

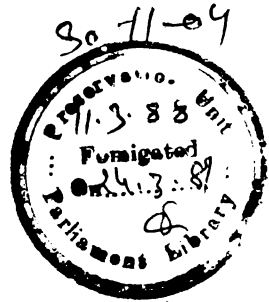
Thursday, 24th March, 1932

**THE  
COUNCIL OF STATE DEBATES**

**VOLUME I, 1932**

*(25th February to 6th April, 1932)*

**THIRD SESSION  
OF THE  
THIRD COUNCIL OF STATE, 1932**



CALCUTTA : GOVERNMENT OF INDIA  
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1932

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# COUNCIL OF STATE.

*Thursday, 24th March, 1932.*

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

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## MEMBERS SWORN :

The Honourable Mr. John Nesbitt Gordon Johnson, C.I.E., I.C.S. (Delhi : Nominated Official).

The Honourable Mr. David George Mitchell, C.I.E., I.C.S. (Legislative Department : Nominated Official).

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## QUESTIONS AND ANSWERS.

**TAXATION OF INCOMES EARNED DURING THE YEAR ENDING 31ST MARCH, 1931, UNDER THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) ACT, 1931.**

79. THE HONOURABLE SIR DAVID DEVADOSS : (a) Will Government be pleased to state whether it is their intention that incomes earned during the year ending 31st March, 1931, should be taxed under the Finance Act of 1931.

(b) Whether such incomes are liable to surcharge under the said Act.

THE HONOURABLE MR. A. F. L. BRAYNE : (a) Incomes earned during the financial year 1930-31 are liable to tax under the Finance (Supplementary and Extending) Act, 1931.

(b) Yes, under the Indian Income-tax Act. But under a Notification, No. 11, dated 4th April, 1931, income from salaries, interest on securities or dividends, received in 1930-31 and in respect of which tax was recovered during that year, is not liable to reassessment in 1931-32 at the higher rates imposed by the two Finance Acts of 1931.

**ASSESSMENT OF INCOME FROM PROFESSIONS AND CALLINGS AND PROPERTY UNDER THE INDIAN INCOME-TAX ACT, 1922.**

80. THE HONOURABLE SIR DAVID DEVADOSS : Will Government be pleased to state whether income from professions and callings and from property is liable to assessment under the Income-tax Act, 1922, as soon as it is earned or received even though the collection of the tax thereon is after the close of the year in which it is earned or received.

**THE HONOURABLE MR. A. F. L. BRAYNE:** No. All income is liable to assessment in the financial year following that in which it accrues or arises or is received, since under the Indian Income-tax Act, 1922, the assessment is made on the income of the previous year.

**REFUND TO ASSESSEES OF INCOME-TAX ON SALARIES AND INTEREST ON GOVERNMENT SECURITIES COLLECTED IN 1932 IF THE FINANCE ACT, 1931, IS REPEALED.**

**81. THE HONOURABLE SIR DAVID DEVADOSS:** (a) Will Government be pleased to state whether income-tax on salaries and interest on Government securities is not collected when they are paid.

(b) If the answer is in the affirmative will Government be pleased to state whether, if the Finance Act of 1931 is repealed in 1933, the tax collected under the Act in 1932 will be refunded to the assessee.

**THE HONOURABLE MR. A. F. L. BRAYNE:** (a) Income-tax is deducted at source at the time of payment from salaries and interest on securities and such income-tax is treated as an advance collection for which credit is to be given to the assessee in the succeeding financial year.

(b) The Finance (Supplementary and Extending) Act of 1931 applies to the financial years 1931-32 and 1932-33. There is no question of the repeal of the Act in 1933-34, which I presume is the year to which the Honourable Member intends to refer, since it automatically lapses at the end of the year 1932-33. The answer to the question depends on the provisions of the Finance Act of 1933-34, which I cannot foresee; but it seems most unlikely that the Legislature would sanction such refunds as the Honourable Member mentions.

