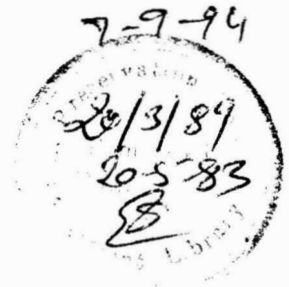


27th January 1927

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume I

FIRST SESSION
OF THE
THIRD LEGISLATIVE ASSEMBLY, 1927



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CONTENTS—*contd.*

	PAGES.
Tuesday, 25th January, 1927—<i>contd.</i>	
The Indian Limitation (Amendment) Bill—Introduced ...	57
The Indian Registration (Amendment) Bill—Introduced ...	57-58
The Currency Bill—Introduced ...	58
The Gold Standard and Reserve Bank of India Bill—Introduced ...	58
The Imperial Bank of India (Amendment) Bill—Introduced...	58
The Steel Industry (Protection) Bill—Introduced ...	58
The Indian Merchant Shipping (Amendment) Bill—Introduced ...	59
The Indian Income-tax (Amendment) Bill—Introduced ...	59
The Gold Standard and Reserve Bank of India Bill—Motion to circulate adopted ...	59-102
Wednesday, 26th January, 1927—	
Results of the Election for the Public Accounts Committee ...	103
The Code of Civil Procedure (Second Appeals) Bill—Introduced ...	103-04
The Steel Industry (Protection) Bill—Referred to Select Committee ...	104-144
Date for the Election of the Deputy President ...	144
Thursday, 27th January, 1927—	
Member Sworn ...	145
Questions and Answers ...	145-70
Unstarred Questions and Answers ...	170-71
Panel of Chairmen ...	171
Statement of Business ...	171-72
The Code of Civil Procedure (Amendment) Bill (Execution of Decrees and Orders)—Introduced ...	172
The Indian Income-tax (Amendment) Bill—Motion to circulate adopted ...	172-81
Monday, 31st January, 1927—	
Members Sworn ...	183
Questions and Answers ...	183-278
Unstarred Questions and Answers ...	279-301
Election of Deputy President ...	301-03
Election of Panel for Central Advisory Council for Railways ...	303
The Indian Limitation (Amendment) Bill—(Amendment of Article 182 of Schedule I)—Introduced ...	303-04
The Indian Merchant Shipping (Amendment) Bill—Referred to Select Committee ...	304-09
The Negotiable Instruments (Amendment) Bill—Referred to Select Committee ...	309-12
The Indian Securities (Amendment) Bill—Referred to Select Committee ...	313-19
The Indian Limitation (Amendment) Bill—(Amendment of Sections 20 and 21)—Passed ...	319-25

LEGISLATIVE ASSEMBLY.

Thursday, 27th January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBER SWORN:

Rai Bahadur Tarit Bhusan Roy (Bengal Mahajan Sabha: Indian Commerce).

QUESTIONS AND ANSWERS.

CLOSING OF THE REST CAMP FOR BRITISH TROOPS AT DEOLALI.

1. ***Mr. N. O. Kelkar:** (a) Will Government state whether the creation of the Deolali rest-house for British troops and officers was a war measure?

(b) What is the total number of men and officers who availed themselves of it annually and the total annual cost incurred on its maintenance?

(c) For what period was the rest-house continued after the cessation of the war and for what purpose?

(d) When do Government propose to close it?

(e) Will there be any additional expenditure, by reason of its closure, under any other departmental head?

(f) What will be the total saving by such closure?

(g) Why was this saving not secured much earlier?

Mr. G. M. Young: (a) Before the War Deolali was one of a chain of rest camps maintained for troops, particularly those moving to and from ports. During the war, this rest camp was expanded to deal with the increased number of troops proceeding overseas and returning.

(b) I am afraid that there are no figures to show the annual occupation of the rest camp during the war, but as many as 3,500 British troops have been concentrated in the camp for short periods. Figures of the total annual cost will take a little time to obtain. I have called for them and will communicate them to the Honourable Member in due course.

(c) The camp has been maintained on a reduced scale since the war for the use of troops passing to and from India.

(d) At the end of the present trooping season. It has already been reduced to a small nucleus.

(e) There will probably be a small increased expenditure on miscellaneous items, such as the fitting and hiring of additional military cars and kitchen cars; and an attached section at Bombay to deal with personnel unavoidably detained there.

(f) The net savings cannot be calculated at present but Government hope that they will amount to some lakhs.

(g) Because it took some time to return to normal trooping conditions after the war, and to introduce the system of direct embarkation and disembarkation. The camp could not be abolished until that system had been tried and found satisfactory.

ESTIMATED LOSS IN WORKING THE HINDUBAGH-FORT SANDEMAN RAILWAY.

2. ***Mr. N. O. Kelkar:** With reference to the statement "The loss in working the (Hindubagh-Fort Sandeman) line is expected to be fully covered by the saving in Military expenditure", occurring in the Memorandum on the Estimate for strategic lines, circulated with the Railway Budget for 1926-27, will Government kindly state the estimated loss in working?

Mr. A. A. L. Parsons: At present only the portion between Hindubagh and Qila Saifullah is under construction. The loss in working on this part, including interest on capital cost is estimated at Rs. 2,47,000.

ANNUAL SAVINGS ACCRUING TO THE ARMY BUDGET OWING TO THE CONSTRUCTION OF STRATEGIC RAILWAYS.

3. ***Mr. N. O. Kelkar:** With reference to the information given on August 18th, 1926, in reply to starred question No. 114, by Mr. Burdon that an annual saving of Rs. 1,85,000 would accrue to the Army Budget by the construction of the Hindubagh-Killa Saifulla Railway, will Government please give similar information, as far as it may be available, for the other strategic railways already in existence or in course of construction?

Mr. A. A. L. Parsons: No other strategic line except the Hindubagh-Killa Saifulla Railway is at present in course of construction. Information as to the annual savings, if any, which would accrue to the Army Budget owing to the construction of other strategic lines or the extra expense which their Budget would have to bear if those lines in existence had not been constructed, is not available, and I do not know how it can possibly be procured.

SALARIES OF THE CHIEF MINING ENGINEER AND HIS STAFF.

4. ***Mr. N. O. Kelkar:** With reference to the reply to starred question No. 292, printed at page 471 of the Legislative Assembly Debates, Volume VI, is any portion of the salary of the Chief Mining Engineer and his staff debited to the various Government Departments such as the Army Department, the Public Works Department, and Government Press for whom he acts as the agent for purchasing coal; and if not, why not?

Mr. A. A. L. Parsons: The Chief Mining Engineer's department charges other Government departments a fee of 9 pies per ton of coal purchased through him, for advice in regard to tenders and contracts; for carrying out inspection of supplies at the collieries, and for inspecting the shipment of supplies at the Calcutta docks. Government consider this arrangement more equitable than making a direct charge to each Government department for a portion of the salary of the Chief Mining Engineer and his staff.

RESERVATION OF FIRST AND SECOND CLASS COMPARTMENTS ON THE EAST INDIAN RAILWAY.

5. ***Mr. N. O. Kelkar:** With reference to the reply given on August 18th, 1926, to starred question No. 4, will Government kindly state the considerations which led to the introduction of the experiment of reservation from Howrah to stations on the East Indian Railway of first and second class compartments on payment of one fare less than the marked sleeping capacity?

Mr. A. A. L. Parsons: The experiment was made as a result of the request made at a meeting of the Local Advisory Committee, and in the expectation that it would result in increasing the Railway's earnings. The Agent has now decided to extend the experiment to all stations on the East Indian Railway subject to a minimum distance of 100 miles.

CHARGES FOR THE RESERVATION OF INTERMEDIATE AND THIRD CLASS COMPARTMENTS ON RAILWAYS.

6. ***Mr. N. O. Kelkar:** Is it a fact that intermediate and third class compartments are usually reserved on payment of fares equal to their marked *seating* capacity, while first and second class compartments are reserved on payment of fares equal to their marked *sleeping* capacity instead of their marked seating capacity; and if so, on what grounds is this distinction based?

Mr. A. A. L. Parsons: The answer to the first part of the question is in the affirmative, the reason being that seating accommodation only is provided for intermediate and third class passengers, while sleeping accommodation is provided for first and second class.

ANTICIPATED RETURN FROM THE BOMBAY-HOWRAH OVERLAND MAIL TRAIN.

7. ***Mr. N. O. Kelkar:** With reference to the construction at a cost of Rs. 7,40,000 of two rakes for the Bombay-Howrah Overland Mail train, will Government kindly state the anticipated return on the *total* (not additional) capital invested?

Mr. A. A. L. Parsons: We expect the receipts from the train to be about Rs. 2½ lakhs, or Rs. 46,000 more than the running cost and depreciation combined. This gives a return of 6.2 per cent. on the expenditure of Rs. 7,40,000. These are the best estimates I can make, but as the Honourable Member is, I think, aware, it is almost impossible to work out exactly the running cost of a particular train.

METHOD ADOPTED BY RAILWAY COMPANIES IN AMERICA SHOWING EXPENDITURE DISTRIBUTED BETWEEN PASSENGER AND GOODS WORKING.

8. ***Mr. N. O. Kelkar:** With reference to the reply to starred question No. 118, printed at pages 108-9 of the Legislative Assembly Debates, Volume VIII, are Government aware that railway companies in America have, during the past few years, devised and adopted a method by which they can separate, with reasonable approximation to accuracy, the outlay allocable to passenger traffic, and if so, what are the practical difficulties in adopting the same method in India?

Mr. A. A. L. Parsons: We understand that railway companies in America submit figures to the Inter-State Commerce Commission showing expenditure distributed between passenger and goods working, but our information does not enable us to endorse the suggestion that these figures represent a reasonable approximation to accuracy; in fact we understand that the American Railways Accounting Officers Association, to which the railway officers responsible for compiling these figures belong, has informed the Inter-State Commerce Commission that in its opinion they are not worth the cost of compilation. The matter will however be looked into when we receive the report of the officer recently deputed to examine American methods.

Mr. N. M. Joshi: May I know, Sir, whether it is a fact that the Government of India used to give separate statistics for goods and passenger receipts, and even with regard to passenger receipts, they used to give receipts for first and second class passengers.

Mr. A. A. L. Parsons: I think, Sir, that the Honourable Member is aware that we do so now.

Mr. N. M. Joshi: May I know, Sir, if this practice has been discontinued now?

Mr. A. A. L. Parsons: My answer was that we do so now. I think the Honourable Member referred only to separate figures for receipts.

TRANSFER OF RS. 3 CRORES ON ACCOUNT OF ROLLING STOCK FROM THE CAPITAL AT CHARGE OF COMMERCIAL LINES TO THE CAPITAL AT CHARGE OF STRATEGIC LINES.

9. ***Mr. N. C. Kelkar:** Will Government state whether the transfer of Rs. 3 crores on account of rolling stock from the capital at charge of commercial lines to the capital at charge of strategic lines and also the similar transfer of the capital at charge of the Aden, the Laki-Pazu-Tank and the Tank-Kour Khirgi Railways were placed before the Railway Finance Committee, as containing an element of reducing the amount receivable by the General Revenues, under the convention of separating the railway from the general finances, and if not, why not?

