

Wednesday, 25th March, 1931

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume III, 1931

(12th March to 25th March, 1931)

FIRST SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1931



SIMLA
GOVERNMENT OF INDIA PRESS
1931
13

Legislative Assembly.

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THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.

Deputy President :

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Committee on Public Petitions :

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SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

RAJA BAHADUR G. KRISHNAMACHARIAR, M.L.A.

MIAN MUHAMMAD SHAH NAWAZ, C.I.E., M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 25th March, 1931.

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

QUESTIONS AND ANSWERS.

CLASSES NOT ENUMERATED AS HINDUS FOR THE CENSUS.

1124. ***Bhai Parmanand Devta Sarup:** (a) Will the Honourable Member in charge of the census operations be pleased to state whether or not the Arya Samajists, Dev Samajists, and Brahma Samajists will be counted as Hindus?

(b) If so, is the Honourable Member aware that there is a general complaint in the Hindu Press that at several places the classes referred to in part (a) have been shown not as Hindus but as 'Miscellaneous (Others)'?

(c) Is the Honourable Member aware that there were complaints of irregularities and deliberate omissions on the part of census operators at several places to minimise the number of Hindus?

(d) Is the Honourable Member aware that a large number of depressed classes desirous of being counted as Hindus have been shown as 'Adi Hindus'?

(e) If the answer to parts (b) to (d) be in the affirmative, what steps does the Honourable Member propose to take to make amends?

The Honourable Sir James Crerar: Enquiries are being made and the result will be communicated to the Honourable Member in due course.

SIMLA HOUSE RENT ALLOWANCES.

1125. ***Bhai Parmanand Devta Sarup:** (a) Is it a fact that the rates for the grant of the Simla house rent were revised in 1923? If so, what were the grounds for doing so?

(b) Is it a fact that one of the reasons for sanctioning the higher rate of Simla house rent was that the men residing in private buildings have to pay very high rents?

(c) Is it a fact that after the revision there exist two rates—one old rates and the other new rates—in the Simla house rent allowance?

(d) Is it also a fact that when the new rates were framed in 1923, a proviso was added to the effect that those who apply for new rates will be compelled to accept Government quarters in Phagli or elsewhere?

(e) Is it a fact that all the new entrants are given the benefit of the new house rent rules, even if they do not show any keenness for the Government quarters, whilst the old hands who had expressed themselves likewise are considered ineligible for such rates of house rent?

(f) Is it a fact that in 1928 on account of too many applicants for Government accommodation, Government issued instructions to different offices that those, who are really not keen on getting quarters, should say so?

(g) Is it a fact that on account of the above facts, there is absolutely no compulsory allotment of quarters now-a-days?

(h) Are Government prepared to reconsider their decision and allow a uniform rate? If not, why not?

(i) If Government are not prepared to maintain a uniform rate, are they prepared to allow another choice to be made by those who chose old rules? If not, why not? If so, when will they do that?

The Honourable Sir James Orerar: (a) to (i). Owing to the high increase in rents since 1907, and on the report of a departmental committee, the rates of the Simla house-rent allowance were revised in 1924, and the new rates were made admissible only to those for whom no accommodation was available in Government quarters. As this condition involved the compulsory occupation of Government quarters, persons then in service were given the option of electing to come under the new rule or of remaining under the old rules, and it was laid down that the option once exercised would be irrevocable. In 1925 owing to a revision of the rules governing the allotment and conditions of occupation of clerks quarters in Simla it was decided to give the men concerned another option to elect between the old and the new rules and it was stated that this second option would be final. New entrants are governed by the new rules and with the increase in their number there has been an increase in the number of those who wish to occupy Government quarters. The element of compulsion does not, therefore, operate with the same force. There is no proposal to lay down a uniform rate, and in view of the fact that two options have been allowed to those governed by the old rules, and that on the last occasion it was stated that the choice would be final, Government see no reason for granting a third option.

SIMLA HOUSE RENT ALLOWANCES

1126. ***Bhai Parmanand Devta Sarup:** (a) Is it a fact that the Government of India have ordered a reduction of 12½ per cent. in all the allowances granted to Government officials?

(b) Does that order affect the Simla house rent allowance granted to the Government of India clerks?

(c) If the reply to part (b) be in the affirmative, does it also affect those individuals who elected old rules and are already receiving far less amount than what they actually pay?

(d) If the reply to part (c) be also in the affirmative, do Government propose to revert to only one rate of Simla house rent? If not, why not?

The Honourable Sir George Schuster: (a) Government have ordered percentage reductions, within certain limits, in certain types of cost of living allowances and all types of conveyance allowances drawn by Government servants.

(b) The order does not affect house rent allowances.

(c) and (d). Do not arise.

RAILWAY CONCESSIONS FOR HAJ PILGRIMS.

1127. ***Mr. M. Maswood Ahmad** (on behalf of Shaikh Sadiq Hasan):

(a) Is it a fact that railway tickets are not issued at concession rates by Indian Railways to pilgrims during Haj time, when going to and returning from Indian ports?

(b) If the answer to part (a) be in the affirmative, are Government prepared to grant concessions to pilgrims?

Mr. A. A. L. Parsons: (a) Yes.

(b) The matter was carefully investigated in connection with a recommendation made by the Haj Enquiry Committee, and it was found that no reduction could possibly so stimulate the traffic as to avoid loss to the railways.

DESTITUTE CONDITION OF MIRZA SIKANDAR BAKHT, DESCENDANT OF A MOGHUL KING.

1128. ***Mr. M. Maswood Ahmad** (on behalf of Shaikh Sadiq Hasan):

(a) Are Government aware that Mirza Sikandar Bakht, a descendant of the Moghul King, Bahadur Shah, is in destitute condition and depends for his living on alms and gifts received at the tomb of King Bahadur Shah in Rangoon?

(b) If so, do Government intend to consider the advisability of granting some pension to Mirza Sikandar Bakht?

Mr. J. G. Acheson: The Government of India have no information. The Local Government have been addressed, and, on receipt of their reply, a further communication will be made to the Honourable Member.

VENDORS' CONTRACTS ON STATION PLATFORMS ON THE EAST INDIAN RAILWAY.

1129. ***Mr. M. Maswood Ahmad** (on behalf of Shaikh Sadiq Hasan):

Did the Agent, East Indian Railway, ever issue a circular that vendors' contracts on station platforms would be granted to retired railway servants? If so, were these instructions carried out?

Mr. A. A. L. Parsons: Government are not aware if this was so or not, but the Agent of the East Indian Railway will be asked to furnish the information, and I will communicate it later to the Honourable Member.