**NUMBER OF PERMANENT, TEMPORARY AND LEAVE VACANCIES IN THE ASSISTANTS' AND CLERKS' GRADES IN THE ARMY DEPARTMENT, ETC.**

**82. THE HONOURABLE MR. SYED ABDUL HAFEEZ:** Will Government please lay on the table of the House a statement showing:

(i) the number of permanent, temporary and leave vacancies in the assistants' and clerks' grades separately from 1st April, 1930 to 31st January, 1932 in the offices mentioned below:

- (1) Army Department.
- (2) Finance Department (Military).
- (3) Headquarters, Royal Air Force.
- (4) General Staff Branch, Army Headquarters.
- (5) Adjutant General's Branch, Army Headquarters.
- (6) Military Secretary's Branch, Army Headquarters.
- (7) Master General of the Ordnance Branch, Army Headquarters.
- (8) Medical Branch, Army Headquarters.
- (9) Accountant General, Posts and Telegraphs.

(ii) The number of Hindus, Muslims, Sikhs, Anglo-Indians and other minority communities appointed in each of the above offices as assistants and clerks, separately.

(iii) Were the orders of the Government of India regarding the reservation of vacancies for the appointment of persons of minority communities, especially Muslims, observed? If not, why not?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF :** (i) and (ii). The information is not available, and could not be obtained, if at all, except by the expenditure of time and labour which, in the opinion of Government, would be totally disproportionate to the results.

(iii) The orders of the Home Department on the subject are scrupulously observed.

VACANCIES IN THE CLERICAL GRADE OF THE GENERAL STAFF BRANCH,  
ARMY HEADQUARTERS.

**83. THE HONOURABLE MR. SYED ABDUL HAFEEZ :** (a) Is it a fact that very recently vacancies occurred in the clerical grade in the General Staff Branch, Army Headquarters ?

(b) Is it a fact that girl clerks have been entertained to fill up the said vacancies ?

(c) Is it a fact that the number of girl clerks in the General Staff Branch, Army Headquarters, is 25 ?

(d) If so, will Government please say why the orders of the Government of India regarding the reservation of vacancies for the appointment of persons of minority communities, especially Muslims, were not observed ?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF :** (a) and (b). Yes. As one of the measures of economy in this Branch, eight first and second division posts previously held by European clerks have been replaced by the same number of third division posts, and are held by lady clerks.

(c) The correct number is 30.

(d) Communal proportions are not observed in regard to these particular posts, as it is considered necessary that they should be held by Europeans.

PERMANENT AND TEMPORARY VACANCIES IN THE OFFICE OF THE DIRECTOR  
GENERAL, INDIAN MEDICAL SERVICE, BEFORE AND AFTER RETRENCH-  
MENT.

**84. THE HONOURABLE MR. SYED ABDUL HAFEEZ :** (a) Is it a fact that two Muslim, one Hindu and one Anglo-Indian clerks have been retrenched from the Office of the Director General, Indian Medical Service.

(b) Will Government please state why two Muslims have been retrenched ?

(c) Will Government please lay on the table of the House a complete list of the ministerial establishment of the Office of the Director General, Indian Medical Service, before and after retrenchment, showing permanent and temporary vacancies with the nationality of the holders of the posts.

**THE HONOURABLE MAJOR-GENERAL J. W. D. MEGAW :** (a) No. Three Hindus, two Europeans and one Muslim have been retrenched. Another Muslim who was due for superannuation in the ordinary course on attaining the age of 60 in October next and had rendered 39 years' service has proceeded on leave from 1st March, 1932 ; his post will also be abolished on the expiry of the leave due to him.

(b) The retrenchment of two Muslims will not disturb the proportion of Muslims in the office. The number of Muslims before retrenchment was 11 out of 43 ; after retrenchment, it is nine out of 36.

(c) A statement is laid on the table.