Mr. A. A. L. Parsons: No special reference was made to the Standing Finance Committee for Railways, though the fact that strategic railways were being made to bear their proper share of the capital expenditure on rolling stock was brought to their notice when a supplementary grant under the Demand for strategic lines was placed before them last year. I may mention that the necessity for making the adjustment for rolling stock as a matter of correct accounting was brought to the notice of the Railway Board by the Chief Auditor of the North Western Railway, and was accepted both by them and by the Auditor General, before the Assembly had accepted the convention separating railway from general finances, though, of course, the adjustment became of more importance after the separation, since without it proper effect could not be given to the decision of the Assembly that the interest on the capital at charge and the loss on working strategic lines should be borne by general revenues. The classification of the railways mentioned by the Honourable Member as strategic was also settled before the acceptance of the separation convention, and I may add, before the Standing Finance Committee for Railways was in existence, though the formal orders issued subsequently.

Mr. A. Rangaswami Iyengar: Will the Honourable Member be pleased to say whether he will now place this matter before the Standing Finance Committee for Railways and obtain their orders as to the allocation?

Mr. A. A. L. Parsons: No.

Mr. A. Rangaswami Iyengar: Why?

Mr. A. A. L. Parsons: Because I think the Standing Finance Committee for Railways has plenty to do with current subjects without going into matters so long past.

Mr. A. Rangaswami Iyengar: Do I understand, Sir, that the allocation of this matter, which will be decided now after the constitution of the Railway Finance Committee by Government, is not a matter on which the Railway Finance Committee has any jurisdiction at all?

Mr. A. A. L. Parsons: The Standing Finance Committee for Railways has no jurisdiction in this matter. It was decided before that Committee was in existence.

Mr. N. M. Joshi: May I ask, Sir, whether the matter was placed before the Legislative Assembly? May I ask, Sir, whether the Government has no reply to this question?

POLL-TAX ON ASIATICS IN KENYA.

10. ***Mr. N. C. Kelkar:** Have Government received any representation from the Imperial Indian Citizenship Association on the subject of the raising of the poll-tax in Kenya exclusively on Asiatics? If so, what steps have Government taken to prevent or remedy this act of injustice?

The Honourable Mr. J. W. Bhore: Yes. An Asiatic Poll-tax Ordinance was passed to enable funds to be raised for further expenditure on Indian education. I may, however, mention that an Ordinance on precisely the same lines as the Asiatic Poll-tax Ordinance has been passed by the Kenya Legislative Council in respect of Europeans for an analogous purpose, but under it Europeans will pay a tax of 30 shillings while Indians pay 20 shillings. Government are in communication with the Colonial Government.

UNIFORM RAILWAY FARES AND RATES ON STATE RAILWAYS.

11. ***Mr. N. C. Kelkar:** Has the attention of Government been drawn to the question of fixing uniform railway fares and rates at least on all the State Railways in India? If so, do Government contemplate any reference on this question to the Rates Tribunal or any other independent action?

Mr. A. A. L. Parsons: The question whether uniform rates should be fixed for passenger fares was answered by implication by the Standing Finance Committee for Railways last January, when they were considering the reductions made by the different Railways. If the Honourable Member will refer to Volume II, No. 6 of the Proceedings of the Committee,

he will find that they considered that in fixing passenger fares the financial conditions of the different Railways must be taken into account. Physical conditions also require consideration and the Government of India do not propose to refer the question raised by the Honourable Member either to the Rates Advisory Committee or to any other body.

Mr. N. M. Joshi: May I ask, Sir, whether the condition of any particular railway does not affect the revenues of the whole country?

Mr. A. A. L. Parsons: It certainly affects the railway revenues of the whole country.

Mr. N. M. Joshi: May I ask, Sir, why should the people of the whole country pay for these losses or profits of one railway?

(No answer.)

May I ask, Sir, then the reason for not having uniform rates?

Mr. A. A. L. Parsons: The reasons have been stated in the answer I have just given to the question.

FITTING OF AUTOMATIC CENTRE BUFFER COUPLERS TO ROLLING STOCK ON RAILWAYS.

12. ***Mr. N. C. Kelkar:** Are Government yet in a position to make a pronouncement on the question, which was under investigation last year, of fitting automatic centre buffer couplers to the rolling stock in India?

Mr. A. A. L. Parsons: The question is still under investigation. Preliminary trials were carried out at Kanchrapara last autumn in order to discover what structural alterations, if any, will be necessary to the underframes of existing vehicles in order to fit them to take the automatic central buffer coupler. These trials showed that the underframes will require strengthening in certain respects and further trials will shortly be made in Lahore with vehicles so strengthened to see if any additional strengthening is necessary. We hope, when these trials have been completed, to be able to work out the cost of conversion and to come to a decision whether it is immediately practicable as a financial proposition. Subsequently it will of course be necessary to determine exactly what form of automatic central buffer couplers should be adopted.

Kumar Ganganand Sinha: How long, Sir, will it take for the trial to be completed?

Mr. A. A. L. Parsons: I am not quite sure but I think the trial going on in Lahore will be completed by about May or June.

Mr. A. Rangaswami Iyengar: Do the Government still intend to put down speculative figures in the Budget for this purpose?

Mr. A. A. L. Parsons: I am afraid the Honourable Member must wait until he sees the Budget.

RAILWAY COLLIERIES.

13. ***Mr. N. C. Kelkar:** Will Government lay on the table a statement of the railway collieries acquired from time to time showing their original cost?

Mr. A. A. L. Parsons: A statement giving the information asked for is laid on the table.

Statement showing the Railway Collieries acquired from time to time with their capital cost up to 31st March, 1926.

Colliery.	Capital outlay up to 31st March, 1926
	Rs.
1. Bokharo-Ramgarh (E. I. R. & B. N. R.)	30,29,180
2. Sawang (E. I. R. & B. N. R.)	8,53,754
3. Kurhurbaree & Serampore (E. I. R.)	56,04,489
4. Mohpani (G. I. P.)	8,13,981
5. Bhurkunda (State Railways)	28,81,585
6. Kargali (G. I. P. Ry.)	44,96,488
7. Khost (N. W. R.)	2,73,662
8. Khost Pressed Fuel Factory (N. W. R.)	48,092
9. Religara (M. & S. M. and B., B. & C. I. Rys.)	16,85,163
10. Jarangdih (M. & S. M. and B., B. & C. I. Rys.)	51,50,318
11. Talchir (M. & S. M. Ry.)	1,05,070
12. Argada (B. N. R.)	25,27,24
13. Talchir (B. N. Ry.)	1,19,747

MANUFACTURE IN INDIA OF ARTICLES IN COMMON USE ON RAILWAYS.

14. ***Mr. N. G. Kelkar:** With reference to the reply to starred question No. 1038 (d), printed at page 1618 of the Legislative Assembly Debates, Volume V, what decision, if any, has been arrived at in regard to the manufacture in India of articles in common use on railways?

Mr. A. A. L. Parsons: The question was remitted to the Tariff Board at the end of March, 1925; they have not yet reported on it.

TRANSLATION OF ACTS OF THE SUPREME LEGISLATURE INTO THE PRINCIPAL VERNACULARS.

15. ***Mr. N. G. Kelkar:** (a) What is the present official arrangement for the Acts of the Supreme Legislature being translated into the principal vernaculars and published for public information?

(b) Have Government considered the question of printing such vernacular translations or concise summaries of these in a handy form and making them available to the public at nearly the cost price?

Mr. L. Graham: (a) and (b). The present arrangement is that Urdu translations of those Acts of the Indian Legislature which the Department of the Government of India concerned considers important enough to be translated are issued by the Government of India and are made available to the public at nearly the cost price. The question of the translation of Acts into other vernacular languages is left to the discretion of the Local Governments concerned. Government do not consider it necessary to supplement the action of the Local Governments in this respect.

DECLARATION OF THE DAY OF THE ASSEMBLY ELECTIONS AS A PUBLIC HOLIDAY BY LOCAL GOVERNMENTS.

16. ***Mr. N. O. Kelkar:** Will Government state in how many Provinces the day of the Assembly elections was declared a public holiday? Was the question of the declaration of such a holiday as a matter of necessity and a matter of uniform imperial administration ever considered?

The Honourable Sir Alexander Muddiman: The declaration of public holidays under the Negotiable Instruments Act (section 25) is a matter for the Local Governments. Government have no information of the action which Local Governments have taken, and do not consider it necessary to interfere with their discretion in the matter.

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS DRAWN ON INDIA BY THE SECRETARY OF STATE, ETC.

17. ***Mr. N. O. Kelkar:** Will Government be pleased to lay on the table a statement giving information under the following heads for the year 1924-25:

- (a) Council Bills and Telegraphic Transfers drawn on India by the Secretary of State, and the profit or loss by the exchange operations;
- (b) Sterling Bills and Telegraphic Transfers drawn on London by the Government of India and the profit or loss by these exchange operations;
- (c) Imports into and exports from British India of gold and silver (coin and bullion) and the amount received and the amount coined in the mints;
- (d) Receipts charges and net profits of the paper currency department;
- (e) Number and value of money coined at the Calcutta and Bombay mints; and
- (f) Value of notes in circulation and composition of the Paper Currency and gold standard reserves.

The Honourable Sir Basil Blackett: (a), (d) and (e). The attention of the Honourable Member is invited to accounts Nos. 94, 98, 62, 62A.

and 64 in the Finance and Revenue Accounts for 1924-25 which give the required information.

(b) No sterling Bills or Telegraphic Transfers were drawn on London by the Government of India during 1924-25.

(c) The figures of imports and exports of gold and silver are given in the monthly Accounts relating to the Sea-borne Trade and Navigation of British India, copies of which are available in the Library of the Legislature. The figures of the amounts of gold and silver received and coined in the Mints are furnished in the Reports on the Administration of the Mints at Calcutta and Bombay for the year 1924-25, copies of which have been placed in the Library.

(f) Information regarding the value of notes in circulation and the composition of the Paper Currency Reserve on the 7th, 15th, 22nd and the last day of the month is published regularly in the Gazette. A quarterly statement of the composition of the Gold Standard Reserve is also published in that Gazette.

REALIGNMENT OF THE GREAT INDIAN PENINSULA RAILWAY.

18. ***Mr. N. C. Kelkar:** Is it a fact that Government have ordered or are going to order a survey for a new alignment of the Great Indian Peninsula Railway line, between Khandala and Karjat, with a view to give up the whole of the existing Bhere Ghat?

Mr. A. A. L. Parsons: An estimate of the cost of realigning the Great Indian Peninsula Railway so as to eliminate the Bhere Ghat reversing station was sanctioned in 1925 and the work is in progress.

RULES AND ORDERS RELATING TO THE PREPARATION OF LISTS OF VOTERS FOR THE LEGISLATIVE ASSEMBLY.

19. ***Mr. N. C. Kelkar:** Will Government be pleased to lay on the table a copy of the rules or orders now in force, under which the lists are primarily and then finally made of the Legislative Assembly voters qualified as such voters by reason of the payment of Income-tax? Are Government sure that the practice of making these lists is uniform in all the Provinces?

Mr. L. Graham: The Government of India issued certain executive instructions to Income-tax Officers and Returning Officers regarding the nature and extent of the information to be supplied by Income-tax Officers to Returning Officers in connection with the preparation of electoral rolls for the purpose of the recent general election. They are not prepared to lay those instructions on the table. Elections to the Indian Legislature constitute a provincial subject and the Government of India have no information regarding the uniformity or otherwise of the practice in the different provinces.

