to the staff for collecting the larger amount of income-tax. I think that the expenditure in this Department is not only on a generous scale but has been spent extravagantly. I therefore support the motion of my friend Mr. Rangachariar.

Mr. R. A. Spence: Sir, I wonder in my heart whether I approve or disapprove of a motion to cut the Income-tax Department. I wonder whether it is going to do my pocket any good. Personally I am afraid it is not, because my money is collected in an easy way. As Dr. Gour stated, we want equitable assessments, and in order to get equitable assessments, it is necessary that we should have assessments, collecting from everybody who is due to pay income-tax, and it is because of the difficulty of doing that that we have to have this heavy expenditure on income-tax. We have had a very interesting electioneering speech from Dr. Gour in this matter. He seems to assume that it is as easy to collect income-tax as it is to collect the customs duty, and therefore he thinks that the charges necessary for collecting income-tax should be in the same proportion as the charges necessary for collecting the customs. Well, if he would make the collection of income-tax as easy as the collection of customs duties, I would join with him in pressing for a reduction of this demand. Dr. Gour says that by passing this we are voting away the people's money. Well, Sir, I think that if we do not spend money on this Department, we are also voting away the people's money, and in this case we are voting away the people's money that would be coming in to the State. There were some interesting figures given by Captain Sassoon. I think he seems to forget the maxim that when business is bad, it is occasionally necessary to spend a little more money in order to increase one's business or to prevent one's business going away. Well, anyhow the more you spend, the more apparently you get, but if you are going to look at figures from that point of view and merely calculate on the amount of money you spend, and not take other things into consideration, it is not right. Just look at the case of Bombay. Poor Bombay spends more money on income-tax than any other part of India, but she does give Government something for it. (Mr. N. M. Samarth: "The whole of it practically.") She spends Rs. 14,79,000 on this head, and she gets in Rs. 6 crores 80 lakhs, whereas Bengal, true, only spends half the amount Bombay does, but she is two crores of rupees down. I do not think that Captain Sassoon's argument holds good. The reason that we are not getting the same amount of income-tax that we got last year or the year before is palpable to him, I should say, as it is to me and various other people. We are

[Mr. R. A. Spence.]

not making the same amount of money that we made before. Well, I think unless we spend this amount of money in the Budget, we shall not get in as much income-tax as we were doing. My Honourable friend, Maulvi Abul Kasem, referred to the generous salaries paid to the people in the Income-Tax Department. Well, I do not want to cast a slur on anybody either to cast a slur on the Collector of Income-Tax or upon the Deputy Collector on the revenue side. But surely, Sir, it is commonsense that when you have people who have to go round and make these inquisitions, as I think Dr. Gour called them,—anyhow very unpleasant inquiries, into people's incomes and extract true figures out of them, then surely, going by human nature, it is wise to pay these people well, and to put out of their minds any idea of temptation. If you pay them badly, they will collect badly. We heard a great deal said against the police in the beginning of this Assembly and really I believe a good bit of it was due to the fact that the police were badly paid; and I think you will hear far less against the Income-Tax Department, and the Income-Tax Department will do its work with less hardships to the people of India if you pay the Income Tax Department well. The Department is going to collect a lot of money for us, and we deserve to have a good Department in order that this tax may fall equitably upon everyone; and that it will not fall merely on the person who has his mercantile books in the city, it will not merely fall on the party who has one set of books for himself, one set of books for his partner and one set of books for the income-tax collector, but that it may fall equally on all people. Sir, I oppose this reduction.

Mr. S. C. Shahani: Sir, the Honourable Captain Sassoon told us that we would be prepared to incur the additional expenditure that has been suggested, namely, 17 lakhs, if we were told exactly how much would be collected by this new reorganization scheme. I submit that we have been told in distinct terms that our revenue for 1923-24 may be estimated at 19.04 crores; that is to say, that our revenue in 1923-24 is as compared to that in 1922-23 to increase by something less than 2 per cent. Now I say 17 lakhs more on the expenditure side mean an increase of about 40 per cent. in our expenditure. I shall give the figures. The actual revenue for 1919-20 is 22.43 crores, for 1920-21 20.91 crores and for 1921-22 18.74. For 1922-23 the estimates were 22.11 crores, and actual collections, 18.69; and the estimated figures, as I have already mentioned, for the year 1923-24 are 19.04 crores. If we look at our expenditure, we find that in the year 1919-20 our expenditure amounted to 15.29 lakhs, in 1920-21, 22.15, and in 1921-22, 22.50. In 1922-23 the estimated expenditure was 47 crores, and our actual expenditure, 45.88; and the estimated expenditure for 1923-24 is 63.79 crores, that is to say, 40 per cent more than our expenditure in 1922-23. If we consider our receipts and expenditure, we find that we expect to realize about 35 lakhs more, and we want to spend on the collection of this 35 lakhs, 17 lakhs more. (*The Honourable Sir Basil Blackett:* "No.") I say, yes. Now this state of things is I think unjustifiable, and a much larger cut than has been proposed by the Honourable Mr. Rangachariar should be deemed necessary in the circumstances. It has been said by my Honourable friend, Maulvi Abul Kasem, that the salaries of the income-tax collectors are high. My study of the figures does not however justify such a statement. I think that the salary of the income-tax collector has been properly fixed: it has been fixed at Rs. 300—900, which is the scale of salaries fixed for Deputy Collectors. The trade depression

has of course been considerable, which accounts for our revenue for 1922 falling below our revenue for 1919, but still the difference in the cost of collection now and the cost of collection sometime ago is very great, and on that account I feel that a much larger cut would be justified. But we ought to remember I suppose the remark that was made by the Honourable the Finance Member that if we went in for large cuts, the Government would give effect to them. Of course such a statement is objectionable on several grounds since the fiscal policy is in the keeping of this House. Still to be practical, I would support the motion that has been made by the Honourable Mr. Rangachariar, and I would commend it strongly to the support of the House.