*List of the ministerial establishment of the Office of the Director General, Indian Medical Service, before and after retrenchment.*

Posts,	Before retrenchment.				After retrenchment.			
	Hindus.	Muslims.	Europeans and Anglo-Indians.	Indian Christians.	Hindus.	Muslims.	Europeans and Anglo-Indians.	Indian Christians.
Chief Superintendent . . . .	..	..	1	..	..	..	..	..
Superintendents . . . . .	..	..	2	..	..	..	2	..
Assistants . . . . .	8	3	4	1	7	2	3	1
Clerks . . . . .	13	8	..	..	11	7	..	..
Stenographers . . . . .	3	..	..	..	3	..	..	..
Total . . . . .	24	11	7	1	21	9	5	1

**RETRENCHMENT OF THE ASSISTANT CASHIER IN THE OFFICE OF THE DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.**

85. **THE HONOURABLE MR. SYED ABDUL HAFEEZ :** (a) Is it a fact that the Assistant Cashier of the Office of the Director General, Indian Medical Service, has been retrenched while the Cashier who had attained superannuation and rendered more than 34 years' service has been retained ?

(b) If so, will Government please state whether the retention of the Cashier is in accordance with the Home Department orders relating to retrenchment ?

(c) Is it a fact that the Assistant Cashier has applied for concessions to proceed to South America ?

(d) Will Government please state which would be more economical (1) to grant concessions to the Assistant Cashier to proceed to South America or (2) to retain him as Cashier till his retirement is matured.

**THE HONOURABLE MAJOR-GENERAL J. W. D. MEGAW :** (a) Yes, but the Cashier has neither attained the age of superannuation nor rendered 34 years' service.

(b) Yes. The Assistant Cashier was selected for retrenchment on account of his hopeless insolvency.

(c) Yes.

(d) As it was undesirable to retain the Assistant Cashier for the reason mentioned above, the question whether it would be more economical to retain him than to retrench him does not arise.



**BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.**

**THE SECRETARY OF THE COUNCIL :** Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to extend the operation of the Salt (Additional Import Duty) Act, 1931, which was passed by the Legislative Assembly at its meeting held on the 23rd March, 1932.

**STATEMENT LAID ON THE TABLE.**

**COMMERCIAL TREATIES AND NOTES AFFECTING INDIA.**

**THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) :** Sir, I beg to lay on the table a further list of commercial treaties and notes affecting India.

**PART I.**

The Notes mentioned in this part merely provide for the prolongation until the 16th February, 1932, under the same conditions as now obtaining, of the Provisional Commercial Agreement concluded between the Egyptian Government and the Government of the United Kingdom and Northern Ireland by the Notes, dated the 5th and 7th June, 1930.

Country.	Nature of agreement.	Description.	Date.
Egypt.	Notes	Commerce	February 14/22, 1931.

**PART II.**

Agreements to which India is a party :—*Nil.*

**RESOLUTION RE AMENDMENT OF THE RESOLUTION ON ROADS ADOPTED BY THE COUNCIL ON THE 4TH MARCH, 1930.**

**THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) :** Sir, I move :

“ This Council recommends to the Governor General in Council that the Resolution on roads adopted by this Council on the 4th March, 1930, be amended by the deletion from clause 5 of the words :

‘ As an exception to this rule, the amount available for Burma may, for the present, be spent on any scheme of road development that is approved by the Local Government with the concurrence of the Local Legislature ;’

and the substitution of the words :

‘ As an exception to this rule, the amount available for Burma shall be apportioned separately in the ratio specified in clause 3 (b) (i) between the Shan States and the remainder of Burma. The amount available may, for the present, be spent on any scheme of road development that is approved, in the case of the Shan States by the Governor after consultation with the Federal Council, and in the case of the remainder of Burma by the Local Government with the concurrence of the Local Legislature .’ ”

Sir, the Council will remember that the Roads Committee recommended the imposition of a petrol tax with a view to encourage the development of roads. The idea was to encourage the development of through roads ; but so far as Burma was concerned, they recognised that the conditions of Burma were

[Mr. J. A. Shillidy.]

such that through communication between Burma and India was not at present feasible. Therefore a special exception was made and Burma was to be allowed to spend the money so obtained on such schemes of road development as were approved by the Local Legislature. It was however noticed later that the money which came to Burma included the share of the Shan States. Expenditure on the Shan States is however removed from the purview of the Burma Legislative Council. The amendment which I am now moving to this Resolution therefore merely seeks to restore the correct constitutional position inasmuch as expenditure which is incurred in the Shan States has to be incurred by the Governor in consultation with the Federal Council and in Burma by the Governor in Council with the concurrence of the Local Legislature. The amendment is necessary, Sir, in view of the constitutional position. I move.