Mr. M. S. Aney: Do the Government of India realise the necessity for uniformity in this matter?

Mr. L. Graham: Conditions vary so much in the different provinces that I do not think we can possibly think of issuing such instructions, Sir.

LEGISLATIVE ASSEMBLY VOTERS.

20. ***Mr. N. C. Kelkar:** Is it a fact that even the holders of certificates of the payment of Income-tax, automatically deducted for shares and Government securities on an income of even less than two thousand rupees, are allowed, under the present practice, to be enrolled as Legislative Assembly voters?

The Honourable Sir Alexander Muddiman: The electoral rolls are prepared by the provincial authorities and Government have no information as to the interpretation which they have placed on the qualification arising from assessment to income-tax in the case of holders of the certificates mentioned in the question.

ALLOWANCE TO AN INCOME-TAX ASSESSEE OF DEDUCTION FOR INTEREST
ON CAPITAL PROVIDED BY THE ASSESSEE HIMSELF OUT OF HIS OWN
FUNDS.

21. ***Mr. N. C. Kelkar:** (a) Is it a fact that under the present rules for the assessment of Income-tax, deduction is not allowed, in the calculation of expenses, for interest on capital provided by the assessee himself out of his own funds, that is to say, Capital, not shown as actually borrowed for the purpose?

(b) Have Government considered the question of allowing such deduction as being equitable in an economic sense?

The Honourable Sir Basil Blackett: The answer to the first part of the question is in the affirmative and to the second in the negative.

REVISION OF THE RATES OF THE ASSESSMENT OF SUPER-TAX.

22. ***Mr. N. C. Kelkar:** Do Government intend to revise the rates of the assessment of Super-tax in view of the easy condition of Imperial finances?

The Honourable Sir Basil Blackett: I regret I cannot anticipate my Budget Statement.

RASH ACT OF A SOLDIER AT CHALISGAON STATION.

23. ***Mr. N. C. Kelkar:** (a) Has the attention of the Government been drawn to a report, in the *Indian Daily Mail* of the 26th November last, of an act of rashness on the part of a member of a travelling British regiment on the night of 23rd November, at the Chalisgaon station on the Great Indian Peninsula Railway, resulting in serious injury to a boy of six years standing on the platform?

(b) Do Government propose to make an immediate inquiry into the facts of the case and obtain a report as to the identity of the offender, the identity of the regiment of which he is a member, the nature of steps taken by the Railway Police and the Commanding Officer in charge of the travelling troops, and the nature and measure of punishment meted out to the offender?

(c) Is it a fact, as stated in the newspaper report, that even the station authorities were unable to obtain the name of the offender or the regiment?

Mr. G. M. Young: (a) No, Sir, but Government have seen an account of the same incident in the *Mahratta* of the 6th December, 1926. The injury is reported to have been slight and not serious; it was promptly attended to by the medical officer in charge of the train; and efforts were made to identify the person who was responsible for it. The train was not carrying a regiment but soldiers from 83 different units.

(b) The incident has been investigated very carefully both by the military authorities and by the Government of Bombay through the local civil authorities. The results of these inquiries are embodied in a statement, which I lay on the table.

(c) Yes.

Statement referred to in reply to parts (b) and (c) of starred question No. 23.

On the 23rd November last, at about 10-30 P.M., a special troop train from Bhusawal halted at Chalisgaon station. The train was carrying soldiers from 33 different units, who were on their way to England.

While the train was moving into the station, an empty beer bottle appears to have been tossed out of one of the carriages, and to have struck a small boy who was standing with his father on the platform. The father reported the matter to the Railway Police and to the station authorities. But it was dark at the time and it was impossible to ascertain who had thrown the bottle as, owing to the fact that the train was moving when the boy was hit, the parent could not tell from what part of the train the bottle had been thrown.

The medical officer of the train, however, immediately attended to the boy who was only slightly injured. The later enquiries by the military authorities and the Government of Bombay also failed to elicit the identity of the person who threw the bottle.

EXPENDITURE ON THE SOUTH AFRICAN DEPUTATION TO INDIA AND THE INDIAN DELEGATION TO SOUTH AFRICA.

24. ***Mr. N. C. Kelkar:** (a) What is the total amount of expenditure borne by the Indian Treasury on account of the recent visit of the South African Deputation to India?

(b) Will Government state whether the South African Deputation was of a wholly official or wholly unofficial or of a mixed character?

(c) What is the total amount of expenditure sanctioned by Government for the official Deputation to the South African Conference?

The Honourable Mr. J. W. Bhoré: (a) The total expenditure is estimated at Rs. 70,000. Accounts have not yet been finally adjusted.

(b) The Deputation from South Africa was a parliamentary deputation sent to India by the Union Government. It comprised representatives of all parties in the South African Parliament and included one Minister.

(c) The estimated expenditure on account of the Government of India Delegations to South Africa is Rs. 1,17,000.

Mr. Jamnadas M. Mehta: Is not their expenditure paid by the South African Government as a return of courtesy?

The Honourable Mr. J. W. Bhoré: Not all their expenditure, but they have been treated as the guests of the South African Government during their stay in South Africa.

Mr. Jamnadas M. Mehta: Have they been treated on the same footing? Have the South African Government borne the same charges as we have done?

The Honourable Mr. J. W. Bhoré: Certainly. The Union Government's hospitality has been gratefully acknowledged by the Leader of our Deputation.

RECRUITMENT FOR THE INDIAN ARMY FROM THE BOMBAY PRESIDENCY.

25. ***Mr. N. O. Kelkar:** (a) Will Government be pleased to lay on the table a statement showing the total number of combatant and non-combatant recruits, enrolled in each year during the last twelve years 1914-1926, classed according to Provinces, and also the total number of trans-frontier Mussalmans and other trans-frontier men enrolled during this period?

(b) Will Government be pleased to lay on the table a copy of the rules and directions now in force for the guidance of Recruiting Officers for the purpose of recruiting Brahmins, Mahrattas and others in the Bombay Presidency?

(c) Will Government specify the classes, castes, races or nationalities to which enrolment of combatant recruits is confined in the Bombay Presidency, and the numerical limits or percentages, if any fixed for each?

Mr. G. M. Young: (a) I lay on the table a statement containing all the figures available for the period.

(b) There are no special recruiting regulations for the Bombay Presidency. A copy of the Recruiting Regulations of the Indian Army is in the Library. There are handbooks dealing with some of the classes recruited to the Indian Army, including one that deals with Mahrattas and Dekkani Mussalmans. These handbooks contain no rules or directions and are intended merely for the information of young officers. They are however available to the public.

(c) The classes ordinarily enlisted as combatants from the Bombay Presidency are Konkhani and Dekkani Mahrattas and Dekkani Mussalmans. The details are as follows:

Cavalry	3 squadrons of Dekkani Mussalmans.
Heavy Artillery	1/3rd of the Indian personnel are Mahrattas.
Bombay S. & M.	1/3rd are Mahrattas.
Mahratta Light Infantry	25 Companies Mahrattas and Dekkani Mussalmans.
Bombay Grenadiers	5 Companies Mahrattas.
2nd Bombay Pioneers	4 Companies Mahrattas.

Statement of Recruits enlisted from 1st August, 1914 to 30th September, 1926.

Province.	1-8-14 to 31-3-18.	1-4-18 to 31-12-18.	1-1-19 to 31-12-19.	1-1-20 to 31-12-20.	1-1-21 to 31-12-21.	1-1-22 to 31-12-22.	1-1-23 to 31-12-23.	1-1-24 to 31-12-24.	1-1-25 to 31-12-25.	1-1-26 to 30-9-26.
(a) COMBATANTS.										
Madras	26,567	23,487	3,487	5,078	852	1,274	580	620	684	504
Bombay	25,783	13,188	1,392	3,977	2,244	647	855	1,044	1,133	643
Bengal	2,646	4,055	47	123	4	1	2
United Provinces	88,927	78,836	9,180	15,808	4,245	2,500	2,833	1,885	1,599	1,329
Punjab and Delhi	2,49,378	97,172	18,857	29,760	10,019	11,422	10,185	9,288	13,449	9,328
Trans-frontier	408	7,508	2,162	4,231	1,940	1,715	1,130	1,241	1,465	1,021
N.-W. F. P	27,767									
Baluchistan	1,254	532	67	245	140	166	243	214	249	94
Bihar and Orissa	2,024	5,505	1,159	2,365	122	9	1	1
Central Provinces	1,391	2,471	117	386	180	76	10	13	10	10
Ajmer-Merwara	9,837	1,624	448	578	344	387	110	87	113	66
Burma	1	8,325	1,498	1,742	115	1,099	967	864	955	555
Total	4,31,083	2,42,983	38,382	64,301	20,198	19,893	16,716	15,246	19,988	13,461

(b) NON-COMBATANTS.										
Madras	11,448	19,198	16,140	6,451	2,437	333	154	110	180	165
Bombay	10,286	12,146	4,725	3,202	2,963	143	93	87	131	56
Bengal	9,117	25,463	9,176	5,891	2,503	64	5	5	24	5
United Provinces	46,474	50,766	34,289	30,977	7,988	1,179	522	795	1,155	788
Punjab and Delhi	44,457	26,520	23,248	13,354	9,288	3,337	1,958	1,404	1,660	1,108
N.-W. F. P	4,410	4,580	2,367	1,709	1,445	210	92	107	144	54
Baluchistan	323	10	...	5	15	3	...	4	7	8
Bihar and Orissa	19,982	12,459	8,216	5,683	447	11	4	5	6	13
Central Provinces	2,694	5,836	2,020	864	290	33	9	19	41	27
Ajmer-Merwara	510	495	246	341	133	33	37	16	24	7
Burma	6,553	499	52	178	13	58	40	31	15	13
Total	1,56,568	1,87,972	1,00,423	68,465	27,202	5,404	2,944	2,588	3,327	2,247

* 1914 to 1918 figures do not include skilled labour who were engaged but not enrolled.

(c) The recruitment of trans-frontier personnel was stopped during the war and reopened in 1921.

The following are the numbers of trans-frontier personnel serving in the Indian Army on the following dates:

	Afridis and Mohmands.	Orakzais.	Total.
1st January, 1921			743
Ditto 1922			86
Ditto 1923			828
Ditto 1924			713
Ditto 1925			915
Ditto 1926			231
Ditto 1927			266
Ditto 1928			241
Ditto 1929			510
Ditto 1930			194
Ditto 1931			747
Ditto 1932			253
Ditto 1933			1,000

AMENDMENT OF RULE 24 OF THE BOMBAY LEGISLATIVE COUNCIL RULES.

26. ***Mr. N. C. Kelkar**: Will Government be pleased to lay on the table the correspondence, if any, between the Government of India and the Bombay Government, on the subject of the recent amendment of rule 24 of the Bombay Council Rules relating to the Governor's veto on motions involving discussions on matters of general public interest?