Rao Bahadur C. S. Subrahmanayam (Madras ceded districts and Chittoor Non-Muhammadian Rural): Sir, in this matter of the reduction proposed by my friend, Mr. Rangachariar, of two lakhs, I am afraid, so far as his argument went, there was nothing said definitely about the manner in which these two lakhs could be cut down. Well, I think, last year speaking on the budget grant, we were in a position of inability to suggest definite grounds for cutting down the demands, and we, therefore, said that we would make certain lump sum reduction and would leave Government to settle their accounts as best as they could. But, this year, we have something to go upon. Now, for instance, the Retrenchment Committee's recommendation in this matter may be referred to. I do not propose to read the whole of it, I will read only one sentence, which is the final sentence in their recommendation:

"Having regard to the importance of maintaining a revenue, we do not recommend any reduction in the estimates in this department for 1923-24 as compared with current year's estimates."

The current year's estimates are 47 lakhs. Does that mean that the Retrenchment Committee said that the Budget for 1923-24 should not exceed 47 lakhs? That is the question and

Mr. President: I am afraid that is not the question. The question is whether we shall reduce the provision for the reorganization of income-tax officers by an amount of Rs. 2 lakhs.

Rao Bahadur C. S. Subrahmanayam: That is the basis of my argument. Did they suggest any reduction in last year's figures? Now, they say that reorganization must be made. The grounds on which the reorganisation is suggested are the refusal of the provincial Governments to do the work of the Central Government and claiming a remuneration for the work so done. Now, that matter is at the root of this higher demand. If the provincial Governments are willing to do it at a cost cheaper than the proposed establishment run by the Central Government, it would be a different matter. Are they willing to do it at a cheaper rate? Now, we are told that their rates are not cheaper. In fact, they want a larger sum for the work they do. That is another fact on which we can come to a conclusion. If the provincial Governments refuse to do the work of the Central Government for the same sum which will cost us to do it, and if they want a larger sum, then is it or is it not the economical way of doing it if we do it by the staff of the Central Government? That is one consideration which ought to be taken into account in deciding this matter. Now, in the case of the province of Bihar and Orissa, the same trouble has arisen and additional staff has been provided. That subject was placed before the Standing Finance Committee and as that Government would not do the work for the Central Government and they had

[Rao Bahadur C. S. Subrahmanayam.]

to be provided with a separate staff the Standing Finance Committee agreed to that demand. Therefore, it seems to me, Sir, that before rejecting this proposal of my Honourable friend Mr. Rangachartar or approving of it, on general grounds the question ought to be considered from a business point of view. Do we want the staff or not? In the general argument about the oppressive character of the investigations which the income-tax staff makes there is a considerable amount of truth and it is inevitable that any staff put on that sort of work, assessment and collection of taxes, must cause a considerable amount of irritation. But on that ground I do not think that this demand should be cut down. The remedy should be sought elsewhere, in some other reduction, not in a lump sum reduction of a demand that is made. It is no doubt true that owing to the manner in which in different provinces Indian merchants, who do not adopt the English methods of book-keeping, maintain their accounts, there is always a certain amount of difficulty, a considerable amount of disagreement between the assessing officers and the assesseees. Now, what is the remedy? The only remedy is their going round to adopt the methods insisted upon by the income tax department and the income-tax officers also understanding their methods and treating them with a certain amount of consideration. That, again, is not a matter on which you could base an argument for reducing this demand. Looking at it from whatever point of view, it is purely a business matter, a matter which concerns the collection of revenue, and in that, unless from a practical and administrative point of view a definite sum is pointed out as being unnecessary in this demand, I do not think this Assembly could reasonably throw out the demand. In regard to the rural areas, it is no doubt true that there are men, wealthy men, not living in large towns, who could afford to pay income-tax, and probably under a new system they have been escaping the payment of any tax. Why should anyone have any sympathy for a man who has escaped paying the tax or who evades paying the tax when every honest man has to pay. Assuming the fact that a man has really evaded the tax, I will not spend my sympathy towards that man, because while every honest man is paying the tax, he keeps the money to himself. Unless you say that the man is assessed on income which he does not get, and therefore it is unjust, unless you can make out cases of large numbers of unjust assessments, there is no use putting forward that argument. There is no doubt that some people who ought to pay do escape when your staff is not sufficiently able, sufficiently efficient and sufficiently numerous. In regard to the pay which my Honourable friend Maulvi Abul Kasem referred to, I understand the rule to be that if a man who is doing work as a Deputy Collector and Magistrate is taken on to do any of these special branches of work he is paid a sum of Rs. 100 extra, because he is taken away from work to which he is accustomed, there is extra trouble and he loses certain amenities which he possesses as a Deputy Collector and Deputy Magistrate. Therefore, if he is taken to some special departments, such as income-tax, settlement or co-operative work, I understand in some provinces the rule is that he is paid an extra sum that is fixed at Rs. 100. I do not think that any slight increase or even that Rs. 100 is a matter to be complained of, because we have to remember that the deciding officer or the superior officers of income-tax must be paid decently, otherwise there will be considerable danger. I need not dilate the dangerous consequences of, under-paying officers entrusted with the work of

assessing incomes. Therefore, Sir, the only ground on which my Honourable friend Mr. Rangachariar could suggest reduction is if it is possible for the department to say with an increase of nearly 15 lakhs which they propose to be able to cut down 2 lakhs. If they could say that there is some direction in which we could take away the 2 lakhs,—I hope they would exercise their minds and state if it is possible,—then only I think we could support Mr. Rangachariar.