The motion was adopted.

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**RESOLUTION *RE* INCREASED IMPORT DUTIES IMPOSED ON GALVANIZED IRON AND STEEL PIPES AND SHEETS.**

**THE HONOURABLE MR. J. C. B. DRAKE** (Commerce Secretary): Sir, I beg to move the following Resolution which stands in my name :

“ This Council recommends to the Governor General in Council that the increased import duties imposed by Notification No. 260-T. (127) Tariffs, dated the 30th December, 1930, as amended by Notification No. 260-T. (127) Tariffs, dated the 21st March, 1931, in exercise of the powers conferred by section 3 (4) of the Indian Tariff Act, 1894, on galvanized iron and steel pipes and sheets for the period from the 30th December, 1930 to the 31st March, 1932, be continued up to the 31st March, 1933, and that the duties should not be reduced unless at any time before that date, the Governor General in Council is satisfied that circumstances have changed so radically as to render the maintenance of the duties at the increased rates clearly unnecessary and undesirable.”

This Resolution, Sir, does not present to the House any entirely new matter. The House will remember that rather more than a year ago a Resolution was carried recommending that the increased duties which had been imposed in December, 1930 on galvanised sheets and certain articles made from galvanised sheets should be continued up to the end of the current month and that before that date Government would make an inquiry into the question whether this increase in the duty might not be replaced wholly or in part by a bounty to the producers of galvanised sheets. Now, Sir, the circumstances in which those duties were originally increased are no doubt still within the recollection of Honourable Members of this House. I might briefly state what the position was. In the first place the Steel Act of 1927 placed in the Indian Tariff Act a provision which enabled the Governor General in Council, after such inquiry as he might think necessary, to increase without going to the Legislature the duties on certain protected articles manufactured from iron and steel. The power was given in order to prevent the protective duty which had been imposed by the Legislature from becoming ineffective owing to any considerable fall in the price of the imported competing article. About September, 1930, the Tata Iron and Steel Company approached the Government of India with a request that the Governor General in Council would exercise this power of imposing what is generally known as an offsetting duty. The Government of India referred the question to the Tariff Board and the Tariff Board made an inquiry in October, 1930, as the result of which it found that the price of imported galvanised sheets had fallen so much that the protection given to the Indian manufactured article was completely ineffective, and it recommended that the duty, which was then Rs. 30 a ton, should be

increased to Rs. 67 a ton and that the increased rate of duty should remain in force for the remaining period of the protection to the steel industry, that is, up to the end of March, 1934. The Government accepted the Board's findings generally and proposed originally that they should be accepted as they stood,—that is to say, that the duty on galvanised sheets should be raised to Rs. 67 a ton and that that rate should remain in force until the 31st March, 1934. Subsequently, however, they moved the modified form of Resolution to which I have just referred and the increased rate of duty will, unless it is extended, expire at the end of the current month. Now, coupled with the extension of the increased rate of duty to the end of the current month, was an undertaking by Government that they would conduct an inquiry to ascertain whether the increased duty might be replaced wholly or partly by a bounty on production. They were quite prepared to admit that at any rate theoretically, a bounty might be the more appropriate method of giving the protection that is necessary to the Indian producers of galvanised sheets, but what they had to say quite definitely was that in the existing financial circumstances the Government of India were unable to consider the payment of a bounty. They promised, however, that they would examine this question whether administratively the payment of a bounty on the production of these sheets would be possible without undertaking that if there appeared to be no administrative objection they would adopt the principle of a bounty in place of the duty. Now that inquiry into the administrative aspect of the question was made three or four months ago by an officer of the Indian Audit Department with the assistance of the Metallurgical Inspector at Jamshedpur, and those officers came to the conclusion that there would be no insuperable difficulty so far as administrative arrangements were concerned. So far therefore as that aspect of the case was concerned, no difficulty appeared to exist. But, on the other hand, I need not remind Honourable Members that so far from the financial situation having improved since the Resolution in question was moved, rather more than a year ago, it has become in the meantime distinctly worse. It became quite certain that Government could not agree to the payment of a bounty and they therefore propose that the whole of the protection required should continue to be given by means of this increased duty, but the period for which this increased duty is to be extended is to be only one year, leaving still one more year before the expiry of the period during which the Steel Protection Act will be in force. It is of course always possible that the alternative method of giving protection by means of a bounty may yet be found practicable, and therefore the Government decided that there was really no need to legislate for so long a period as two years, and the period has been limited to one more year. That, Sir, explains—I hope sufficiently—the meaning of this Resolution and what exactly it is intended to do.