Mr. L. Graham: No amendment has been made in rule 24 of the Bombay Legislative Council Rules. The Honourable Member presumably refers to the recent insertion in those rules of a new rule 24A. I should like to explain for the information of the Honourable Member that this rule, which has been inserted in all the provincial Legislative Council Rules as well as in the Indian Legislative Rules, was not designed to confer power on the Governor to disallow motions of a character which were previously admissible and not subject to such disallowance but to make express provision in regard to the moving of motions other than Resolutions. The position previously prevailing in regard to the moving of such motions was somewhat obscure, and in certain quarters the view prevailed that the rules did not admit of the moving of any such motion. Rule 24A renders such motions admissible subject to the conditions specified in sub-rules (2) and (3). The Bombay Government having accepted the rule without comment, no purpose would be served by laying on the table the correspondence to which the Honourable Member refers.

REPORT OF THE BACK BAY RECLAMATION COMMITTEE.

27. ***Mr. N. C. Kelkar**: (a) Will Government be pleased to lay on the table a copy of the Back Bay Reclamation Committee's Report together with the evidence recorded by the Committee?

(b) Do Government propose to grant an opportunity to this House, during the present Session, to discuss this Report, so far it relates to the responsibility of or to the Government of India for the sanctioning of the scheme?

The Honourable Sir Bhupendra Nath Mitra: (a) The Report has been published. A copy, together with copies of Parts I and III of the evidence recorded by the Committee, will be found in the Library. Copies of Part II are still awaited from England, and a copy will be placed in the Library when received.

(b) Government do not propose to allot a day for a discussion of the Report, but it is open to any Member, who so desires, to move a Resolution on the subject.

Mr. N. M. Joshi: May I suggest that Government should in the public interest give free copies of this report to the Members of the Assembly?

The Honourable Sir Bhupendra Nath Mitra: The matter will receive due consideration.

SPEECHES OF THE REPRESENTATIVES OF INDIA AT THE RECENT IMPERIAL CONFERENCE.

28. ***Mr. N. C. Kelkar**: Will Government be pleased to lay on the table a copy of the full text or official summaries of the speeches of the representatives of India at the recent Imperial Conference?

The Honourable Sir Alexander Muddiman: Copies of the full texts or of official summaries of the speeches made at the Conference have not yet been received. The papers will be placed in the Library of the House when they are received.

UTILISATION OF PROFITS BY THE TATA IRON AND STEEL COMPANY.

29. ***Mr. N. C. Kelkar:** Apart from the references made in the speeches of the Honourable Sir Charles Innes and the Honourable the Finance Member, on the occasion of the Assembly Debates on the question of the grant of a bounty to the Tata Steel Company, was there any correspondence between the Company and the Government of India, on the subject of the Company utilising its profits, or the amount of the bounty, in any particular manner, towards the payment of the Company's contingent liabilities or the distribution of dividends among any classes of shareholders?

The Honourable Sir Charles Innes: The reply is in the affirmative.

EXAMINATION FOR THE RECRUITMENT OF ACCOUNTANTS FOR RAILWAY
AUDIT OFFICES UNDER THE ACCOUNTANT GENERAL, RAILWAYS.

30. ***Mr. N. C. Kelkar:** (a) Was any examination held in November 1925 or before that for recruitment of accountants to the Accounts Department of the Railway Board?

(b) If so, how many candidates for admission to the examination were selected from each Province and on what principle?

(c) How many among these candidates were Indians?

(d) How many candidates in all passed the examination, and how many of them were taken in the service?

(e) Do or do not Government intend to hold another such examination? If so, under what conditions?

The Honourable Sir Basil Blackett: (a) I presume that the Honourable Member refers to the examinations which have been held annually for the past 5 years for the recruitment of probationary accountants for the Railway Audit Offices under the Accountant General, Railways, the rules for which are given in Appendix II to Railway Audit and Account Code. Such an examination was held by the Accountant General, Railways, in 1925.

(b) 47 candidates were selected. Of these 11 were from the Punjab, 4 from Delhi, 3 from the United Provinces, 11 from Bengal and Bihar and Orissa, 8 from Bombay and Sindh, and 10 from Madras. The examination was widely advertised in provincial newspapers and candidates were selected from those who satisfied the necessary conditions as regards age and educational qualifications. Steps were taken to secure that, as far as possible, all provinces and communities were represented.

(c) 45 were Indians.

(d) The examination was competitive and the two best men were appointed to the service.

(e) The last examination was held in November 1926 and the next examination will be held in May 1927 on the same conditions as before.

NOMINATION OF MEMBERS OF ADVISORY COMMITTEES FOR STATE AND OTHER RAILWAYS.

31. ***Mr. N. O. Kelkar:** (1) Will Government be pleased to state what authority is finally responsible for sanctioning nominations to the Railway Advisory Committees for State and other Railways?

(2) Do Government propose to suggest to this authority the advisability of nominating at least one representative of Railway Passengers' Associations to each Advisory Committee according to some settled scheme of representation?

Mr. A. A. L. Parsons: The rules governing the nomination of members of Advisory Committees vary to some extent on different Railways. I will supply the Honourable Member with a copy of the rules of each Railway if he wishes. On State-managed Railways provision is made for the nomination, by the local Legislative Council of the Government in whose jurisdiction the headquarters of the Railway are situated, of three representatives, and lay down that these nominees should be selected so as to represent the travelling public as well as rural interests. This provision has also been adopted by many of the Company-managed Railways. In the circumstances, the Government of India do not propose to take the action suggested by the Honourable Member.

(Mr. S. Srinivasa Iyengar rose to put Question No. 32.)

Mr. President: The Honourable Member (Mr. C. Duraiswami Aiyangar has not taken his oath yet and, therefore, I do not propose to allow the question in his name to be put.

(In accordance with the above ruling, questions Nos. 32 to 34 were not put.)

EXPENDITURE INCURRED ON THE APPOINTMENT OF EXPERTS ENGAGED TO ADVISE ON AN IMPROVED SYSTEM OF RAILWAY ACCOUNTS.

35. ***Mr. N. O. Kelkar:** Will Government be pleased to state the estimated cost involved in the appointment of experts now engaged by Government for advising them on an improved system of Railway Accounts?

Mr. A. A. L. Parsons: Two lakhs.

† 36.

PROSCRIPTION OF BOOKS UNDER THE PRESS ACT.

37. ***Mr. N. O. Kelkar:** (a) What is the number of books proscribed under the Press Act since the year 1911?

(b) Are Government prepared to consider the question of entertaining applications to have particular pages or passages in any proscribed book pointed out to persons who may wish to reprint proscribed books, and are prepared to give an undertaking that such pages or passages shall be omitted in the reprint?

The Honourable Sir Alexander Muddiman: (a) The Honourable Member is doubtless aware that the Press Act was repealed in the year 1922. I do not know whether he wishes to ascertain the number of books proscribed between 1911 and 1922. But if he does, I will try to supply the information.

(b) Action under the Press Act was taken by the Local Governments. If the Honourable Member has in mind any particular book I would suggest that he should make his proposal to the Local Government concerned.

PROSCRIPTION BY THE PUNJAB GOVERNMENT OF A BOOK RELATING TO
THE NABHA STATE.

38. *Mr. N. C. Kelkar: Will Government be pleased to lay on the table a copy of the proscribed book about the Nabha State, marking the particular passages which, in the opinion of Government, justified the proscription?

The Honourable Sir Alexander Muddiman: I understand that the book referred to by the Honourable Member was proscribed by the Punjab Government. It is open to any person who has any interest in the book under section 99-B of the Criminal Procedure Code to apply to the High Court to set aside the order. It would not be desirable to adopt the alternative procedure suggested by the Honourable Member.

NUMBER OF STATE, MOPLAH AND AKALI PRISONERS.

39. *Mr. N. C. Kelkar: (a) Will Government be pleased to give the latest figures for:

- (1) the total number of persons undergoing imprisonment in India without trial:
- (2) the total number of Moplah prisoners in India and in the Andaman Settlements:
- (3) the total number of Akali prisoners: and
- (4) the total number of Akali prisoners released on acceptance of conditions offered by Government?

(b) Will the Government be pleased to state the exact conditions offered to Akali prisoners for release?

The Honourable Sir Alexander Muddiman: (a) (1) The latest figures available are:

Under Regulation III of 1818, 17; under the Bengal Criminal Law Amendment Act, 1925, 72; under the Madras Regulation II of 1819, 161.

(2) The Government of India have no information as to the total number of Moplah prisoners in India. As to the number of Moplah convicts in the Andaman Islands I must make further enquiries and will let the Honourable Member know later.

There are no prisoners in jail or under detention because they are Akalis and I have no information as to the number of Akalis in the Punjab jails. The conditions governing the release of certain Sikh prisoners were announced by His Excellency the Governor of the Punjab in the Legislative Council on the 9th July, 1925.

TRIAL AND CONVICTION OF DR. TARAK NATH DAS IN THE UNITED
STATES OF AMERICA.

40. *Mr. N. C. Kelkar: (a) With reference to the telegram appearing in the *Times of India*, dated the 11th December, 1926, page (18), will Government be pleased to state, so far as they know, the facts of the case of Dr. Tarak Nath Das?

(b) Was the prosecution undertaken at the instance of the Government of India and with what result?

The Honourable Sir Alexander Muddiman: (a) The Government of India are not aware of any case against Dr. Tarak Nath Das other than that in which he was convicted nearly nine years ago on a charge of violating the neutrality of the United States of America.

(b) The answer is in the negative.

**REGULATIONS REGARDING ADMISSION, PAY AND PROSPECTS OF MEMBERS
OF THE GENERAL AND STATION SERVICES IN THE
TELEGRAPH DEPARTMENT.**

41. ***Mr. D. V. Belvi:** (a) Will Government be pleased to state if their attention has been drawn to what is published under the caption "Indians not allowed. General Grade of service in Telegraph Department closed to Indians" in the issue of the *Indian National Herald*, dated Monday, December 18, 1926?

(b) If so, are the allegations made against the Telegraph Department true?

(c) If not, what are the facts?

(d) Will Government be pleased to place on the table a copy of the rules regulating the admission, pay and prospects of the General and the Station Grade of services in the Telegraph Department?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) No.

(c) General Service is not closed to Indians as such. I would refer the Honourable Member to the reply given in the Assembly on the 27th January, 1926, to part (a) of the starred question No. 331 by Mr. M. K. Acharya on the same subject.

The Department is, at present, overstaffed and the recruitment for General Service is confined to probationers obtained from certain Anglo-Indian schools with which the Department had entered into an agreement sometime ago. Of the six such schools the arrangement with one has already been terminated and the Telegraph Training Class in another school will be closed shortly.

The question of employment of clerks on non-operative duties is under consideration, but no action in this direction can obviously be taken until the surplusage of telegraphists has been wiped out.

The Telegraph peons are graded as "inferior servants", and in the matter of pension they are treated in the same way as any other inferior servant of the Government.

The alleged grievance of postal hands absorbed in the Telegraph Department presumably refers to certain men who initially joined Government service as Postal signallers and who have been appointed at a later stage of their service as Station Service Telegraphists. These men are getting the increments due to them in the scale of pay of Station Service telegraphists from the date of their being taken on permanently in the Station Service. Their request to be allowed to count the service rendered by them as Postal signallers towards increments in the scale of pay of Station Service Telegraphists was rejected after mature consideration.

In this connection I would refer the Honourable Member to the reply given in the Assembly on the 28th February, 1925, to unstarred question No. 207, by Mr. M. K. Acharya. The matter was further reconsidered by Government since the date of that reply but they came to the conclusion that there was no justification for modifying their previous orders.