Mr. P. B. Haigh (Bombay: Nominated Official): Sir, I should like, if I may, very briefly to answer some of the questions put by my Honourable friend who is no longer sitting behind me. He stated that he would be prepared to vote against the proposed reduction if he were quite satisfied that re-organization would really pay. Well, Sir, it was my fortune to serve for some time as Assistant Collector in the City of Bombay just about the time when the reorganisation of the Income-Tax Department was being undertaken, and I acted as Collector of Income-Tax there during temporary vacancies on two occasions, and later on I was Collector of Bombay, and for the time being, under the old arrangements, Commissioner of Income-Tax. So, Sir, I have had some small personal experience in this matter. About the year 1907 a vacancy occurred in the office of Collector of Income-Tax, Bombay, and the Government of Bombay appointed as Collector an officer who now occupies the position of Commissioner of Income-Tax, whose name is well known I have no doubt to the Finance Department of the Government of India. (*An Honourable Member*: "Mr. Hartley.") Before that officer had been in Bombay as Collector of Income-Tax for more than a year, he set himself steadily to press upon the Government the necessity of thoroughly reorganising the Department so far as the City of Bombay was concerned. The result of his efforts and of the reorganisation which the Government largely on his recommendation undertook was that, in the space of a very few years, the income-tax collections in the City of Bombay were doubled. Later on, on his advice also, the system of special income-tax officers was extended to some of the larger cities in the Bombay Presidency. The results everywhere were the same, the collections increased considerably and finally he was asked to suggest a scheme for extension of the system to the mofussil and now in the Bombay Presidency there are a number of special income-tax examiners and other officers for assisting in the collection of income-tax in the rural districts of Bombay. Everywhere the scheme has been successful. So my friend Captain Sassoon, if he will take the trouble to pay a visit to the Office of the Commissioner of Income-Tax in Bombay, will be able to satisfy himself that there is not the slightest fear that the Government of India will lose—on the contrary they will gain enormously by a thorough reorganisation of this Department.

With regard to the point made by Dr. Gour about what he calls the inquisition in the rural parts of the country. I have no doubt that many official Members of this House have had experience of the duties of Income-Tax Collectors or Commissioners in the rural districts. Under the old system when the assessment was made by an unskilled staff, by the ordinary revenue staff of *mamlatdars* or their subordinates we had the greatest difficulty in arriving at the proper estimate of an assessee's income, but now with the assistance of trained inspectors, we are really able to find out actually what a man's books reveal and what the state of his income is, and the assessee is also benefited because he has to deal with a man who is trained on definite principles, who can point out to him in what

[Mr. P. B. Haigh.]

respects his accounts are wrong, in what respects his accounts fail to reveal his proper income. Under the old system, the assessee was apt to be met with a vague statement that the examining officer cannot believe your accounts are right and your income must be so and so. Under the present system the assessee has to deal with a trained man who has to work on a system, and the superior officer, the Collector or the Commissioner of Income-tax, when he is hearing the petition has an opportunity of examining the assessee's accounts systematically with the assistance of a man who can point out in what respects the accounts are wrong. It is a far more satisfactory system when it comes to the actual petition than the old haphazard way. The honest assessee has nothing to fear from a trained staff. Of course there is no doubt that many more people are now assessed than before because of the more searching investigation that is made, and that can never be popular. But as the Honourable Member has pointed out, we cannot have sympathy with people who ought to pay income-tax and don't, and you cannot condemn a department as inquisitorial because it finds that certain people have not paid income-tax hitherto who ought to have done so. I am quite satisfied, Sir, that if the reorganisation now proposed is carried out in the other Provinces, especially in the big cities, on the same lines on which it has been carried out in the City of Bombay, an immense increase of revenue will accrue to the Government of India, and both assesseees and the Government of India will be benefited.

The Honourable Sir Basil Blackett: Sir, the position in regard to this estimate is the same as in regard to the estimate for Customs with which we dealt this morning in that no new provision is made in this estimate except such as had the approval of the Standing Finance Committee. Further all the new provisions, in fact the whole provision that is included in this estimate is included for the purpose of raising money. It is impossible, of course, to give exact figures, but for every 10-rupee cut made in the estimate as it now stands, it is the view of the Government that it would have to pay 12 rupees instead of 10 rupees to the Provincial Governments, and would in addition lose an amount of revenue at which we can only make a shot, but which may be put at, say, 30 rupees. The comparison with previous years is startling. It startled me when I first saw it. It was:

	Rs.
Actual expenditure for 1921-22	23 lakhs.
Revised estimate for 1922-23	44 ½ "
Estimate for 1923-24	(2 "

Those were startling figures when one noticed that there had been an increase of, I think, only 36 or 37 lakhs in our estimate of receipts from income-tax this year. I naturally inquired into this change. The real fact is that the expenditure for the last two years at any rate does not represent the actual expenditure as we have not settled with the Provinces. The Provinces have asked and have been promised some suggestion from the Government as to how the expenditure which they have incurred in collecting income-tax should be recouped to them, and as has been already explained, they have been offered, and some of them are dissatisfied with an offer of 10 per cent. of what they collect. It does not mean that the cost of collection is 10 per cent., but if the tax is collected in rural areas there is some justification for a higher percentage than in city areas. But the real increase is not the increase seen from