Before I conclude what I have to say, I think the House might like to hear from me what changes there have been in the position in regard both to import and production in India of galvanised sheets since this question was last before them. I take, in the first place, the question of imports. I think the point that I want to make will probably be clear if I quote a passage from paragraph 6 of the Tariff Board's Report on its enquiry into the need for additional protection to galvanised sheets. What the Board said was this :

“The general line of argument in favour of a bounty is as follows. The import of galvanised iron sheeting varies between 325,000 tons and 275,000 tons annually. The production of the Tata Iron and Steel Company has so far not exceeded 25,000 tons annually. To protect this small output, it would be unreasonable to impose a duty on imported sheet, since thereby a burden would be imposed on the country out of all proportion to the benefits which would accrue to the industry”.

[Mr. J. C. B. Drake.]

Now, Sir, as against those figures which were then collected by the Tariff Board of imports between 325,000 tons and 275,000 tons, imports to-day have fallen to an average of about 7,000 tons a month, or roughly 84,000 tons a year. The Tata Iron and Steel Company on the other hand are taking active steps to increase their production of galvanised sheets and they expect that from the end of next month they will be able to produce at the rate of 4,000 tons a month, or about 48,000 tons a year as against 84,000 tons of imported sheets. The House will see from these figures that the preponderance of imports over local production has been very greatly reduced since the matter was considered rather more than a year ago. The other point that I should mention is this. Under the Supplementary and Extending Finance Act of last November the general surcharge imposed for revenue purposes of 25 per cent. was automatically added to the increased duty on galvanised sheets, and the duty of Rs. 67 a ton thus became a duty of Rs. 83-12-0 a ton. In considering whether this further increase ought to be made in this particular duty, Government were guided by two considerations. In the first place, if a general surcharge is placed upon all imports in order to obtain more revenue, then it would require very exceptional reasons to justify the exemption of any particular article from this surcharge. There is this other reason also, that the price of imported galvanised sheets has fallen very considerably since the duty of Rs. 67 a ton was imposed in order to make good the protection which was originally intended to be given by the Legislature to this industry. I shall probably put the point most clearly to the House if I say that in spite of the increase of Rs. 16-12-0 a ton in the duty the market price of galvanised sheets to-day is slightly lower than what it was in February, 1931. If, therefore, the surcharge had been specially removed from this article, it is clear that the protection intended to be afforded originally by increasing the duty would have been considerably lessened and perhaps made quite ineffective.

That, Sir, is I think all I need say and I move my Resolution.

The motion was adopted.

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#### STATEMENT OF BUSINESS.

**THE HONOURABLE SIR BROJENDRA MITTER** (Leader of the House) : Sir, the only business for the day on which the Council next meets will be the consideration and passing of the one Bill which was laid on the table to-day. Five further Bills which it is desired to pass into law before the session terminates are still pending in the Legislative Assembly. The Assembly is sitting to-day but will not sit again till Tuesday next. In these circumstances the most convenient arrangement would perhaps be for the Council to adjourn till Wednesday, the 30th March, as it may be hoped that some at least of the five pending Bills will have been passed by the Legislative Assembly on Tuesday.

**THE HONOURABLE THE PRESIDENT** : I am inclined to agree with the Honourable the Leader of the House that it would be inconvenient to Honourable Members if I called a meeting at an early date to consider the two-clause Bill laid to-day, which is all that has come along from the other place since we last met a week ago. Sharing the hope of the Honourable the Leader of the House that there may be more Bills to be dealt with after Tuesday, I adjourn the Council till Eleven of the Clock on Wednesday, the 30th March.

The Council then adjourned till Eleven of the Clock on Wednesday, the 30th March, 1932.