(d) A copy of the regulations asked for is laid on the table.

Regulations regarding admission, pay and prospects of members in the Telegraph Department for General and Station Services.

The Signalling Establishment of the Traffic Branch comprises two Services; General and Station. Men in the General Service are liable to transfer anywhere in India or Burma, whereas Telegraphists (whether men or women) in the Station Service are immune from transfer outside the station to which their service is attached, but they must undertake liability for field service or transfer in time of war or national emergency. All candidates must go through a course of training in a recognised Telegraph Training Class and must pass a qualifying examination before appointment as Telegraphists. There are two kinds of training classes:—

- (1) Government Training classes.
- (2) Training classes in certain approved schools or colleges.

Instruction in a Government Training class usually lasts for twelve months and candidates are accepted between the ages of 16 and 20 years. They receive, while under training, an allowance of Rs. 20 a month. The system of Training classes in approved schools or colleges is different. Candidates between the ages of 16 and 18 years, who elect for the Telegraph Service, are generally given a two years' course in Telegraphy which takes the place of certain subjects in their ordinary school curriculum. At the end of the course they have to pass a qualifying test. For every candidate passed out from an approved school or college training class and admitted into the Department as a General Service Telegraphist, a bonus of Rs. 100 is paid to the school and Rs. 60 to the candidate, and for each admitted as a Station Service Telegraphist, a bonus of Rs. 70 is paid to the school and Rs. 40 to the candidate. The qualifying test in signalling is 20 words a minute in all subjects on Morse. Only boys or girls of good character and health and fair all-round education are accepted. Girls are recruited for the Station Service only.

The candidates who pass the final tests commence their service as telegraphists. The rates of pay of Telegraphists and Telegraph Masters for the General and Station Services are:—

(Telegraphists).

	Rs.
General Service	80—5—100—10—250
Station Service —	
(a) at Rangoon	90—5—180
(b) at Calcutta and Bombay	80—5—170
(c) at Madras and Karachi	70—5—160
(d) at all other places where the Station Service has been adopted	60—5—150

(Telegraph Masters.)

General Service	275—10—325
Station Service —	
(a) at Calcutta, Bombay, Rangoon, Madras and Karachi	200—10—250
(b) at all other places where the Station Service has been adopted	180—10—230

In addition to their pay telegraphists are eligible for duty allowances of Rs. 10, Rs. 20 or Rs. 40 a month, as the case may be, while holding charge of departmental telegraph offices or certain supervisory appointments requiring special training or technical ability. The number of such allowances appointments varies from time to time according to the requirements of the Department.

Telegraphists are eligible for promotion to the grade of Telegraph Master and thereafter to that of Deputy Superintendent in the Traffic establishment and for appointment as officers in the Superior Traffic Branch. They are also eligible for appointment to the Electrical, Engineering and Wireless Branches of the Department for which men are selected from the Traffic Establishment early in their service; and after undergoing a special course of training and passing specified examinations they are appointed Engineering Supervisors or Electrical Supervisors or Wireless Operators.

RESOLUTIONS PASSED RECENTLY BY THE ALL-INDIA TELEGRAPHISTS' UNION.

42. ***Mr. D. V. Belvi:** Will Government be pleased to lay on the table the Resolutions passed recently by the All-India Telegraphists' Union under the presidency of Mr. M. R. Jayakar, M.L.A., and forwarded to Government by the General Secretary of the Union?

The Honourable Sir Bhupendra Nath Mitra: A copy of the Resolutions is laid on the table.

1. Notwithstanding Government's official statement of the recruitment of the operative staff being entirely stopped, as the recruitment thereto which is still going on year after year, is not based on justice and fair-play and is apparently worked on communal basis; resolved that the Government of India be respectfully approached through the Head Quarters to open recruitment for the General as well as Station Service, only on the basis of merit without any distinction of caste, creed or colour, or community.

2. There being a complete stagnation in the clerical cadre owing to the number of appointments in the First and Second Class, not being in adequate proportion to the number of appointments in the Third Class, consequently offering no scope for the recognition of their services in pay or prospects; resolved that the Government of India be approached through the Head Quarters to afford wider openings to the deserving clerks, by way of replacing Telegraphists and Telegraph Masters in charge of non-operative and non-technical branches, by first and second class clerks, and by drafting competent typist-clerks as Murray operators on a more attractive salary.

3. The All-India Telegraph Union, Bombay Branch, views with very great disappointment the decision of the Government of India in regard to the Postal recruited men whose services were requisitioned by the Department itself in the Telegraph offices, but whose previous loyal services in the Postal Department were not taken into consideration in the matter of pay when absorbing them into the Telegraph Department, as has been done in the case of Military Operators, when absorbed under similar circumstances; resolved that the Head Quarters be requested to make further representations in the matter, as justice demands a more sympathetic consideration in the case of Postal recruited hands.

4. As the peons in the Telegraph Department have to perform more responsible and laborious duties than their fellow-workers in the Postal Department, it is hereby resolved that the Government of India or any other proper authorities be approached through the Head Quarters, with a view to have their services recognised in the Superior grade, with a graded allowance, instead of the fixed pay allowed to them as at present.

5. Resolved that the Government of India be approached through the Head Quarters with a request for an early redress of the longstanding grievances over which representations and reminders are being constantly submitted without any more tangible results than that they are under consideration.

EXPENDITURE ON NEW DELHI AND THE NEW SECRETARIAT.

48. ***Mr. D. V. Belvi:** Will Government be pleased to lay on the table a statement showing the amount of public money spent on "New Delhi" in general and on the New Secretariat in Raisina in particular up to the 19th January, 1927?

The Honourable Sir Bhupendra Nath Mitra: A statement giving the information asked for is laid on the table.

Statement.

	Expenditure (approximately). Rs.
New Delhi	12,43,00,000
New Secretariat	1,69,12,000

MALPRACTICES DURING THE RECENT ELECTIONS.

44. ***Maulvi Muhammad Yakub:** (a) Has the attention of the Government been drawn to the allegations of corruption and malpractices which were said to be openly and daringly in vogue in the last elections?

(b) Do Government propose to take steps to inquire into the allegations and stop the recurrence of such offences in future?

The Honourable Sir Alexander Muddiman: (a) Government have seen in the Press allegations of electoral malpractices, and they have received similar reports from some provinces.

(b) The existing arrangements provide for the invalidation of an election obtained by corrupt means, and for prosecution under Chapter IX-A of the Indian Penal Code. The former procedure can be initiated by an election petition, to be presented ordinarily by a candidate or an elector. The latter requires the authority of Government, but, seeing that all the offences in Chapter IX-A are non-cognizable, Government must rely on the readiness of those who have information to make it available. The success of both procedures therefore depends on the public spirit of private citizens. It is the duty of all loyal and good citizens, and in an especial degree of those who have the political advancement of India at heart, to aid Government in putting the law in motion. Government will readily avail themselves of assistance to this end, and look to active aid from the public in enforcing the present law, rather than to special measures or an amendment of the law, to prevent in future the offences which are said to have occurred during the recent elections.

Mr. M. S. Aney: Is the Honourable Member aware that this allegation has been made against Lala Lajpat Rai in the election campaign?

Maulvi Muhammad Yakub: Can an Honourable Member put a question to another Member, Sir? (Laughter.)

DATE OF THE APPOINTMENT OF THE STATUTORY ROYAL COMMISSION.

45. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to state whether it is a fact that the Royal Commission for the purpose of revising the Government of India Act of 1919 will be appointed before 1929?

(b) Is it a fact that Lala Lajpat Rai is expected to be a member of this Commission?

The Honourable Sir Alexander Muddiman: (a) and (b). The date of appointment and the personnel of the Commission are both matters within the sphere of the Secretary of State and the Government of India have no information on either.

RULES FRAMED BY THE HIGH COURTS UNDER THE CODE OF CIVIL PROCEDURE.

46. *Maulvi Muhammad Yakub: (a) Are Government aware that different High Courts in India have framed different rules under the Civil Procedure Code which cause great difficulties and create anomalies in the administration of justice and that the rulings given by one High Court according to the rules framed by that tribunal cause great complications when cited and followed by Courts under another High Court where the rules are quite different?

(b) In order to simplify the matter do the Government propose to withdraw from the High Courts the power to frame rules and make it a function of the Government of India to frame universal rules under the Civil Procedure Code for the whole of British India?

The Honourable Sir Alexander Muddiman: (a) Government are not aware of the difficulties and anomalies referred to by the Honourable Member.

(b) The answer is in the negative.

REMOVAL OF THE RAILWAY OFFICES FROM LUCKNOW TO CALCUTTA.

47. *Maulvi Muhammad Yakub: (a) Has the attention of Government been drawn to the agitation in the business circles of the United Provinces on account of the removal of the railway offices from Lucknow to Calcutta?

(b) Have Government considered the question of the inconvenience, trouble and financial loss which it is alleged the removal of these offices will cause to the people of the United Provinces?

(c) Do Government propose to order the retention of at least a branch of the East Indian Railway offices at Lucknow?

Mr. A. A. L. Parsons: (a) Representations have been received from certain quarters.

(b) and (c). The offices were removed to Calcutta as a consequence of the amalgamation of the administrations of the East Indian Railway and the Oudh and Rohilkhand Railway which has resulted in considerable savings in the cost of administration and accounts—estimated at over 3 lakhs of rupees per annum. The Government regret the inconvenience referred to by the Honourable Member but do not propose to order a re-transfer of any of these offices to Lucknow.

I should add that Lucknow is now the headquarters of the Lucknow Division of the East Indian Railway, and the offices of the Divisional Superintendent occupy a considerable part of the former administrative office building of the Oudh and Rohilkhand Railway.

NEW RAILWAY STATION AT LUCKNOW.

48. *Maulvi Muhammad Yakub: (a) Are Government aware that the new railway station at Lucknow was built at an enormous cost of Rs. 78 lakhs?

(b) What are the reasons for dismantling the old building of the station which was in itself a very large and commodious one and spending an enormous sum of public money on the construction of a new building?

(c) Are Government aware that the Agent of the East Indian Railway, on the occasion of the opening ceremony of the new Lucknow station, is reported to have said that similar stations will soon be built at Cawnpore and Allahabad? Are Government prepared to consider the question of stopping the proposed constructions?

Mr. A. A. I. Parsons: (a) No. 78 lakhs was the cost of the whole scheme which included, besides the building of the new railway station, receiving, despatching, and marshalling yards for goods trains, a local goods station and parcel office, and arrangements for transshipment between broad and metre gauge stock. The cost of the new railway station itself was under Rs. 12 lakhs.

(b) The old station building had to be removed in order to provide efficient marshalling arrangements and the other facilities for goods traffic which I have mentioned. I may inform the Honourable Member that the whole scheme for increasing the capacity of the (old) Oudh and Rohilkhand Railway, of which the transfer of the station building to a new site was but a part, was expected to give a return of $6\frac{1}{2}$ per cent. on its estimated cost, and though the final cost of the Lucknow station remodelling has been greater than was expected, the expenditure on the entire scheme is still expected to yield a return of about 6 per cent. on the total capital outlay.