44 lakhs to 62 lakhs. That 44 lakhs takes no account or only takes a very small account of a sum estimated at about 15 lakhs which has to be paid to the provinces in order to fulfil the promise which the Government of India made to them to pay them a share in the cost of collection. If you add 15 to 44 you get 59 or say 60 lakhs as compared with our 62. The increase this year is therefore 2 lakhs, which possibly is the reason why Mr. Rangachariar hit on that figure to suggest a reduction. The Government would be most happy to accept a reduction if they thought that it would not have a serious effect on the other side of their ledger. The Government are always in this difficulty, of course, when the House comes forward with proposals for reduction and this year they are in a special difficulty because the Government themselves have spent the last two months in making reductions as hard as they can go everywhere and in their opinion the figures that are in these estimates represent,—I was going to say their honest, but I am not quite sure they are honest—their hopeful view of the figures to which they will be able to reduce their expenditure this year. That being so, it is very difficult for the Government to say that they think possibly a cut could be made here because, if they were not budgeting their hardest, they would probably say that they think a small increase ought to be made in order that they may be safe. However, the position there is—I will repeat the figures that I gave—that for every ten-rupee cut which might be made, we should have to pay twelve rupees to the provinces, so it would not be a cut, and we should lose at least Rs. 30 of revenue.

There is one other point to which I should like to refer and that is the complaints that have been made as regards the hard dealing of the income-tax authorities with the assesses. Well, of course there are points of view from which we have no particular sympathy with an assessee who is under-assessed and a man who ought to be an assessee and is not. Everyone of us is paying more income-tax than he should, if the other fellow was paying properly. It might conceivably be true that, if no one were evading the taxes this year, the budget deficit might be very much smaller than it is, if it existed at all. The man who evades taxes while his fellow is paying is not merely getting off with less than his share but is increasing the share of the other fellow in the burden of taxation. That is one side of the picture. At the same time, the last thing that an income-tax authority ought to do is to incur any just accusation of unfairness or of being too sharp or in any way taking advantage of the tax-payer. One of the important reasons for paying your staff well is that you may get the right class of staff that does not do that sort of thing. But, further, the Board of Revenue and the Finance Department are most anxious that, if you have got to have income-tax, there should be as little injustice as possible about the income-tax, and, though we do not invite all and sundry to send us in complaints about the way in which the income-tax collector has treated them, we are prepared to receive from Members of this House any cases where they think there has been a real reason to suspect that there has been undue hardship on the part of the revenue officer and we should be only too glad to find that after all the assessee has not got much to complain of or, if he has, to see that injustice is not done.

Sir Deva Prasad Sarvadhikary: Sir, Mr. Aiyar has asked and Mr. Subrahmanayam has repeated the suggestion that, if the House is really to carry this proposal of Mr. Rangachariar, some indication should be given as to how the two lakhs was to be met. I recognise reason in

[Sir Deva Prasad Sarvadhikary.]

that and, wherever the Assembly can do it, it should. Not that it is its duty to do so. Sir, scattered all over the income-tax budget and other budgets we have considered amounts budgeted for honoraria—a thing that I do not understand in this concern—allowances, contingencies, and travelling allowances. They are necessary, undoubtedly, and no department can go on without some budget provision under those heads. I would not like to press and do not propose to press the other proposals standing in my name in view of the larger proposal before the House. I have taken up certain items of the kind that I have indicated and making all the allowance that I thought should be made for tolerable efficiency—possibly not ideal efficiency—I make out that about Rs. 3,22,000 could be saved in this department and corresponding sums in other departments which would be helpful. I have tabled various proposals for doing away with the proposed increased expenditure for revision of staff. I will be giving this up. I am afraid introduction of questions of the necessity of revision of staff and of hardships of assesseees has to a certain extent clouded the real issue. It is not necessary to raise those issues for the purpose of getting a reduction of two lakhs of rupees on the whole. Out of the budget allotments under the heads that I have indicated it is possible to reduce Rs. 3,22,000 and I am prepared to give the figures to the Honourable the Finance Member and Mr. Aiyar if they would like to go into the matter. Halving it again or nearly halving it, you do get two lakhs of rupees, and that is after all not a very large deduction to ask in this year of stringency.

Well, I am glad, Sir, the Honourable the Finance Member has told us before the voting on this item which is much nicer and more to the purpose than after the voting would have been, as on a previous occasion,—he has told us that the financial result will be a loss of revenue. Is it seriously urged that, if a small portion of the travelling allowances, the contingencies, and honoraria, and allowances amounting to two lakhs of rupees, is cut out, without touching the establishment in any way, without even interfering with the proposed revision of staff? Is it seriously to be urged that that will affect the revenue to the extent of Rs. 30 for every Rs. 10, in other words, that we shall lose six crores over a reduction of two lakhs?

Mr. President: The reason why the Honourable the Finance Member did not refer to that is that it would have been out of order if he had. The Honourable Member is not in order in referring to it. This is an amendment to reduce the provision for re-organisation of income-tax officers.

The Honourable Sir Basil Blackett: Sir, I should like just to say that the Government would be quite willing to cut out all the honoraria in the estimate. It would have no effect on the total.