Mr. Gaya Prasad Singh: Are Government aware that the practice of granting vendors' contracts to retired railway officials creates a monopoly and causes a great deal of dissatisfaction to the travelling public?

Mr. A. A. L. Parsons: The answer to both parts of the Honourable Member's question is in the negative.

APPOINTMENT OF SIKHS TO THE INDIAN AUDIT AND ACCOUNTS SERVICE.

1130. ***Sirdar Harbans Singh Brar:** (a) Will Government be pleased to state the number of persons appointed as a result of the Indian Audit and Accounts examination held during the last two years?

(b) Will Government be pleased to state the number of vacancies filled by nomination to redress the communal inequalities during the said years and also state the number allotted to each community?

(c) Are Government aware that no Sikh has been taken for the last many years and that the rights of the Sikhs have been totally ignored even this year in spite of the fact that two Sikhs have qualified themselves? If so, why?

(d) Are Government prepared to take early steps in this matter and appoint at least one Sikh in order to redress the serious wrongs done to the Sikh community?

(e) If the reply to part (c) is in the affirmative, will Government please state why are not the rights of every community considered equally from amongst the qualified candidates?

The Honourable Sir George Schuster: (a) 12 and 10, respectively, on the results of the examination held in December of the years 1929 and 1930.

(b) Two in 1929 and four in 1930 by nomination; all Mussalmans. In addition one place in 1929 and two in 1930 were secured by open competition by members of minority communities.

(c) One Sikh was appointed by nomination in 1926 and another in 1928. The two Sikhs who qualified in the 1930 examination stood 52nd and 71st in order of merit, the lowest place secured by a candidate appointed by nomination being 20th. The second part of the question does not arise.

(d) and (e). I would refer the Honourable Member to the reply given by me on the 24th September, 1929, to parts (2) and (4) of Sardar Kartar Singh's starred question No. 828.

Sirdar Harbans Singh Brar: Is it not a fact that the candidate who attained the 54th place was taken by nomination and that a Sikh who attained the 52nd place was rejected?

The Honourable Sir George Schuster: I have already informed the Honourable Member that the lowest place secured by a candidate appointed by nomination was 20th, and that the first Sikh who qualified himself in the examination was 52nd.

FORMATION OF AN IMPERIAL SECRETARIAT SERVICE.

1131. ***Sirdar Harbans Singh Brar:** (a) Will Government please state if the question of bringing all the members of the Imperial Secretariat Service on to one cadre has been considered and, if so, with what result?

(b) What is the number of inter-departmental transfers among the members of the Imperial Secretariat Service and other members of the ministerial establishment during the last ten years?

(c) What advantages were intended to accrue to those concerned by the formation of the Imperial Secretariat Service?

The Honourable Sir James Orerar: (a) I would refer the Honourable Member to the reply I gave in this House to part (b) of starred question No. 740 on the 23rd September 1929.

(b) I regret the information is not readily available.

(c) The intention was to improve the status of the members of the Service and to give them a sense of corporate solidarity.

RESIGNATION OF GOVERNMENT SERVANTS ON ACCOUNT OF THE CIVIL DISOBEDIENCE MOVEMENT.

1132. *Sirdar Harbans Singh Brar: Will Government be pleased to lay on the table of the House a statement showing by departments of the Government of India and attached and subordinate offices, the number, names and designations of Government servants, if any, who resigned their appointments or were made to resign their appointments on account of the civil disobedience movement? In how many cases have their places been filled up substantively? Why was this step taken and why temporary arrangement was not made for at least three years or until the time the incumbent could enjoy full leave—with or without pay—admissible in normal times?

The Honourable Sir James Orerar: So far as I am aware, no such cases have occurred in the Government of India Secretariat or their attached offices.

CLAIMS OF SIKHS TO APPOINTMENTS IN GOVERNMENT OF INDIA DEPARTMENTS.

1133. *Sirdar Harbans Singh Brar: Is it a fact that there is not a single Sikh Assistant in the Departments of Commerce, Legislative, Home and Assembly? Why have the claims of the Sikhs in these departments been neglected or why have the Sikhs not been given fair representation in these departments in that cadre? What steps do Government intend to take to do justice to the claims of the Sikh community?

The Honourable Sir James Orerar: There are no Sikh Assistants in the Departments mentioned. The chief reason for this is that the Upper Division has hitherto been recruited mainly by promotion from the Second Division and the principle of communal representation does not apply to promotions. Under the new system of recruitment a proportion of the vacancies in the First Division will be filled by direct recruits and the general orders regarding communal representation will apply to such direct recruits.

LOCATION IN DELHI OF THE OFFICES OF THE SPECIAL OFFICERS OF THE RAILWAY BOARD.

1134. *Sirdar Harbans Singh Brar: How many special offices of the Railway Board move with the Government of India to Simla for the summer months and why is this necessity felt? Is it a fact that these offices have been created for a special kind of work, which cannot be done by the Board? Do Government propose to keep these offices back in Delhi during the summer months and will they state the saving which may be effected in this way?

Mr. A. A. L. Parsons: Only three officers holding special duty posts will move with the Railway Board to Simla this year. Government are unable to make Delhi their Headquarters as it is necessary for the proper discharge of their duties that their Headquarters should be the same as those of the Railway Board. The cost involved is about Rs. 2,000.

RECRUITMENT OF MUHAMMADANS AND SIKHS TO GOVERNMENT SERVICES.

1135. *Sirdar Harbans Singh Brar: (a) Will Government be pleased to publish the orders for general information, which have been recently issued for the formation of a non-official Muslim Committee for the recruitment of Muhammadans to Government services?

(b) Will Government be pleased to say whether similar orders will be issued in regard to the Sikhs and other minority communities? If not, why not?

The Honourable Sir James Orerar: (a) As the wording of the question suggests that there is some misunderstanding in the matter it will perhaps be best if I explain the position with some fullness. During the last Simla Session a representative deputation of Muslim Members of the Assembly waited on the Honourable Members of the Home and Finance Departments to represent certain matters relating to the representation in the public services of their community. A suggestion was made on behalf of the deputation that a Committee of Muslim members should be recognised for the purpose of:

- (i) taking steps to bring to the notice of suitable Muslim candidates any examinations for posts for which they can usefully sit and selection appointments for which they might apply;
- (ii) advising them as to examinations for which they should prepare;
- (iii) advising them on various matters which might be of assistance to them in examinations.