(c) Government have seen a report of the remarks made by the Agent of the East Indian Railway at the opening of the Lucknow station, which are not entirely accurately reproduced in the Honourable Member's question. They have sanctioned a scheme for a common passenger station and a common goods yard for the different railways meeting in Cawnpore, where present arrangements are inconvenient to the public and uneconomic in working, and this scheme necessitates the rebuilding of the present station. There is at present no proposal to rebuild the station at Allahabad.

EMPLOYMENT OF MUSSULMANS IN THE OFFICE OF THE CHIEF COMMISSIONER OF DELHI, ETC.

49. ***Maulvi Muhammad Yakub:** (a) Is it a fact that out of 5 senior posts in the office of the Chief Commissioner of Delhi not even one is held by a Mussulman?

(b) Do the Government propose to draw the attention of the Honourable the Chief Commissioner to the Government of India's Memorandum No. F-176/25-Estbs., Home Department, dated the 5th February, 1926?

(c) Will the Government be pleased to inquire and state in how many cases effect was given to the Memorandum mentioned above by the subordinate offices and other departments directly under the Government of India since it was issued?

The Honourable Sir Alexander Muddiman: (a) Yes.

(b) A copy of the Memorandum referred to has been sent to the Honourable the Chief Commissioner. I am not aware if my Honourable friend is in possession of a copy of this Memorandum. To the best of my knowledge I have never been asked to supply him with one although he appears to be acquainted with its contents.

(c) Government have already taken steps which will enable them to observe the progress made in giving effect to their policy and they are not

prepared to institute special inquiries of the nature suggested by the Honourable Member.

Mr. Ghanshyam Das Birla: May I inquire if the Government wants to introduce the principle of communal representation in the Services as well?

The Honourable Sir Alexander Muddiman: The Honourable Member may inquire, but I am not proposing to answer him at this moment. I have made statements on that point on several occasions.

EMPLOYMENT OF MUSSALMANS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

50. ***Maulvi Muhammad Yakub:** (a) Has the attention of the Government been drawn to an open letter addressed to the Agent, Bombay, Baroda and Central India Railway, published in the *Muslim Outlook*, Lahore, dated Sunday, the 24th October, 1926?

(b) Are the figures given in the letter showing the number of the European, Hindu and Muslim employees correct?

(c) Do the Government propose to move the authorities of the Bombay, Baroda and Central India Railway to adopt effective measures to improve the prevailing conditions so far as Mussulmans are concerned?

The Honourable Sir Charles Innes: (a) Yes.

(b) We do not keep statistics separately for the broad and metre gauge systems of the Bombay, Baroda and Central India Railway, and we have not therefore been able to check the figures given in the letter.

(c) The letter was addressed to the Agent and he has already been made aware of the general policy of Government in these matters.

ADMISSION OF DOOLIES AND PALANQUINS TO THE PLATFORMS AT DELHI RAILWAY STATION.

51. ***Maulvi Muhammad Yakub:** (a) Are Government aware of the strong feeling and sensation amongst the respectable families of Delhi and other towns in Northern India caused by an order of the railway authorities at Delhi prohibiting doolies and palanquins on the platform for the use of purdah ladies?

(b) Are Government aware that religious sanctity is still attached to the Purdah in the families of a very large number of respectable families in Upper India whose ladies can never come out in the public even in a *burqa*?

(c) Are Government aware that owing to the fame of Delhi for its physicians and doctors, specially on account of the Lady Hardinge Hospital, a large number of invalid purdah ladies come to Delhi for treatment for whom it would be impossible to walk over the highly inconvenient and long bridges at the railway station?

(d) Considering the above facts do Government propose to order the railway authorities at Delhi to withdraw the above order prohibiting doolies and the palanquins on the platform?

The Honourable Sir Charles Innes: The Honourable Member has not got the facts quite correctly. It is true that the indiscriminate admission of palanquins to the Delhi platforms has been stopped. But the

Station Superintendent has full discretion to admit palanquins where he is satisfied that they are necessary, and I see no reason to suppose that respectable Indians will be put to any inconvenience.

Maulvi Muhammad Yakub: Are the Government aware, Sir, that the ladies of Hakim Ajmal Khan's family were not allowed to take their palanquin on the platform of the Delhi station?

The Honourable Sir Charles Innes: I think I am correct in saying, Sir, that it was on the complaint of that gentleman that we took the matter up with the station authorities of Delhi.

Mr. N. M. Joshi: May I ask what class of people is regarded as respectable by the Government?

The Honourable Sir Charles Innes: If the Honourable Member means to suggest that by "respectable" I refer to "wealthy", he is entirely mistaken.

SEASON POST OFFICE AT MILAM, ETC.

52. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to lay on the table a statement showing the monthly income and expenditure of the season Post Office of Milam (District Almora) for the months of June, July and August, 1926, respectively?

(b) Do Government propose to make the Post Office of Milam permanent?

(c) Is it a fact that the prevailing rate of wages of a coolie in Patti Malla Johar, District Almora, is Rs. 15 per mensem?

(d) Is it also a fact that the season Post Office of Milam is situated at an altitude of 11,250 ft. above the sea level on the northern frontier?

(e) Do Government propose to raise the pay of mail runners of the Milam Post Office from Rs. 12 per mensem to Rs. 15 per mensem?

(f) Is it also a fact that a mail runner cannot be engaged for distances of more than 5 miles?

(g) Is it also a fact that there are five mail runners between Milam Post Office and Mansiari Post Office?

(h) Is it also a fact that the distance from Mansiari Post Office to Milam Post Office is 30 miles?

(i) Do Government propose to employ one more mail runner in addition to 5 mail runners already employed in the Milam Post Office?

(j) Is it a fact that the work of the postmen of the Mansiari Post Office (District Almora) has increased very much owing to the spread of education and they cannot punctually visit all the villages to which they have to carry heavy parcels, money orders, insured articles, registered letters and ordinary letters, postcards and newspapers in large numbers?

(k) Is it a fact that only two postmen are working in Mansiari Post Office since 1895?

(l) Do Government therefore propose to appoint two additional postmen in the Mansiari Post Office so that the work may be done satisfactorily?

Sir Ganen Roy: (a) A statement showing the monthly income and expenditure of the Milam Season Experimental Branch Office during the period of its existence in 1926 is furnished below:

Name of month.	Income.			Expenditure.		
	Rs.	As.	P.	Rs.	As.	P.
June 1926	74	14	5	97	0	0
July 1926	80	4	8	97	0	0
August 1926	106	2	8	97	0	0
September 1926	74	2	7	97	0	0

(b) No, the Milam Post Office cannot yet be made permanent as its income is insufficient to cover the cost. It will, however, be opened again as an Experimental Post Office during the next season.

(c) Government have no information.

(d) Yes.

(e) No. Runners can be obtained without difficulty on Rs. 12 per mensem.

(f) No.

(g) Yes.

(h) Yes.

(i) No.

(j) No report regarding this has been received but an enquiry will be made.

(k) No, in addition to two permanent postmen, there are two season postmen.

(l) No.

Mr. K. Ahmed: With reference to question 52 (j) are the Government aware that during the last election there were many letters and election pamphlets, and in view of that fact what was the number of additional postmen deputed for the purpose of safe delivery of letters, pamphlets, etc.?

Sir Ganen Roy: I have no information on the subject.

Mr. K. Ahmed: Is it not a fact, Sir, that a telegram was sent to Mr. Sams by certain candidates for election that their election pamphlets and letters were not delivered properly, and therefore it was expected that the Government of India would give directions to the Postmaster General, Bengal and Assam, to take sufficient steps for the early delivery of election letters and pamphlets. Is my Honourable friend's office aware of that?

Sir Ganen Roy: No.

UNSTARRED QUESTIONS AND ANSWERS.

MUSLIM CLERKS IN THE OFFICE OF THE DIVISIONAL AUDIT OFFICER, NORTH-WESTERN RAILWAY, DELHI.

† **Maulvi Muhammad Yakub:** Will Government be pleased to place on the table a statement showing the total number of clerks in the office of the Divisional Audit Officer, North-Western Railway, Delhi, showing how many of them are Muslims?

TOTAL AMOUNTS OF SALARIES DRAWN BY THE HINDU AND MUSLIM
CLERKS IN THE OFFICE OF THE DIVISIONAL AUDIT OFFICER,
NORTH-WESTERN RAILWAY, DELHI.

2. **Maulvi Muhammad Yakub:** Will Government be pleased to place on the table separate statements showing the total amounts of salaries drawn by the Hindu and the Muslim clerks in the office of Divisional Audit Officer, North-Western Railway, Delhi?

The Honourable Sir Basil Blackett: The information is being collected and will be supplied to the Honourable Member in due course.

HINDU AND MUSLIM CLERKS IN THE OFFICE OF THE DIVISIONAL
SUPERINTENDENT, NORTH-WESTERN RAILWAY, DELHI.

3. **Maulvi Muhammad Yakub:** (a) Will Government be pleased to place on the table a statement showing the total number of clerks in the office of the Divisional Superintendent, North-Western Railway, Delhi, showing how many of them are Muslims?

(b) Will Government be pleased to place on the table separate statements showing the total amounts of salaries drawn by the Hindu and the Muslim clerks in the office of the Divisional Superintendent, North-Western Railway, Delhi?

The Honourable Sir Charles Innes: I take it that the Honourable Member wishes to satisfy himself whether there is a due proportion of Muslims in the clerical staff of the office to which he refers. The information for which the Honourable Member asks is not available, but I may inform him that the Government of India have just issued orders relating to the measures to be adopted for securing the appointment of members of minority communities in the different offices of the Government of India. These instructions have been communicated to Railways and I have no doubt that they will be followed up. I would ask the Honourable Member to wait and give time for this policy to be given effect to.

PANEL OF CHAIRMEN.

Mr. President: In accordance with the provisions of rule 3 of the Indian Legislative Rules I announce that I have nominated the following Members to be on the Panel of Chairmen:

Mr. M. A. Jinnah;
Mr. S. Srinivasa Iyengar.
The Rev. Dr. E. M. Macphail; and
Mr. M. R. Jayakar.

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I desire to make a statement about the probable course of business during the next week.

On Monday, the 31st January, a motion will first be made to introduce a Bill further to amend the Indian Limitation Act, 1908 (Article 152). A motion will next be made to refer to a Select Committee the Indian Merchant Shipping (Amendment) Bill which was introduced on the 25th January after publication under rule 18 of the Indian Legislative Rules. Thereafter motions will be made to take into consideration and, if those

[Sir Alexander Muddiman.]

motions are passed, to pass the following Bills which were introduced on the 25th January, namely:

- (1) the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose,
- (2) the Bill further to amend the Indian Securities Act, 1920, for certain purposes, and
- (3) the Bill further to amend the Indian Limitation Act, 1908, for certain purposes. (Sections 20 and 21).

On Wednesday, the 2nd of February, any business remaining over from Monday, the 31st January, will first be taken up. A motion will then be made to refer to a Select Committee the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (execution of decrees and orders). Thereafter motions will be made to take into consideration and, if those motions are passed, to pass the following Bills, namely:—

- (1) the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (amendment of section 115), and
- (2) the Bill further to amend the Indian Registration Act, 1908, for a certain purpose.

As Honourable Members are aware, Tuesday, the 1st of February, and Thursday, the 3rd, have been allotted for non-official Bills and Resolutions, respectively. There will be no meeting of the House on Friday, the 4th, or Saturday, the 5th.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL (EXECUTION OF DECREES AND ORDERS).