Mr. B. S. Kamat (Bombay Central Division: Non-Muhammadian Rural): Sir, it seems to me that a great deal of time has been spent to-day in speaking about generalities without coming to the specific issue which we ought to discuss. It stands to reason that, as a general proposition, if we strengthen our staff, so far as the income-tax department is concerned, we shall have better revenue. I don't quarrel with that. We need not dispute it. So also it may be perfectly correct, as Mr. Aiyar pointed out, that a 10 per cent. basis for payment to the provinces for collecting income-tax would be rather expensive, for the simple reason

that our total expenditure for income-tax now is 58 lakhs of rupees, whereas if we pay to all the provinces on the 10 per cent. basis, as our total income-tax is 19 crores, 10 per cent. of 19 crores comes to 190 lakhs. Instead of 58 lakhs we shall have to pay 190 lakhs. So even that proposition I accept without demur. But the real specific issue before the House ought to be this. Granted, that a re-organisation scheme is necessary and that it is beneficial in the long run, is 17½ lakhs of rupees the minimum for its re-organisation? That is the point. In other words, can you not cut down the 17½ lakhs and yet have re-organisation? Now, to answer this question I take the example of the Bombay Presidency and the specific allotment in this re-organisation scheme for that Presidency, let us examine it from the point of view which I have placed before the House. The total expenditure for the re-organisation of the Department in the Bombay Presidency is Rs. 3½ lakhs. Let us go into the details and find out whether all that Rs. 3½ lakhs is really necessary. I contend, it may be possible to cut down there, either in the new posts to be created or in the new salaries to be fixed. Now, the details of Rs. 3,50,000 are as follows. One Commissioner on Rs. 2,000, one Assistant Commissioner on Rs. 1,500, four Assistant Commissioners on Rs. 1,000, 36 Income-tax officers, 46 Inspectors, 284 clerks, 243 menial servants and so on. Their salaries vary from Rs. 15 to Rs. 500 or more. The real question which I ask is, are these so many posts necessary, and if Rs. 2 lakhs, as Mr. Rangachariar wants, are cut down and spread over, say, 9 provinces, giving a reduction of only Rs. 25,000 for each province on an average,—it may be Rs. 50,000 for one province and Rs. 10,000 in others—will that little reduction of Rs. 25,000 on an average be or be not permissible in a total of Rs. 17½ lakhs? In other words, cannot the Department cut down, say, Rs. 25,000 from each province and yet have the re-organisation? I do certainly really think, Sir, if you examine the proposition from this logical point of view, that Rs. 2 lakhs in these days when we are scraping every penny in order to meet our deficit would be a reduction perfectly possible which the Government can I think certainly effect without injuring the re-organisation scheme. Sir, I support the amendment.

Khan Bahadur Abdur Rahim Khan (North-West Frontier Province: Nominated Non-Official): Sir, it is painful for me to get up. I would have accepted the explanation which has been given by the Honourable the Finance Member, but I think I will be false to my province if I do not repeat the sad story of its people and the bad treatment, which they have received at the hands of the subordinates of that Department. I can assure this Honourable House that in a good many cases they have been treated so very badly that they have altogether forgotten the Mahsuds and are quite prepared to prefer them to these subordinates of that Department. The Honourable Captain Sassoon said that we should co-operate with the Government. By all means, when I get up and say this I am co-operating with the Government. It is but proper that the Government should collect its dues, but by no means in such a summary way. But my point is this, that the Honourable the Finance Member, while encouraging this Department by his remarks must at the same time tell it that it must behave properly, because this Department is directly under us and we are responsible to our constituents if it won't behave properly. No one says that money which is due to the Government should not be paid. But they should not get money which is not their due. If the standard of collecting money is that they should realise more money any how, then, Sir, I will be the last person to support Government

[Khan Bahadur Abdur Rahim Khan.]

in this respect. I will say that it is much better that we should not have any money at all than displease so many people who are the real back-bone of Government and I assure you, Sir, that if anything will stimulate, if anything will make civil disobedience successful, it will be the misbehaviour of this Department. To-day I have received a letter. A generous Hindu gentleman, called Kishan Chand Jain, who always supported not only Government but also various charitable institutions with big donations and subscriptions, went to the officer there and said "My health is bad. Kindly give me 2 months' time and I will submit my accounts, because a-part of my accounts has to come from Calcutta." The officer said, "No. You must submit your accounts at once." The result was he left Dera Ismail Khan soon in order to submit his accounts, reached Calcutta and died there of pneumonia. Can you expect the members of his family to cooperate with Government? He did not say that he did not want to submit his accounts and pay the money. He only wanted time and he was entitled to get that time. I say that those officers must be told that they should collect money in a proper way after making a full and thorough inquiry. It should be impressed upon them that a Department which is under the Central Government should be an example for the rest of the provinces to follow. So, if my Honourable friend says that competency means that they should collect more money, if competency is to be measured by the amount of collection of money, I would say "Hand over the Department to the Police. It will do as well if not better." My view is this. When this Income-tax Commissioner comes, the Honourable the Finance Member should ask him how many Hindus, how many Muhammadans, how many European officers are subordinate to him and about the misbehaviour of his subordinates. If you are going to have this Department, go on like this. I will be the first Indian—to say, "For goodness' sake, don't Indianise this Department. Do not have Hindus or Muhammadans in that Department. Their behaviour is so curious and strange that the people are quite fed up with it". I can assure the Government that the people who pay income-tax will lose their confidence in the Government in no time. I will say, Sir, that the Honourable the Finance Member should not only give us this assurance but he should issue orders to the subordinates of this Department to be popular with, and just to, the people. I will add one word more. A gentleman, the President of our Bar, on my return from Simla told me in the Bar Room that if our Inquiry Committee would have taken his evidence after coming in contact with the subordinate officials of that Department, he would not have given evidence in favour of amalgamation with the Punjab.

Mr. President: The Honourable Member is wandering away from the question.