Such a Committee has been recognised and the Public Service Commission have agreed to consider any representations from the Committee on matters within their competence affecting the Muslims as a community, but the committee will not exercise any powers of recruitment in regard to which the usual procedure will continue to apply.

(b) If any other minority community desires to make similar arrangements, Government will give careful consideration to their wishes.

PROTECTION OF THE INTERESTS OF SIKHS IN GOVERNMENT OFFICES.

1136. *Sirdar Harbans Singh Brar: (a) Is it a fact that the Government of India contemplate retrenchment in their offices in the near future?

(b) Is it also a fact that the contemplated retrenchment will be applied only in the case of non-Moslems?

(c) Is it a fact that influences have been brought to bear on Government to take up such a course and the Government have agreed to it? If so, what steps have Government taken to protect the interests of the Sikhs?

The Honourable Sir George Schuster: (a) I have already explained to the House Government's proposals for further enquiry into possible retrenchments.

(b) and (c). There is absolutely no foundation for these suggestions.

RESTRICTIONS AGAINST GOVERNMENT SERVANTS ATTENDING POLITICAL FUNCTIONS.

1137. *Sirdar Harbans Singh Brar: Will Government be pleased to state if there exist any restrictions on Government servants under the Government Servants' Conduct Rules to attend functions religious or otherwise, where Mahatma Gandhi or any other political leader of importance is present? If so, why? Are Government prepared to abrogate those orders or modify them to enable Government servants to attend such functions without being penalised? If so, do Government propose to publish their decision for general information?

The Honourable Sir James Crerar: A copy of the Government Servants' Conduct Rules is in the Library. I would refer the Honourable Member to rules 22 and 23 for the answer to the first part of his question. Government do not consider that any modification in these two rules is necessary.

CONVERSION OF SIND AND BALUCHISTAN FROM A MINOR TO A MAJOR POSTAL CIRCLE.

1138. *Mr. S. O. Shahani: (a) Will Government be pleased to state whether it is contemplated to convert Sind and Baluchistan minor postal circles into a major circle?

(b) Will Government be pleased to state whether any extra expenditure will be incurred in converting this minor circle into a major circle; if so, what will be the amount?

(c) Will Government be pleased to state why in the face of a huge deficit in the Postal Budget, Government want to incur so much expenditure?

Mr. J. A. Shillidy: (a) No.

(b) and (c). Do not arise.

EX-MEMBERS OF THE LEGISLATIVE ASSEMBLY IMPRISONED IN CONNECTION WITH THE CIVIL DISOBEDIENCE MOVEMENT.

1139. *Mr. Bhuput Sing: Referring to the statement showing the names of ex-Members of the Legislative Assembly, who were imprisoned in connection with the civil disobedience movement, supplied to me along with D. O. No. 1690, Home Department (Political) of 14th March, 1931, will Government be pleased to state:

(a) the criteria by which the classification of A and B groups of the ex-Members were made;

(b) the reasons for which Messrs. Sherwani, Sideswar Prasad Singh, S. D. Misra and D. P. Misra were put in group B; and

(c) whether any of these 22 ex-Members are still in jail?

The Honourable Sir James Crerar: (a) and (b). The classification was made in accordance with the principles laid down in the communiqué issued by the Government of India on the 19th February, 1930.

(c) No.

Mr. Gaya Prasad Singh: Will Government be pleased to lay a copy of the statement on the table of the House for the information of all Honourable Members?

The Honourable Sir James Orerar: Of the communiqué?

Mr. Gaya Prasad Singh: Yes, Sir, of the statement supplied to the Honourable Member who put the question?

The Honourable Sir James Orerar: I think a copy is already in the Library, but if it is not there, I shall see that one is provided.

**HOUSE RENT ALLOWANCE OF GOVERNMENT OF INDIA MINISTERIAL STAFF
AT SIMLA.**

1140. ***Rao Bahadur M. C. Rajah:** (a) Is it a fact that Government have reduced the scale of house rent allowance given to the ministerial staff of the Government of India in Simla?

(b) If so, by how much?

(c) How much saving do Government expect by this reduction of the house rent allowance?

(d) Have rents of private houses in Simla gone down recently and if so, by how much?

(e) Is it a fact that representations were made by the Government of India ministerial staff for increase of the scale of house rent on the ground that it is inadequate to meet the present prevailing rate of rents?

The Honourable Sir James Orerar: (a) No.

(b) and (c). Do not arise.

(d) I have no information.

(e) No.

**HOUSE RENT ALLOWANCE OF GOVERNMENT OF INDIA MINISTERIAL STAFF
AT SIMLA.**

1141. ***Mr. B. Das:** (a) Will Government please state the necessity of keeping two rates of the Simla house rent granted to the Government of India establishment?

(b) Are not the clerks of the Government of India, who are under old rates, similarly situated in the matter of private houses as all the new entrants who are all considered eligible for new rates on the ground that they have to pay higher rate of rents?

(c) If the reply to part (b) be in the affirmative, are Government prepared to remove this discrimination and revert to one rate of Simla house rent? If not, why not?

The Honourable Sir James Orerar: (a) to (c). I would refer the Honourable Member to the reply given in this House on the 24th September, 1929, to starred questions Nos. 754 and 755 and on the 20th February, 1930, to part (e) of starred question No. 885.

UNSTARRED QUESTIONS AND ANSWERS.

FACILITIES OF RAILWAY MAIL SERVICE OFFICIALS AT ALLAHABAD.

300. **Bhai Parmanand Devta Sarup:** (a) Is it a fact that Khan Sahab Qureshi, after assuming charge of Railway Mail Service, "A" Division, has closed the Inspection room at Allahabad and that all departmental

officers, who formerly found shelter there when they came to Allahabad on official duty, are now prohibited from occupying it? If so, what are the reasons and authority for such action?

(b) Is it a fact that he has closed the water tap attached to the Railway Mail Service office at Allahabad and has also removed the waterman?

(c) Is it a fact that under the orders of Khan Sahib Quraeshi the tiffin room provided for Sorters of the Railway Mail Service office at Allahabad has been turned into a part of the Bag Office? If so, under whose authority were the orders passed?

(d) If the reply to parts (a), (b) and (c) be in the affirmative do Government propose to restore the facilities to the Railway Mail Service officials?

Mr. J. A. Shillidy: (a) to (d). Government have no information showing that the facts are as stated.

RECRUITMENT TO THE OFFICE OF THE ASSISTANT DIRECTOR OF ORDNANCE SERVICES (PROVISION).