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

This, Sir, is another bye-product of the Report of the Civil Justice Committee and it deals mainly with questions relating to the execution of decrees and orders. The Civil Justice Committee devoted a great deal of their time and a considerable proportion of their Report to these most important questions. Honourable Members will find their valuable observations in Chapters 29, 30 and 31 of their Report which mainly relate to orders under Part II and Order XXXI of the First Schedule to the Code, which as I have said relate to the execution of decrees and orders. I do not think I need at this stage detain the House by taking them through the clauses of the Bill. The reasons for the amendment are fully explained in the Notes on Clauses and they are not capable of generalization except by explanation in considerable detail. I therefore move, Sir, for leave to introduce.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I move that the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee.

This Bill, Sir, is introduced with the purpose of effecting various minor alterations of machinery in regard to the income-tax law as it at present

stands. Some of them are with a view to preventing evasion or other difficulties which have arisen. Some are introduced to clarify the meaning of the law as it stands. They are some of them in favour of the taxpayer and some of them are in favour of the tax-collector. It is almost impossible to summarize the purposes of the Bill without going through each clause and explaining it in detail. The explanations in detail are given in the Statement of Objects and Reasons. I need not refer at any length to clause 2(a), which is chiefly designed to secure that proper arrangements shall be made in computing income-tax for the depreciation of elephants and things of that sort. It has been claimed that for certain purposes elephants are machinery and ought to be allowed to get the benefit of the provisions regarding depreciation which are applied to other kinds of machinery. On the whole the Income-tax Department have been satisfied that the elephants ought to be depreciated, and this clause is for that purpose. The question raised in clause 2(b) is one of considerable interest. The general principles on which our law and the financial arrangements between the provinces and the Central Government are based are that the right to impose an income-tax on profits is reserved for the Central Government. The question whether the provinces should get a share in the profits of income-tax is a different one. This is a question of the authority to impose a tax calculated on profits. It is obviously undesirable that you should have more than one authority independently imposing a tax assessed on gross profits or net profits because, if you allow that to go on very far, you might very quickly find various taxation authorities between them trying to collect 17 annas in the rupee. The principle of the reformed arrangements is that the proceeds of the income-tax go in the first instance to the Central Government, and that the Central Government has the first right to collect a tax on profits. In most cases cesses, road cesses of the sort that are mentioned here, and other local taxation are not assessed on profits but are calculated with reference to other considerations assessed in another way, and when they are so assessed, they are allowed as deductions from the income on which income-tax is collected. But in some cases it has been found that local authorities are collecting what is practically a second income-tax, for example, on the income of coal mines as in the case here, and our object in proposing this clause is to make it clear that local taxes ought not to be assessed on profits: they ought to be assessed otherwise, and that if in any case they are assessed on profits, they cannot be allowed as a deduction from the profits for the purposes of the Central Government's income-tax. If that became a frequent occurrence, the result might be to fritter away the whole of the income before the Central Government had the opportunity of collecting a tax. It is as much in the interest of the tax-payer as of the tax-collecting authority that the law should be clear on this subject. The object of clause 4 is to remedy an omission in the existing law, which is silent as to the procedure which ought to be followed in assessing a Hindu undivided family in the year following the year in which partition has been effected. Clause 5 deals with the procedure to be followed in assessing a firm, in the year following that in which there has been a change in its constitution or a company that has succeeded a firm or *vice versa*. There are conflicting High Court judgments on the procedure to be followed. It is difficult to say from the point of view of the Government, of the tax-collecting authority, which of the two procedures laid down by the two different High Courts is most conducive to the interests of the revenue, but the Government have come to

[Sir Basil Blackett.]

the conclusion that on the whole the fairest arrangement all round, though not necessarily the most conducive to the productivity of the tax, would be the ruling of the Allahabad High Court. Clause 6 confers on Assistant Commissioners of Income-Tax and Commissioners of Income-Tax power to rectify mistakes in their appellate or revision orders, which is obviously desirable. Clause 7 deals mainly with the assessment of the profits of export trade whether conducted by residents in British India or by agencies or branches in British India of non-residents and of import trade conducted by agencies or branches in British India of non-residents, the law on which has been proved to be rather vague and unsatisfactory. The change proposed is one which has been the subject of very considerable discussion and correspondence with the commercial interests concerned. The next clause I have to refer to permits the income-tax officer to impose in the first instance less than the maximum penalty whereas at present he has the power to impose only a single penalty, and he cannot subsequently increase it. The next clause, clause 9, deals with the grant of refunds under section 48 and the relief of small incomes. At the present time if the Indian income of an assessee is under two thousand rupees, it is not liable to Indian income-tax and the assessee is entitled to obtain a refund of the full amount. But he very likely may have an income running into thousands or millions in another country. Under the British law, his total income, wherever earned, wherever arising, is taken into consideration before the small income relief is given. Under the Indian law at present that relief is given simply with respect to the total of the Indian income, not with respect to the total income all over the world. There is obviously no very sound reason, I think, why the Indian law should be more generous to the millionaire than the British law, and it is also important from another point of view that we should improve our present position, because the machinery for giving those refunds is a rather troublesome and expensive one, and when the law is changed as proposed in this Bill, there should be a very large reduction in the number of cases in which claims for refund will be made. Clause 11 is directed against the difficulty to which I have more than once referred in this House of what I may call the legalized evasion of the provisions of the income-tax law. Its object is to provide that a partnership deed cannot be registered unless the firm not merely files a deed of partnership specifying the partners' shares, which is all that is at present required, but also actually divides the profits in accordance with those shares. That is the purpose of clause 11 of this Bill. When I introduced this Bill and it was announced that the intention was to move
 12 Noon. on this occasion for a Select Committee, I was under the impression that the Bill as a whole had been circulated for the purpose of eliciting opinion thereon. It was published at the beginning of December and the intention was that it should then be circulated by executive action for the purpose of obtaining opinions. Owing to a misunderstanding the Bill as a whole has not been so circulated, though I believe that so far as the subjects are concerned to which the more important of those clauses of the Bill that might possibly be regarded as contentious relate, the Central Board of Revenue has already at one time or another ascertained the views of Chambers of Commerce in regard to the principles involved. In view, however, of the fact that the Bill as a whole has not yet been circulated, I am quite prepared, if it is the desire of the House, to accept the motion which I see on the paper, that the first step should be that

the Bill should be circulated. But I now move formally that the Bill be referred to a Select Committee. Sir, I move.

Mr. President: Motion moved:

"That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee."

Sir Victor Sassoon (Bombay Millowners Association: Indian Commerce): Sir, I am very glad that the Honourable the Finance Member accepts my amendment if it receives any substantial support from the House and I think it is due to me to put forward my reasons for considering that circulation—or if he wishes it to call it so further circulation—is advisable. I feel that some of the clauses, at least one of the clauses, of the proposed Bill have very far-reaching effects due largely to the drafting of previous legislation which has had legal consequences not foreseen at the time. The whole position of Income-tax legislation has altered considerably during the last few years, particularly at the present time in England, and now I see indications of a trend in the same direction in this country. Originally the Legislatures laid down in the income-tax laws very definite rules and very restricted powers to the executive. The relations between the tax-collector and the tax-payer were then found to be satisfactory; very little friction ensued and the Legislature in consequence proceeded to give wide powers to the executive sometimes on a definite understanding that such powers should not be used to the full and should be restricted by means of rules. The convention arose that these powers were only given to be used in special cases, and this I think was more or less the position before the war. The effects of the war caused the needs of revenue to be very great, and as there was the usual objection to extra taxation those responsible for getting revenue from the country decided that the administration of the Income-tax Act should be tightened. The result of this decision at home, and I think also to some extent in this country, is that we have among the higher officials responsible for administering the Law a re-reading of the Act so as to take advantage of the full legal rights of the Executive and among the lower officials (and I think that members even on the Government side will agree with this) a tendency to make unjustifiable demands on ignorant tax-payers which were not substantiated and which were dropped when challenged. There were a number of cases, however, where the unfortunate tax-payer did not know his or her rights and paid the tax unnecessarily. Now, Sir, here we have a case in print given to us in the Statement of Objects and Reasons by the Finance Member. Under clause 7 the Courts in this country have given opposing judgments on one of the clauses of the existing Act. The reasons for those opposing judgments are, I think, simple. This clause which was intended to follow English procedure was intended to be what is called a machinery section. Owing to the fact that certain words differed from the English Act a subsequent Court came to the conclusion that legally it could be construed as a charging section. There is, I think, very little doubt that when those clauses were brought before the Legislature there was no intention that this should be a charging section, the intention being that it should follow the British procedure and be merely a machinery section. I think, Sir, that a great deal of credit is due to the Honourable the Finance Member for having brought this up before the Legislature. I think that he probably felt that his position if he took up the purely legal aspect

[Sir Victor Sassoon.]

of the income-tax legislation here might in fact put him in the position of taxing the tax-payer in this country along lines that were not intended by the Legislature or even by the Finance Member at the time when he asked for that legislation. I see great difficulty for the Finance Member from the moral aspect. He wants extra revenue. He has the right legally under the judgment to demand that revenue. He feels that the Legislature did not intend to go along those lines and I repeat great credit is due to the Honourable Member for bringing this up before the House so that we can decide whether we wish to relieve him of any moral restrictions that may have been put on his predecessors and which they may have carried out in practice by executive action. We can either free the Finance Member from these restrictions or limit him to the position which used to exist in practice. I think, therefore, that the circulation of this Bill will elicit facts, concerning this particular clause for instance, from the various trading and commercial bodies of the country. As I am given to understand by my legal friends, the consequences of the present Bill would allow the revenue authorities, if they so desire, to assess every importer, whether a small trader or a large merchant house, who was dealing with manufacturers or merchants abroad, to assess every Indian importer for the profits that might be estimated to have been made by the foreign manufacturer. That I am given to understand is one of the effects of this clause and though the revenue authorities here may not desire to use this power, we must face the position that some subsequent Finance Member in the desire for extra revenue in looking through the Act and estimating his rights may choose to exercise it. I think, therefore, that the Bill needs a very careful consideration.

There is also a further class of business which will be affected under the Bill. We heard yesterday, when Sir Charles Innes was referring to the steel industry, how he anticipated and hoped that the need for attracting new capital to the steel industry would be met by the proposals he put before the House. I don't know whether the House appreciates the fact that should this Bill become law, every debenture that is issued in a foreign country, the proceeds of which are remitted to this country and used for developing an industry, will be liable to Indian income-tax. The House will realise that it is not the foreign investor who will pay this tax. He will refuse to take up a debenture unless it is clearly laid down that it is free of all Indian taxation; so the result in practice will be that industries here, unable to rely upon Indian resources and desirous of obtaining debenture capital abroad, will necessarily have to pay a higher rate of interest than would otherwise be the case because Indian income-tax on loans made abroad must be provided for. This, I think, is a situation that will have to be very carefully considered by the House.