Khan Bahadur Abdur Rahim Khan: As I am the only member from my province, Sir, and as my province is very much more concerned and interested in this subject I had to dilate a bit. The men from Bengal and Madras and other provinces can at least make their voices heard somehow or other. But unless I appear to the Honourable the Finance Member here, our people have no remedy whatsoever any where else. This Department is not under the local Government. As long as it was under the Local Government every thing went on smoothly and well. I would not be so harsh as to say that there should be a reduction but at least I will raise my voice, on behalf of the people of my Province and request the

Honourable the Finance Member to take special interest in our people in order to remove and remedy their grievances.

Rao Bahadur T. Rangachariar: How enforce?

Khan Bahadur Abdur Rahim Khan: Sorry, could not catch your words.

Lieut.-Colonel H. A. J. Gidney: Sir, my remarks will be very brief on this motion. I was once told by a very experienced officer that if the Central Government obtained from India all the income-tax that was legitimately due, Budget deficits would be an unheard of event and I believe that there is more than a veneer of truth in this statement. We are asked here, Sir, to support a motion for a reduction of Rs. 2 lakhs. The Honourable the Finance Member has said that if this cut were passed by this Assembly, for every Rs. 10 we cut, we would lose about Rs. 30. Mr. Rangachariar objects to all extra expenditure of 17 lakhs even though the revenue accruing therefrom is about 35 lakhs *i.e.*, a return of over 200 per cent. There is no doubt that the Income-tax Department is one of the most productive Departments of the Government, if properly administered and if we, in this Assembly, were to give our support to a cut which will reduce our revenue, I have no hesitation in saying that we will be cutting our nose to spite our face.

Mr. President: The original question was:

“That a sum not exceeding Rs. 58,93,000 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, 1924, in respect of ‘Taxes on Income.’”

Since which an amendment has been moved:

“That the provision for Re-organisation of Income-tax Officers under the head ‘Taxes on Income’ be reduced by Rs. 2,00,000.”

The question is that that amendment be made.

The Assembly divided:

AYES—48.

Abdul Majid, Sheikh.
Abdul Quadir, Maulvi.
Abdulla, Mr. S. M.
Abul Kasem, Maulvi.
Agarwala, Lala Girdharilal.
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.
Bhargava, Pandit J. L.
Bishambhar Nath, Mr.
Chaudhuri, Mr. J.
Faiyaz Khan, Mr. M.
Ginwala, Mr. P. P.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hussanally, Mr. W. M.
Iswar Saran, Munshi.
Jatkar, Mr. B. H. R.
Kamat, Mr. B. S.
Lakshmi Narayan Lal, Mr.

Mahadeo Prasad, Munshi.
Mudaliar, Mr. S.
Muhammad Ismail, Mr. S.
Mukherjee, Mr. J. N.
Nag, Mr. G. C.
Nand Lal, Dr.
Nayar, Mr. K. M.
Neogy, Mr. K. C.
Pyari Lal, Mr.
Ramji, Mr. Manmohandas.
Rangachariar, Mr. T.
Reddi, Mr. M. K.
Samarth, Mr. N. M.
Sarfaraz Hussain Khan, Mr.
Servedhikary, Sir Deva Prasad.
Shahani, Mr. S. C.
Singh, Babu B. P.
Sinha, Babu Ambica Prasad.
Sinha, Babu L. P.
Sircar, Mr. N. C.
Srinivasa Rao, Mr. P. V.
Ujagar Singh, Baba Bedi.
Venkatapatiraju, Mr. B.
Vishindas, Mr. H.

NOES—49.

Abdul Rahim Khan, Mr.
 Achariyar, Rao Bahadur P. T.
 Srinivasa.
 Aiyar, Mr. A. V. V.
 Akram Hussain, Prince A. M. M.
 Allen, Mr. B. C.
 Amjad Ali, Maulvi.
 Barua, Mr. D. C.
 Basu, Mr. J. N.
 Blackett, Sir Basil.
 Bradley-Birt, Mr. F. B.
 Bray, Mr. Denys.
 Brayne, Mr. A. F. L.
 Bridge, Mr. G.
 Burdon, Mr. E.
 Cabell, Mr. W. H. L.
 Chatterjee, Mr. A. C.
 Clark, Mr. G. S.
 Cotelingam, Mr. J. P.
 Crookshank, Sir Sydney.
 Faridoonji, Mr. R.
 Gajjan Singh, Sardar Bahadur.
 Gidney, Lieut.-Col. H. A. J.
 Haight, Mr. P. B.
 Hailey, the Honourable Sir Malcolm.

Hindley, Mr. C. D. M.
 Holme, Mr. H. E.
 Hullah, Mr. J.
 Ikramullah Khan, Raja Mohd.
 Innes, the Honourable Mr. C. A.
 Jamall, Mr. A. O.
 Jamnadas Dwarkadas, Mr.
 Joshi, Mr. N. M.
 Ley, Mr. A. H.
 Lindsay, Mr. Darcy.
 Mitter, Mr. K. N.
 Moir, Mr. T. E.
 Muhammad Hussain, Mr. T.
 Percival, Mr. P. E.
 Ramayya Pantulu, Mr. J.
 Rhodes, Sir Campbell.
 Sams, Mr. H. A.
 Sassoon, Capt. E. V.
 Schamnad, Mr. Mahmood.
 Shahab-ud-Din, Chaudhri.
 Singh, Mr. S. N.
 Spence, Mr. R. A.
 Townsend, Mr. C. A. H.
 Webb, Sir Montagu.
 Willson, Mr. W. S. J.

The motion was negated.

Dr. Nand Lal: The motion which I propose to move runs as follows :

“ That the provision of Rs. 9 lakhs for payment to Local Governments for part services of their staff in income-tax work, under sub-head ‘India’ be reduced by Rs. 2,00,000.”