400. Captain Sher Muhammad Khan Gakhar: (a) Is it a fact that the Assistant Director of Ordnance Services (Provision) makes recruitment to some grades of his office direct from arsenals and depots?

(b) Is it a fact that in accordance with Government orders appointments to the Second Division of his office should be made from amongst the lower division clerks of arsenals and depots?

(c) Is it a fact that some Routine Division clerks from arsenals and depots have been recruited to the Second Division without having been first employed as lower division clerks in arsenals or depots against Government's orders?

(d) Is it a fact that one Mr. Amar Nath Tuli has been so recruited while he was employed as a routine clerk in Rawalpindi arsenal?

(e) Is it a fact that this Mr. Amar Nath Tuli is the real brother of the Cashier or the late Cashier of the office of the Assistant Director of Ordnance Services (Provision)?

(f) If the reply to the above questions is in the affirmative, will Government please state what action they propose to take regarding this irregularity?

Mr. G. M. Young: (a), (b), (d) and (e). Yes.

(c) Yes, but in arsenals and depots the term "Lower Division" is used to cover both the Second and the Third or Routine Divisions.

(f) There has been no irregularity.

PROMOTION OF A CASHIER IN THE OFFICE OF THE ASSISTANT DIRECTOR OF ORDNANCE SERVICES (PROVISION).

401. Captain Sher Muhammad Khan Gakhar: (a) Is it a fact that the Cashier or the late Cashier of Assistant Director of Ordnance Services (Provision) has been promoted to First Division without having passed the compulsory examination of the Public Service Commission for such promotion and without having had any experience of arsenals or depots during the last ten years?

(b) Is it a fact that all appointments and promotions made in the above office are approved by the Establishment Officer, Army Department? If so, will Government please say whether the promotion of this Cashier to the First Division was also approved by the Establishment Officer? If not, why not?

(c) If answer to the above questions is in the affirmative, will Government please state what action they propose to take to undo the irregularity done by the office in promoting this man to the First Division?

Mr. G. M. Young: (a) Yes. Recruitment to the First and Second Divisions of this office is not controlled by the Public Service Commission. It is therefore not necessary for a clerk to pass the Public Service Commission examination before he is promoted to those divisions. The clerk in question served for four years in an arsenal before he was appointed to Army Headquarters in 1920.

(b) The answer to the first portion is in the affirmative. The Establishment Officer agreed generally that clerks who had arsenal experience were eligible for promotion to the first Division. Owing to an oversight, his approval to the individual promotion of the clerk in question was not obtained, but he was informed later and raised no objection to it.

(c) No action is necessary.

RECRUITMENT OF MUSLIMS TO THE OFFICE OF THE ASSISTANT DIRECTOR OF ORDNANCE SERVICES (PROVISION).

402. **Captain Sher Muhammad Khan Gakhar:** (a) Will Government be pleased to state the total number of men recruited by the Assistant Director of Ordnance Services (Provision) from arsenals and depots during the last three years in their clerical staff and also say how many Muslims have been so recruited from arsenals and depots?

(b) Is it a fact that not a single Muslim candidate has been recruited by the above office, in spite of the fact that many Muslims were recommended from arsenals and depots? If so, are Government prepared to consider the advisability of replacing the non-Muslim staff by Muslims to adjust the proportion?

(c) Is it a fact that the recruitment from arsenals and depots is in the hands of a Hindu clerk and that the claims of Muslim candidates are overlooked when making appointments in the above office?

(d) If the answer to part (c) above is in the negative, will Government please state the reasons for one particular community, *vis.*, the Muslims, having been kept out of this office for the last three years?

Mr. G. M. Young: (a) 13 clerks have been appointed from arsenals and depots since this office was formed in 1929. One Muslim clerk has recently been appointed and will join shortly.

(b) The Honourable Member is referred to the reply I gave on the 11th February to starred question No. 486.

(c) No, Sir.

(d) There are 10 Muslim clerks already employed in this office and, as I have just stated, another is due to join shortly.

PROMOTION OF TELEGRAPHISTS.

403. **Mr. Amar Nath Dutt:** Will Government be pleased to state:

- (a) with reference to para. 99 of the Manual of Appointments and Allowances of Officers of the Posts and Telegraphs Department—how the conditions mentioned in the last part of clause (i) of the above para. can be reconciled with the conditions mentioned in clause (iii) and its corresponding note, so far as telegraphists in charge of offices are concerned;
- (b) whether they are aware that the words "suitable telegraphist able to do the work" mentioned in clause (ii) of the above quoted para. are being interpreted by some Heads of Offices so as to mean those telegraphists who have proved their suitability and ability by passing the departmental examination in traffic and technical subjects; while by other Heads of Offices they are interpreted to mean any telegraphist who can somehow carry on the routine work;
- (c) what is the correct interpretation of clause (ii) and who should properly be appointed in those allowed appointments referred to in this clause when the question is between a qualified (i.e., those who have passed the departmental examination) and a non-qualified telegraphist, both able to do the work; or between a senior or junior telegraphist, both non-qualified but able to do the work;
- (d) if there is any special procedure to determine the claims for appointment as Baudot Supervisor mentioned in clause (iii) of the above-quoted para.; and if so,
 - (i) whether they are the same as laid down in this clause, and
 - (ii) whether the same procedure is followed to determine the claims for other appointments mentioned in that clause, if not, why not; and
- (e) what are the encouragements offered by the department to the telegraphists to induce them to study rules and pass the departmental examinations and thereby become more efficient, if they are not considered more suitable and able to fill up the allowed appointments than non-qualified telegraphists?

Mr. H. A. Sams: (a) to (e). I am considering the interpretation of the rule in the light of the remarks made by the Honourable Member.

WARM CLOTHING OF DUFFRIES AND SORTERS OF THE IMPERIAL RECORD DEPARTMENT.

404. **Pandit Satyendra Nath Sen:** (a) Is it a fact that the Government of India supply to its duffries, etc., warm clothing with a view to afford them some relief?

(b) Is it a fact that this warm clothing is not taken in custody from such duffries when they have to go on leave, in the case of Secretariat and attached offices of the Government of India? If so, why has the Record Keeper of the Imperial Record Department recently issued a circular that the duffries and sorters of that Department should henceforth deposit their warm coats before proceeding on leave?

(c) Is it a fact that the Record Keeper has inflicted punishment on some of the sorters and duffries who did not deposit the warm clothing?

(d) Do Government propose to interfere in the matter and order that the duffries of the Imperial Records should be treated alike in this respect?

The Honourable Khan Bahadur Mian Sir Fazi-l-Husain: (a) Liveries are supplied to duffries and other inferior servants to wear while on duty.