There is a further aspect and that is the effect of this legislation on the business of banks. I am not at all certain that if banks here in the ordinary course of their business were to take deposits in this country on which they paid interest, and were to remit those deposits abroad, I am not at all certain that under this Bill they would not be asked to supply the Government of India with a return of any interest or profit which might be received abroad. It is perfectly certain that no Bank or business concern could possibly unravel its various financial transactions.

which might cover several countries, to obtain this information. So in practice the Bank would be charged with the full income-tax on the full income that might be expected to have been received out of the country. I am not at all certain too whether the Government of India would not be entitled to ask for Indian income-tax on the interest of every trade bill that is drawn on an importer in this country. The amount of work that would be necessary to show what the actual profit was, would, to my mind, be so huge as to make it impossible to obtain any relief, because the House will agree that because there is interest on a trade bill it is not likely that that interest should be all profit. It is quite possible that the money that was used in discounting that bill was borrowed from somewhere else. The profit would, therefore, be trivial but as it would be so difficult to arrive at it the income-tax authorities would attempt to charge the tax on the full interest.

This measure is by no means an easy or a simple one; it is very complicated and very far reaching, and I think this House would be well advised to accept the offer that the Finance Member has made us to allow it to be circulated to elicit further opinion.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, after the elaborate manner in which the Honourable Member who preceded me pointed out the difficulties and complications that lurk in the amendment proposed by the Honourable the Finance Member, I do not propose to say anything in regard to the motion for circulation, except that I think the motion for circulation ought to be supported on other grounds even more important from the point of view of the finances of this country and the division of sources of the finances of this country between the several authorities, apart from any question of income-tax.

Sir, I find that in the Statement of Objects and Reasons, in regard to one important clause in the Bill, namely, clause 2, the Honourable the Finance Member has stated:

“Moreover the Central Government have always contended that provincial or local taxes on profits should not take precedence of Central taxes on the same profits, and if this principle is sacrificed, serious loss to Central revenues may result.”

Sir, that is a position which is of far-reaching consequence, and in fact the Honourable the Finance Member expanded it so far as to say in this House that we are asked by this Bill to assent to the proposition that no local taxes ought to be assessed on profits. If that is the proposition which is sought to be introduced, I say that the method by which the Finance Member proposes to introduce this principle is certainly objectionable. The sole matter, which clause 2 deals with, is whether when such taxes are assessed they should not be deducted in computing income for purposes of taxation. The question of principle whether the local Government have the right to assess these taxes on profits, on the basis of which they have been allowed actually to assess them, is a question of far greater importance than the question of deductions. I think, therefore, that if the Honourable Member thinks this principle ought to be established, he ought not to introduce this principle in this Bill but should face squarely the question as to what extent the Local Governments should be allowed to assess taxes on profits. My friend, the Honourable the Finance Member said that it is as much in the interests of the tax-payer as of the Government that there should not be too many authorities who should

{ [Mr. A. Rangaswami Iyengar.]

be permitted to tax income. This argument proves too much. He begun by saying that we will eventually find that the tax-payer is assessed in all at 17 annas in the rupee. When we come to examine the basis of all taxation in the country, we must arrive at the proposition that all taxes direct and indirect, ought to be paid out of income or property; therefore to say that the tax-payer will find that he is paying 17 annas in the rupee is not to prove that income-tax should not be levied by two authorities. Indeed, I can cite any number of Continental countries in which such taxes are levied by central and provincial authorities. We in this country have always claimed that by such taxation, direct or indirect, as we have been mulcted by, the Government have managed to take a much larger slice of income from the poor Indians than in any other country.

I want the Government of India, therefore, to face this question, namely, to what extent income-tax could be made available for provincial purposes and also, conversely, to what extent could land revenue be reduced to the basis of a tax on incomes. These questions ought to be raised when we discuss the remodelling of taxes in this country or the revision of the taxing system of this country in connection with the Taxation Committee's Report. The principle ought to be examined by Local Governments and Local Governments ought to be placed in a position to say to what extent they should exercise the right of taxation over incomes based on profits or on property. I therefore support the motion for circulation.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, I wish to support the motion made by Sir Victor Sassoon on another ground. The circulation of the Bill will give an opportunity to other people to suggest the clarification of certain other matters connected with the Income-Tax Department. If the Bill is to be amended it might be amended for the clarification of all doubts that have arisen in regard to other matters.

The Honourable Sir Basil Blackett: If the Honourable Member will allow me, he will find that the amendments he is suggesting would be outside the scope of the Bill.

‘ **Lala Lajpat Rai**: I am subject to correction.

The Bill contains several matters, and it was intended to clarify certain matters on which doubts have arisen. If there are any other matters which require clarification, they might as well be included in this Act.

I have been told that this cannot be done; therefore, I accept the motion.

Mr. M. S. Sessa Ayyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, this motion certainly requires consideration. Some feature of this Bill require a close scrutiny not only by this House but also by the larger section of the public whom they may affect. Clause 2 of the Bill is an instance in point. It attempts at excluding Provincial taxes or local rates from the category of admissible deductions under the Income-tax Act. The claim is made on the ground that Central Revenues are to have preference over provincial taxes. If that principle is not recognised, the Honourable the Finance Member suggests it would result in a diminution of the Central Revenue. I submit, Sir, we have also to take into consideration the corresponding hardship which the adoption of this principle would have on the classes affected by this clause. Once

this House accepts this principle that local taxes must yield in preference to Central taxes, it will have very far-reaching consequences; and I submit that the view point of the classes affected is not quite unwarranted, has been upheld by the Calcutta High Court. I therefore submit that the circulation of this Bill to the people affected is necessary, and more reasons will be forthcoming to show why this principle should not be recognised. Clause 7 is another instance. There is no doubt a conflict of views between three High Courts, and the Honourable the Finance Member did concede that it is not very easy to find out the means which should be adopted to set at rest this conflict. No doubt it is quite legitimate for the Legislature to seek to set at rest the conflict, but the means to be adopted are things for calm consideration; and I appeal to the House to accept the motion for circulation in order that we may have the views of the large body of the Indian public whom this Bill so materially affects.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, I was at one time of the opinion that a reference of this Bill to the Select Committee forthwith would secure its adequate consideration; but after hearing Sir Victor Sassoon, I feel it would serve the interests of the country better if the Bill was, in the first instance, circulated for opinion. Particularly, I want to draw the attention of the Hindu members of this House to clause 4, sub-clause (2), where the question of notice is dealt with when a Hindu joint family divides. Sir, the Income-tax Act has done more to break up the joint Hindu family than the attacks of the social reformer. I do not know whether this break up is ultimately for the good of Hindu society or not. I myself have not been able to make up my mind on that question, but there is no doubt that the Income-tax Act is increasingly leading to the break up of the joint Hindu family. This view was confirmed during the recent elections when I found four voters in a house where I had expected to find one; they had all divided the joint family income, the reason being that if they had kept their income joint, the State would have taken a much larger slice of it. They had the sense to divide in order to avoid the exactions of the State and for that reason also there were so many voters. But, Sir, although it may be an open question whether the breaking up of these joint Hindu families would be for the interests of the Hindu society, the way in which this Bill wants to deal with the notice question is highly objectionable. Only 15 days time is allowed for giving notice to the authorities when a member of a joint Hindu family seeks separation from his co-parceners. In spite of the disintegrating effect of the existing Income-tax Act, the sentiment of the joint Hindu family is so great that brothers would not like to divide while their mother is alive if they can help it. But this Bill says the moment there is a division, it shall be notified within fifteen days. Now, Sir, it is open to one member of the joint Hindu family merely to write a letter to his co-parceners declaring that he has separated and from that day under the Hindu law that family is taken to be partitioned if it is a joint Hindu family. In such a case those members who do not like to be partitioned will naturally begin to negotiate with the brother who has given notice and it will take time before these family confabulations are completed. Fifteen days is too short a time for such a purpose, but this Bill will break up the family within fifteen days. If notice is not given within fifteen days, then every one, even those who do not want to separate but who are trying to keep the family together may be charged by the income-tax officer a penalty equal to the amount of the tax. That

[Mr. Jamnadas M. Mehta.]

is the direct consequence of this clause. Sir, I would have suggested in the Select Committee or here in this House if the Bill had gone on, that the obligation for this notice must only be imposed on the member who is seeking the division and that the time allowed for giving notice must be longer than fifteen days. Under the clause as it now stands all members including those who want to remain undivided will be bound to give notice and that within fifteen days lest the income-tax officer should come down upon them and make them the victims of so much additional taxation. This serious danger to the integrity of a joint Hindu family is one reason for which I would like the circulation of the Bill, and I entirely agree with Sir Victor Sassoon that it should be circulated.

The Honourable Sir Basil Blackett (Finance Member): Sir, I cannot believe that the Honourable Member who has just spoken is entirely correct in the opinion he has expressed on clause 4. I gather he has been studying the Bill with some vigour in the rather less than 15 days notice that I gave him and may not have gathered the exact meaning of the clause. I rise to make a few remarks on the points made. I understand the Honourable Baronet who spoke first was referring mainly to clause 7. I agree that clause 7 is an important clause and requires careful study. It has indeed had careful study both in the Central Board of Revenue and in consultation with various classes of assesseses. However now that the Bill is to be circulated a further opportunity will be given for its study, though I do not think it is entirely open to some of the dangers which were suggested. The picture that was drawn was rather an alarming one and of some of these alarms I have failed, at any rate at present, to recognise the validity.

As regards clause 2 (b) in regard to the position of local and central taxation, I perhaps gave the impression when I first spoke that the Government were trying to lay down a principle not at present in existence of very far-reaching importance. I was expressing certain views in the statement that I made, but the statement in the Statement of Objects and Reasons is much narrower, I think, than what Mr. Rangaswami Iyengar made it to appear. "The Central Government have always contended that provincial or local taxes on profits should not take precedence of Central taxes on the same profits." That is to say, if a road cess or something of the sort is directly assessed on the profits, it cannot be deducted from the income which is assessable for Central income-tax. That is as a matter of fact the law at present. The law at present is that a local cess, if it is assessed on profits, is not a permissible deduction from the income taxable to income-tax. But there are certain cases in which a cess which is nominally levied on immovable property is in fact assessed on profits, and it is to affirm an existing principle, not to introduce a new principle, that the Government have introduced this clause in order to make clear that these cases, which one may call borderline cases, are really within the mischief of the law as it stands. The whole question of the desirability of allowing Provincial Governments or local authorities to collect what are known on the Continent as *centimes additionels* on the income-tax is of course quite a different one; but I would point out that in those cases there is no question of the *centime additionel* collected by the State Government or the Provincial Government being allowed as a deduction from the income which is assessable to income-tax. It is an additional tax on the income after the gross profits have been assessed,

not a charge on that income which is deductible before profits are assessed for the purpose of the central income-tax. But that is really quite a different subject. It is possibly my fault either in the wording of the Statement of Objects and Reasons or in something I said in speaking that the wider issue seemed to have been raised. That is a very interesting issue but it is not raised in this Bill, and Heaven forbid that I should seek in a small Bill like this to bring down on myself the necessity of debating such a large issue either here or in Select Committee.

Sir, the Government are willing to accept, if that is the wish of the House, the motion for circulation.

Mr. President: The original question was :

“ That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee.”

Since which the following amendment has been moved :

“ That the Bill be circulated for the purpose of eliciting opinions thereon.”

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

The motion was adopted.

Mr. President: I have to inform Honourable Members that the President of the Assembly will be in his room to-morrow from 2 to 3 P.M. to receive nominations for the office of the Deputy President, the election for which is fixed to take place on Monday, the 31st January.

The Assembly then adjourned till Eleven of the Clock on Monday, the 31st January, 1927.