Sir, I am not one of those who would seriously think that the local Governments should be deprived altogether of the money which may be due to them had they worked properly. But from the number of complaints which have reached me I can easily deduce that their staff and their employees who were entrusted with this work have not been working satisfactorily. Now according to the provisions of the Income-tax Act, returns would be submitted, properly subscribed

Mr. President: I want to know whether the Honourable Member is not discussing the same subject which we have been so far discussing. I gather from his opening remarks that the Honourable Member is proceeding to discuss the subject which we have been discussing for over an hour and three quarters.

Dr. Nand Lal: I am expressing my view as to why this cut should be made and the whole sum should not be given to the local Governments for the services rendered by them to the Central Government, so far as the assessment of Income-tax goes.

Mr. President: The Honourable Member is aware that this subject was discussed along with the question of the reorganisation of the Income-tax officers. I want to know whether the Honourable Member is proposing to continue that discussion.

Dr. Nand Lal: I, during my to-day's last speech, referred to the general phase of it. I am now referring to a particular item and a particular aspect of it. I will not take a minute so far as the general phase of the question

goes. I will purely confine my remarks to the value of the services rendered by the local Governments for which they ask for a certain sum of money. I quite realise that I should work within the scope of this amendment and I can give an assurance that I shall not go beyond that scope. The reason why I move this amendment and ask that a cut amounting to 2 lakhs may be made is this, that some of the local Governments do not deserve the money which is being provided for under this item. (*Cries of "Withdraw."*) I shall see whether you lose your patience or not. When I am determined to do a thing I should do it because I think it is my duty. You are not approaching this amendment with the same seriousness as I do but I am very serious about it. The services must be paid for no doubt, but while we are making payment we ought to see whether the services in lieu of which we are being asked to make payment were good services or not.

Mr. President: This question has been discussed already and answered by Mr. Venkatarama Aiyar. The Honourable Member is not entitled to re-open that subject.

Dr. Nand Lal: May I understand that the Chair means to order that no argument with reference to the character of the services rendered by the local Governments in the direction of the collection of income-tax may be raised. If that is the ruling of the Chair, I shall bow to it.

Mr. President: The question which is raised by the Honourable Member has been already discussed in relation to the motion for reduction which preceded it. The two questions are closely related and I allowed the discussion to proceed on that basis, because otherwise it could serve no useful purpose. The Honourable Member is perfectly in order in asking for a decision whether this money shall be voted or not but he is not entitled to go into the merits of the question which, as I have already said, has been already discussed in the previous debate.

Dr. Nand Lal: I shall then offer my suggestion to the Honourable the Finance Member that he will convey my suggestion to the local Governments that their employees have not rendered full services in the manner we had expected. Since I am not allowed to pursue my arguments further, I will finish with this final suggestion which I repeat that the Honourable the Finance Member will convey an expression of our opinion that we are not satisfied with the working of the employees of the local Governments in this direction, namely, the manner in which they assessed and collected the Income-tax.

Mr. Harchandrai Vishindas: Sir, I move:

"That the provision for Bombay under the head 'Taxes on Income' be reduced by Rs. 100."

The object of this motion of mine is similar to the one in my previous amendment. I want to say that the Karachi staff, especially the subordinate staff of the income-tax department should be treated on the same footing as the Bombay staff, because the Karachi staff are equally worked as the Bombay staff, if not more. Now, in regard to the Customs Department I made a similar observation. The reply of the Member for Commerce and Industry was that as this work had been delegated to the local Governments they do the proper distribution between Bombay and Karachi

[Mr. Harchandrai Vishindas.]

and therefore it was not open to the consideration of the Central Government. My reply is that this is really not an admissible or a valid argument, because as the income-tax revenue is under our control, we have a voice in the matter and how can we have a voice in the matter if the Central Government throws its responsibility off its shoulders and delegates it to the local Government. The question is whether or not we can make suggestions for the consideration of the Central Government. If we are told that the local Governments make these distributions, then we are abdicating our functions. Therefore I think that the proper course for the Government would be to certainly investigate by inquiries or otherwise whether or not our complaints are correct and the fact that the distribution of this expenditure is delegated to the Bombay Government should not relieve the Central Government of its responsibility. That is all my intention.

Mr. A. V. V. Aiyar: Income-tax officers in Bombay and Sind unlike Customs officers are entirely under the Government of India. We are prepared to note the suggestion which the Honourable Member has made in regard to the disparity in rates between the two places.

Mr. Harchandrai Vishindas: I beg for leave to withdraw my amendment.

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

Mr. J. Ramayya Pantulu: I move:

“That the demand under the head ‘Taxes on Income’ be reduced by Rs. 100.”

My object in moving this amendment is to draw the attention of Government to one or two points in connection with the administration of the Income-tax Act in connection with the assessment of the income of Firming. Some of the matters I am going to refer to are dealt with in the rules issued under the Act but apparently those rules are not being properly carried out. I therefore wish to draw the attention of Government to some of the grievances that the people in the mufassal seem to be labouring under. I am instructed by a friend of mine, an important merchant in the Godavari District, to point out that when one of the partners to a firm contributes capital to the firm on the understanding that he should get interest for his capital, and that after the interest has been deducted, the profits should be shared amongst the partners, the interest paid to the financing parties from the profit for the purposes of taxing the firm to income-tax, that is, the firm is assessed on the profits including the interest which is really paid to one of the partners. I see that there is a rule in the rules issued under the Act that where one of the partners contributes the capital and he is entitled by an agreement that he enters into with the other partners to interest upon the capital and the claim for interest can be enforced in a civil court, the interest paid to him should be deducted from the profits on which the firm is liable to be taxed. But I understand that this rule is not strictly enforced, and I therefore think that the Government should issue instructions to the Income-tax establishments to interpret the rule in a sympathetic manner and make allowance for the interest paid on the capital so borrowed.