(b) Duffries and other inferior servants in the Government of India offices are, so far as I have been able to ascertain, required to deposit their liveries in office, before proceeding on leave. This procedure is adopted in the Imperial Record Department.

(c) Yes. Some sorters and duffries who wilfully disobeyed the orders issued in this respect were punished in the interest of office discipline.

(d) Does not arise.

PAY OF THE MINISTERIAL STAFF OF THE INDIAN STORES DEPARTMENT.

405. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that the ministerial staff of the Indian Stores Department submitted a representation for revision of pay over five years ago? If not, how long ago?

(b) Is it a fact that the staff of the Director of Contracts is better paid than the clerks in the Indian Stores Department? Is it also a fact that both of them are doing similar kind of work? Further, is it a fact that the source of recruitment is the same? If not, what is the actual difference, and why?

(c) Is it a fact that the first representation of the clerks of the Indian Stores Department was shelved on the ground that the question of the location of the Department was under consideration some four years ago, and which has not come about yet? If not, what was the precise reason for turning down the representation?

(d) Is it a fact that the Association of the clerks of the Attached Offices submitted a memorial on behalf of the Indian Stores Department along with other offices? What is the result of that memorial?

(e) Is it a fact that a deputation from the Association also waited on the officers in the Home Department, and the Industries Department? What was the result of the two deputations?

(f) Is it a fact that the clerks of the Indian Stores Department submitted a reminder representation to the Industries Department, who strongly supported their claim? If so, what decision has so far been arrived at? If not, why not?

(g) Will Government be pleased to state for how many years more they intend to keep the clerks in suspense?

(h) Do Government realise the discontentment that is caused by this abnormal delay? And do Government propose to expedite a decision in the matter?

Mr. J. A. Shillidy: The Honourable Member is referred to the reply given in this House on the 24th March, 1961, to starred question No. 1114, by Mr. T. N. Ramakrishna Reddi.

SHORT NOTICE QUESTION AND ANSWER.

CONGRESS NOTICE REGARDING BOYCOTT OF MILLS.

Sir Hugh Cocke: With your permission, Sir, I desire to ask the Home Member the following question. (a) Has the attention of Government been drawn to the following notice issued by the General Secretary of the Indian National Congress, which appeared in the *Times of India* of the 10th March, 1931:

"Mills on the boycott list, mills with whom negotiations were pending and therefore were not placed on the boycott list and also Bombay mills which were temporarily placed on the approved list pending negotiations regarding some clauses of the Congress declaration, for instance, the use of artificial silk, etc., are hereby informed that my office will issue the final list of all mills by the 20th March, 1931, for the Karachi Congress, and if such mills are at all anxious not to be placed on the boycott list, they will kindly settle the matter with Mr. Shankerlal Banker (Mirzapur, Ahmedabad) and sign the declaration form on or before the 15th instant. Mr. Banker will be in Bombay on the 16th March. I hope and trust that the mills concerned will please expedite the matter. The Congress is taking up this matter earnestly and seriously."

(b) Will Government say what the position is in regard to this notice?

(c) Has the attention of Government also been drawn to the published account of a scheme for the re-export of foreign cloth?

(d) If the reply to part (c) be in the affirmative, have Government satisfied themselves that it is within the terms of the statement issued by the Governor General in Council on the 5th March, 1931?

The Honourable Sir James Orerar: (a) Yes.

(b) They understand that while methods of persuasion will be used with manufacturers, dealers or consumers, these methods will not, in accordance with the terms of the settlement, interfere with the liberty of action of individuals. They understand, further, that no boycott list of manufacturers or dealers, who are unwilling to enter the scheme, will be issued, and that any action taken will be confined to the purposes of propaganda or advertisement, e.g., the issue of a list for propaganda purposes of manufacturers or dealers who voluntarily enter the scheme, and the issue to them of certificates for purposes of advertisement.

(c) Yes.

(d) Government understand that methods of persuasion only will be used to induce dealers to participate in the scheme, that there will be no interference with their freedom of action, and that they will be free without any form of restraint to join or not as they consider fit.

The Honourable Sir George Rainy (Leader of the House): On the Order Paper today, before we reach the Finance Bill there are certain items of business such as the Election of Members to the Standing Finance Committee, the election of Members to the Standing Committee for the Department of Education, Health and Lands, and certain supplementary grants. For reasons with which every Member in this House is well

[Sir George Rainy.]

acquainted, it is very desirable that we should make as much progress with the Finance Bill today as possible. Therefore, Sir, I suggest that, with your permission and the consent of the House, we should postpone these items of business to a subsequent date until the Finance Bill is out of the way, so that we can make as much progress as possible with the Finance Bill.

(The proposal was agreed to.)

THE INDIAN FINANCE BILL—*contd.*

Mr. President: We will proceed with the Finance Bill immediately.

The question is:

“That clause 6 stand part of the Bill.”

The motion was adopted.

Clause 6 was added to the Bill.

Mr. President: The question is:

“That Schedule IV stand part of the Bill.”

The first amendment is in the name of Diwan Bahadur Rangachariar. I call upon him to move it.

Mr. S. C. Shahani (Sind: Non-Muhammadan Rural): On a point of information. What about my amendment No. 63?†

Sr Lancelot Graham (Secretary: Legislative Department): That is a pure negative.

Mr. C. C. Biswas (Calcutta: Non-Muhammadan Urban): It is not a negative of the Bill but only of particular clauses.

Mr. President: I think an amendment of this kind can be moved, but having regard to what has fallen from the Leader of the House, I should like to ask the Honourable Member to consider whether he would force this discussion on the House. Having regard to pressure of time, I should like to know whether he wishes to move an amendment of this character which seeks to eliminate the entire income-tax taxation.

Mr. S. C. Shahani: I shall say only a few words. I would not take more than a minute or two. I propose the omission of this schedule because the people will not be able to bear the additional taxation. Secondly because our deficit should be made up by retrenchment and not otherwise, and thirdly, because the Schedule which has been prepared is, according to me, not properly constructed, being an unevenly graduated scale of burden not increasing as the income increases, and I have framed a schedule, which I am placing before the Honourable the Finance Member with the request that he may kindly consider it. I shall refer to my

†“That Schedule IV to the Bill be omitted.”

Schedule and explain it when I come to my amendment No. 69*. I beg to move, Sir, that Schedule IV to the Bill be omitted.

Mr. President: The question is:

"That Schedule IV to the Bill be omitted."

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain (Member for Education, Health and Lands): But what about amendment No. 69 of the same Honourable Member, Sir?

Mr. President: That is another amendment to substitute something for Part I of the Schedule; this amendment eliminates the Schedule altogether from the Act. Does the Honourable Member wish to reply?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: No, Sir.

Mr. President: The question is:

"That Schedule to the Bill be omitted."

The motion was negatived.

*For Part I of Schedule IV to the Bill the following be substituted:

PART I.

Rates of Income-tax.

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	7·5 pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and 1·5 pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and six pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and four pies in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards.	Two annas and five pies in the rupee.
B.—In the case of every company and registered firm, whatever its total income.	Two annas and five pies in the rupee*."

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I beg to move:

'That for Schedule IV of the Bill the following be substituted :

' SCHEDULE IV.

(See section 7.)

PART I.

Rates of Income-tax.

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000	<i>Nil.</i>
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards,	One anna and seven pies in the rupee.

B.—In the case of every company and registered firm, whatever its total income. One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess.	<i>Nil.</i>
(ii) for every rupee of the twenty-five thousand rupees of such excess.	One anna and one pie in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna and one pie in the rupee.

(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(i) for every rupee of the second fifty thousand rupees of such excess.	One anna and seven pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and one pie in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and seven pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and one pie in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and seven pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and one pie in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and seven pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and one pie in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and seven pies in the rupee.
(x) for every rupee of the remainder of the excess.	Six annas and one pie in the rupee."

Stated shortly, the object of my amendment is to restore the *status quo ante* in respect of the levy of income-tax. Sir, although this Schedule of mine looks formidable, it is merely a copy of the corresponding Schedule to the existing Act, both as regards income-tax and as regards super-tax. I will shortly state the reason why I move this amendment. My first reason is that Government does not . . .

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): I rise to a point of explanation. Is the Honourable Member moving the whole of his Schedule or moving it part by part?

Mr. President: The whole of it.

Sir Cowasji Jehangir: Is he moving separately in respect of the graduation from Rs. 2,000 to Rs. 5,000 and so on, or moving the whole Schedule?

Mr. President: I have considered that amendment. He is moving the whole amendment. If the procedure that the Honourable Member wishes to suggest were followed, the discussion would drag on interminably. The Honourable Member is moving the amendment as a whole, and it will be considered as a whole.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural). May I suggest that the amendment might be moved as a whole but that you will be pleased, Sir, to put to the vote part by part of the amendment, and of course the discussion might take place once for all on the whole amendment?

Mr. President: As the Honourable Member is well aware, that is a matter which is within the discretion of the Chair; and the Chair is not prepared to express any opinion at this stage till it sees how the discussion proceeds.

Diwan Bahadur T. Rangachariar: As I was saying, Sir, the whole of my Schedule is merely a substitution of the existing Schedule of last year's Finance Act, and I object to the increases in income-tax and super-tax. My first reason, as I was saying when I was interrupted, is that Government do not need this additional revenue of 5 crores which they hope to get by the proposed increase in the income-tax. We have already dealt at length with that aspect of the question, and I am not going to repeat all the arguments adopted by Honourable Members on this side of the House, and with which the House is already fully familiar. My second reason for this amendment is the changed conditions which are coming forward, which I hope will come forward notwithstanding the blunders of the Government, namely, a peaceful atmosphere in the country, on account of which I expect a revival of trade, on account of which I expect also increased traffic receipts on the railways, on account of which I expect increased prosperity of the people; for all these reasons I think the revenues now estimated by the Government of India are bound to go up. That is my second reason, and therefore the deficit will not be there. My third reason which is the main reason for this proposal of mine is that the existing burden of income-tax is already a heavy burden on the trade and the professions, if not on the salaried servants. As I stated once before, there may be some excuse for putting on additional taxation on the salaried servants who have profited by the increase in salaries and allowances, who have profited also by the fall in prices of commodities and whose incomes are not subject to fluctuations just as other incomes are, whereas the trader, the professional gentleman, the members belonging to commercial activities, every one of them is subjected to vicissitudes of the season and to great hardship on account of the loss in trade, and they will require every pie which they can save for re-establishing themselves in the trade, as they have lost heavily, and whatever profit they can make during this year will be required to set up their business in order. Sir, I know many a small business man, not only many a small man but even many a rich business man has suffered heavily on account of the slump in the market. Therefore, I submit that the income-tax is quite heavy as it is, and it will not be fair to the taxpayer to increase it. I may say at once, Sir, that the one tax I like myself most in this country is the income-tax because it reaches people who otherwise escape taxation in this country; and therefore, although I am wedded to income-tax and have no objection in principle to an income-tax, I have objection in principle to exceeding the limit of the bearing capacity of the people. The bearing capacity of the people depends not only on the standard of living but also upon their requirements in order to enable them to earn the profits from which they have to pay income-tax. It must be admitted, it cannot but be admitted, that the next year will be a very troublesome year for all such people. I

stated just now, Sir, that I would have no objection if the increased income-tax were confined only to the salaried servants. But I do not want to resort to an indirect method, as Government want to do in these matters. I do feel that the Government servants are paid huge salaries which this country cannot afford, and therefore I want to go for them straight, by the straight method of reducing their salaries, not by this indirect method of imposing income-taxes, because, having regard to the fact that we are going to embark upon the establishment of a Retrenchment Committee or Committees, there would be a direct answer by the salaried servants when any retrenchment proposals were made, "You have already increased the income-tax; you have already thereby reduced our incomes by four to five per cent." and therefore they will say, "There is no need for you to make any proposal for reduction of salaries". So I do not want to give room for that sort of objection; I do not want to resort to indirect methods of taxing people. Let us go about our business straight. If the Government servants are paid highly, let us go straight for them, examine the question and reduce the salaries, and not resort to this indirect method. Sir, these are the reasons which have influenced me in bringing forward this amendment. It is true the Government will be deprived of an additional source of revenue which they are looking forward to the extent of 5 crores. As I stated already, 5 crores is nothing out of a gross expenditure of 135 crores. The Government can easily find that,—and they have got additional sources which I have not touched. Sir, from a telegram I received from Bombay, it appears my Honourable friend, Mr. Sams, has increased the payment due for getting certificates of posting by one pie. I do not know that the Head of the Department can, by this indirect method, tax people without coming to the Legislature; and he has also, I understand, increased the cost of the square envelope to some extent—I forget the exact amount—so that he is going to get additional sources of revenue without our consent. Now, that is rather remarkable and it came to me as strange news, so that by executive power you are able to enhance your resources. You do not want our sanction for this extra taxation which will fall very heavily upon the people at large. It will affect equally both the rich and the poor and I will also include in this classification, and I am glad to do so, even my friends belonging to the European Group, who do not see eye to eye with, and who do not have regard for, the feelings of the Members of other sections of the House. Notwithstanding all that, I wish to include them in the category of those people who require protection at this stage. Sir, mine is a straight and simple proposal, and I ask the House to divide on that because it is one straight question. Are you going to allow any increase in income-tax at all at this stage? Is the country prepared for it? Is the cry of retrenchment honest and sincere? If that is so, then I ask my Honourable friends to vote for this amendment of mine which, I submit, is the least harmful to the Budget proposals of my Honourable friend. In fact, it will not do any harm at all; on the other hand, it would do him good. The Members on the Treasury Benches have no regard for public opinion and we must force them to pay regard to it. This is the only weapon with which we can force them to do so. Let us therefore exercise that power and force them, at least in this case, to pay regard to public opinion.