Another instance, Sir, in which some hardship is caused is when a firm borrows money in one year and pays interest thereon in the next year. I am told that no deduction is made for the payment of interest so made

because the money is not borrowed in the year in which interest is paid. I should not have believed such a thing if it had not actually been put to me by a responsible and respectable merchant. You borrow money in the year 1923 and you pay interest thereon in the year 1924, and in assessing you for income-tax for the year 1924 the income-tax officer, I am told, makes no allowance for the interest paid in that year because the money is not borrowed in that year but in the previous year. I do not think that is a proper thing to do.

* Then, there is another point, Sir, which I wish to bring to the notice of Government. Under the old Act interest was liable to be assessed to income-tax if it accrued though it has not been actually collected. Under the present rules only the interest that is collected is liable to income-tax. Now, suppose interest which has accrued in the last few years has been assessed to income-tax from year to year, as it accrued and suppose all that is collected in this year, then it is liable to be taxed because it is income actually received. But that amount has already been taxed in previous years because it accrued in those years, and thus there is double assessment. The assessee has no means of showing that this sum has been already assessed in the previous years, because he has not got the details of the sum on which he has been assessed in the previous years. Those details are only available with the assessing officer. It may very easily be that though an assessee has been assessed on certain sums of money on account of interest which has accrued in previous years, but was not collected, he is again assessed on the same income in a succeeding year when it is actually collected. It should be in the power of the assessee to show that he is not liable to be taxed again because that amount has already been taxed. For that purpose he must have with him information to show that these amounts have been already taxed. That information is with the assessing officer, though it does not appear in the order of assessment. I propose, therefore, that the assessing officer should be instructed to give a copy of the details of the assessment to the assessee if he asks for it. Otherwise he cannot show that he has already paid the tax on an amount on which it is proposed to tax him again. These are the points which I wish to bring to the notice of Government.

The Honourable Sir Basil Blackett: Sir, I do not think that the Honourable Member who made this motion will expect me to deal across the floor of the House with the somewhat intricate detailed methods of assessing a very difficult tax. If the Honourable Member will let me have an explanation of the exact point which he wants looked into, I shall be very happy to do so at once.

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

Mr. President: The question is:

“That a sum not exceeding Rs. 58,93,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1924, in respect of ‘Taxes on Income’.”

The motion was adopted.

The Honourable Sir Malcolm Hailey (Home Member): I understand that this morning suggestions were made with a view to the re-arrangement of the demands for grant in an order in which the Assembly would find it most convenient to debate them. I have consulted with some of

[Sir Malcolm Hailey.]

our friends and with your permission, Sir, we propose to take, beginning from to-morrow, the demands in the following order:

- No. 8 Railways.
- No. 3 Salt.
- No. 4 Opium.
- No. 14 General Administration.
- No. 10 Posts and Telegraphs.
- No. 11 Indo-European Telegraph.
- No. 7 Forests.
- No. 6 Stamps.
- No. 5 Excise.
- No. 12 Interest on debt and sinking funds.
- No. 43 Stationery and printing.
- No. 34 Commercial Intelligence.

We propose that after further consultation we should to-morrow evening issue a further list giving the order in which the remaining grants should be taken. I believe from what I have heard that the order of demands which I have read out to the House will suit its convenience, and it will also suit Government if the debate is taken in that order.

Mr. Jamnadas Dwarkadas: I have only one suggestion to make with regard to the statement made by the Honourable the Leader of the House. I wonder if the Honourable the Leader of the House is aware that a suggestion was made this morning in the House for an informal committee. But, apart from that I thought that before making the statement to-morrow it would be to the convenience of some of us here if the Honourable the Leader of the House and the Honourable the Finance Member could consult some of us as to which items should be taken first.

The Honourable Sir Malcolm Hailey: I am sorry that Mr. Jamnadas was omitted from the consultation; but this statement I have made is, of course, the result of consultation. I should not have drawn up such a list without seeking advice on the subject.

Mr. T. V. Seshagiri Ayyar (Madras: Nominated Non-Official): I may mention that I consulted many of my Honourable friends as regards the order in which these demands should be taken. The feeling is that we should have some of these important subjects first disposed of, so that when the final day comes we may not be hurried in the disposal of these important subjects. I therefore told the Honourable the Leader of the House and the Honourable the Finance Member that this would be the best order in which the subjects may be discussed; and I think that is agreeable to most of us here.

The Honourable Sir Malcolm Hailey: If I had had more time, and if the House had not been busily engaged at the moment, I should of course have asked Members of the various Parties in the House to meet me and discuss the matter. I regret I had no opportunity of doing so, but I understood that the matter had been previously discussed between parties in the House, and that very list represented the conclusions to which they had come.

Mr. Jamnadas Dwarkadas : Sir, my only object in pointing that out was that some items should not be left out, because I do feel that even in this list some important items that we should like to consider have been left out.

Mr. R. A. Spence: May I ask, Sir, with a view to our not being hurried, whether you are going to fix any time this week for our sitting—are we going to sit till 7 or 8?

Mr. President: That depends entirely upon the sense of the House as gathered by the Chair. I may point out that the Punjab Legislative Council recently sat till 10-30 P.M. on one day.

Chaudhri Shahab-ud-Din (East Central Punjab: Muhammadan): Till 10-15 P.M., I was there.

Mr. President: The arrangement proposed by the Honourable the Leader of the House is not only eminently suitable but is certainly in order, and we shall follow that course.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 13th March, 1923.