Sir, I move the amendment.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, may we be permitted to take it as read?

Mr. President: This is an important matter and the Chair must do its duty. The Chair must read out the whole amendment :

That for Schedule IV. to the Bill the following be substituted :

“ SCHEDULE IV.

[See section 7.]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

Rate.

- | | |
|----------------------------------------------------------------------------------|---------------------------------------|
| (1) When the total income is less than Rs. 2,000 | Nil. |
| (2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Five pies in the rupee. |
| (3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Six pies in the rupee. |
| (4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Nine pies in the rupee. |
| (5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | Ten pies in the rupee. |
| (6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and one pie in the rupee. |
| (7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and four pies in the rupee. |
| (8) When the total income is Rs. 40,000 or upwards | One anna and seven pies in the rupee. |

B. In the case of every company and registered firm, whatever its total income. One anna and seven pies in the rupee.

PART II.

Rates of Super tax.

In respect of the excess over fifty thousand rupees of total income—

Rate.

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| (1) in the case of every company | One anna in the rupee. |
| (2) (a) in the case of every Hindu undivided family— | |
| (i) in respect of the first twenty-five thousand rupees of the excess. | Nil. |
| (ii) for every rupee of the next twenty-five thousand rupees of such excess. | One anna and one pie in the rupee. |
| (b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess. | One anna and one pie in the rupee. |

(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(i) for every rupee of the second fifty thousand rupees of such excess.	One anna and seven pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and one pie in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and seven pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and one pie in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and seven pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and one pie in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and seven pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and one pie in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and seven pies in the rupee.
(x) for every rupee of the remainder of the excess.	Six annas and one pie in the rupee."

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, before I proceed to submit a few observations that I wish to make, may I inquire whether a similar amendment by three other Members could not be considered at the same time? They stand in the names of Mr. Gaya Prasad Singh, Mr. Ramakrishna Reddi and Haji Wajihuddin. They all refer to the same rate and are couched in the same language. I think it would be better if they all could be put together because it is no good putting them separately.

Mr. President: I think the Honourable Member knows that there have been amendments to the same effect in the Finance Bill. The first amendment has been allowed to be discussed and the other amendments have always lapsed. The Movers of those amendments have never been called upon to move them and therefore there can be no duplication of work.

Raja Bahadur G. Krishnamachariar: Thank you, Sir. I wish to be very brief. I beg to support very strongly the amendment moved by my Honourable friend Diwan Bahadur T. Rangachariar. The first point to which I would invite the attention of the House is that in a book that was circulated to us the other day—the Review of the Civil expenditure of the Government of India, I find that the cost under the head "Recovery of the taxes on income" has grown up by 11½ lakhs within the last six years and that the cost of the establishment has also grown up to the extent somewhere near that amount. Of course, as against it, they say that there is a certain proportion of it which will be paid in connection with the charges made to other Government. Even then, the net amount of increase comes about 12 lakhs of rupees, unless I am making a serious mistake. In the net income they have made an addition of 40 lakhs of rupees. The reason which they assign for this increase is that a separate establishment has been created which works directly under the Government of

[Raja Bahadur G. Krishnamachariar.]

India and which has led to greater efficiency. It is from this point of view that I invite the attention of this Honourable House for a few minutes.

You create a department for which I respectfully submit there is not whole-time work. If you challenge that statement, I am quite prepared to show by facts and figures that I am right. For instance, take the two districts with which I am acquainted. The employees of those two districts have not got full work. If a man has not got whole-time work and he has been engaged for the purpose of showing his efficiency, you know exactly what the result is. He tries to make up proceedings which will not stand the light of the day if there was an independent tribunal to go into the whole thing. The result is that there is always an increase. That, Sir, I respectfully submit is not an increase which the Government would be justified in levying. Now, they have raised the rate of income-tax on the ostensible ground that they want the extra money. The House may be perfectly sure that that money is going to be realised whether the man who is taxed is liable to be taxed or not. Sir, that is the first and the most important danger; it is not an imaginary danger. If anybody acquainted with the details of the working of the Revenue Department and other allied departments would go into the manner in which they make up money, he will find that, in nine cases out of ten, very small items are collected. I have no objection if they are collected legally. But it is not so. We try to appeal. Our appeal is rejected on the ground that there is no reason to interfere. What are the reasons upon which the Income-tax Officer confirms? The reply is, "We are not bound to give the reasons". "Give us a copy of the judgment". The immediate answer is, "It is not the rule in this Department to give you a copy of the judgment". What shall we do? What is our remedy for this state of affairs? We do not know. A man sits at the table and says, "So much should be paid by somebody". I ask him to give me the reason for assessing at that figure. He will not give the reasons. I want to find out what the orders are. But I cannot get a copy. This is the trouble which people experience at the hands of the Income-tax Department. For instance the Income-tax Officer says, "You bring in a return of your income within a certain day. If you do not bring in a return, I will assess you according to my own idea". Of course, his own idea is the maximum amount that he thinks he can fix upon you. If you ask him why he assessed you at the maximum amount, he says he is not bound to give any reasons whatsoever. So far as he is concerned, there is no such thing as recalling an order. These are the dangers that I respectfully bring to the notice of the House. These are not imaginary dangers.

The next point is the trouble that a person has to undergo who either does not carry on regular money-lending business or who is not merely a salaried Government servant, about whom my Honourable friend spoke. What usually happens with the agriculturist class is this. We are always twitted with the remark that we do not put by anything for the lean season when we get something extra during the fat season. What happens with us is this. If we have, say Rs. 1,000 extra, we do not go and invest it in the market or with a money-lender. What we do is this. We go to a relation of ours who is a very respectable man and who is at present in difficulties for want of money and who can afford to return the money if lent to him, we go to such a relation and lend him the extra sum we have

on a pro-note. Of course, it bears a small rate of interest, and we expect to get back the principle with interest in a year or two. Just then comes the income-tax man. He says, I am doing money-lending business. The High Court of Madras says that it is not money-lending business. But the Income-tax Commissioner says to the contrary. All the several officers of the Income-tax Department say that that is a case of money-lending. No doubt all these officers are very good and courteous persons, but evidently they are so much hedged in by difficulties of rules and regulations, and so unless I have got a question of law regarding which I can insist that that matter be referred to the High Court, there is absolutely no remedy. You may call it an appeal from Philip drunk to Philip sober or *vice versa*, but whichever way you put it, there is absolutely no remedy for the individual concerned, except to submit to the assessment fixed by the Income-tax Department. We are absolutely hedged in by procedure of this sort. Usually the Government say that they follow the procedure adopted in England, but they do so only so long as that procedure is not beneficial to the people. It seems to me, Sir, that the procedure in England is this, that the man who taxes and the man who determines whether the tax is right or not, these two are quite different persons, but the final authority

The Honourable Sir George Schuster (Finance Member): On a point of order, Sir. I have no wish to interrupt my Honourable friend, but the time at our disposal is very short. What I would suggest to you is that we are discussing the rates of taxes and not the system of administration of the income-tax law. I believe it is in accordance with previous ruling that general questions of the administration of the law are not relevant in a debate on the rates of tax and I believe it would be for the convenience of the House, as a whole if we can stick very closely to the point at issue, namely, the rates of tax.

Mr. President: I should also like to draw the attention of Honourable Members that the House has already had the opportunity of discussing the policy underlying the various departments of Government. Though I do not wish to rule the Honourable Member out of order, I should like to tell him that the opportunity he has taken of discussing the various grievances in regard to the manner in which the Income-tax Act is administered may be put off to some other occasion and restrict himself at present to the issue as to whether the taxation of income should be on the basis proposed by Government, or should be on the basis recommended in the amendment moved by the Honourable Member, Diwan Bahadur Rangachariar.

Raja Bahadur G. Krishnamachariar: I was shortly going to the amendment. I hope I shall have another opportunity of discussing the way in which the Income-tax Act is administered. I shall cut short the line of argument that I was pursuing and I shall simply say that I heartily support the amendment proposed.

Sir Abdur Bahim (Calcutta and Suburbs: Muhammadan Urban): Sir, we have had a considerable discussion of a general nature over this Budget and I hope our party will be able to give you every support in shortening the discussion now, so that we may go into the lobby as soon as possible. There cannot be the least doubt that the feeling on this side of the House is strong that the country is not in a position to bear such heavy taxation. We tried our best, on the question as regards the imposition of duties on

[Sir Abdur Rahim.]

kerosene, to save the poor people of the country, to whom kerosene oil is a necessity, but unfortunately we failed. We feel at the same time that it is not possible to ask the Government, to insist on the Government, finding the entire amount of deficit by means of retrenchment. We feel also strongly that it is possible for the Government to find a very substantial amount by this means. That is the position we have taken up and we want to stand by it. As my Honourable friend Mr. Rangachariar pointed out, after all, five crores is nothing compared to the expenditure proposed, that is 135 crores. It is less than 4 per cent. I do believe that if the Government take proper steps and are firm as regards some of the big departments especially on the military side, they will be easily able to effect retrenchment of 5 crores. One thing, I wish to point out now and that is that this House will remember that on the Railway Budget, we carried a cut of one lakh, and it so happened that some of the Honourable Members in my party took a very prominent part in that discussion. The result of that motion was that the Honourable the Leader of the House, who is in charge of Railways, told us that one unfortunate result of the cut would be that our desire to secure a certain amount of representation to the Mussalmans in the railway services might have to be retarded, or at any rate the arrangements that were to be adopted might have to be minimised in certain directions.

The Honourable Sir George Rainy (Member for Commerce and Railways): I would merely like to say this. All I said was that Government would have to take the point into consideration. Our consideration is not yet complete, but I am hopeful that it will not be necessary to curtail our proposals.

Sir Abdur Rahim: I am very much obliged for the reassuring words of the Honourable the Leader of the House. Another principle, I wish to point out in effecting retrenchment, and it is this, none of the essential things should be touched. I have heard a sort of rumour that it might be possible for the Government to retrench a certain amount, I think somewhere in the neighbourhood of 19 lakhs, by cutting off the Budget provision for civil aviation. Sir, civil aviation is not a luxury as many people imagine. It has become a necessity for India with the movement of the times. India cannot afford to do without aviation and India is in need of training Indians for civil aviation and controlling the management of civil aviation. Now, a matter like this, we would not like to be touched. There are other avenues by which retrenchment can be effected (Hear, hear). Sir, as regards the amendments regarding taxation of incomes we find that the proposal which is now before the House wants to restore the income-tax to its original basis. I am not prepared to say that it is not a perfectly reasonable proposal and in certain circumstances we may be compelled to accept the whole of this proposal. But we have been very moderate in putting forward certain other suggestions. We have held out the olive branch to the Treasury Benches, and we have said that if certain proposals which are really more moderate are accepted, we should be prepared not to press for the whole which, however, we do not say is unreasonable but is in fact quite reasonable. That is our position, Sir. But there is this difficulty. If the amendment is put as a whole and the items are not taken into consideration and voted upon separately, we shall be placed in a very great difficulty, because as regards some of the items

there may be very general agreement; as regards some other items there may not be the same amount of agreement, and a great deal will depend on the attitude of the Treasury Benches as to the way in which they deal with the different items. Supposing their attitude is wholly unreasonable with reference to all the items, or if they insist on carrying all the items, the attitude of many of us will react to that attitude on the part of the Government Benches. That is the general position, and I thought that it was necessary for me at this stage to make clear to the House what our position is.

Sir Hugh Cocks (Bombay: European): Sir, I was rather alarmed at the speech of the Honourable the Leader of the Opposition in advancing seriously the argument that it would be possible at this stage to refuse all increase in the income-tax rates on the ground that the amount involved—as I gathered from him—can be found by retrenchment before the end of the year. If the Honourable Member really considers that a practical proposal in view of all we have heard here, I am sorry I cannot agree with him. It may be possible certainly to cut down the expenditure of the Government in a comparatively short time by 5 crores, but to anticipate the possibility of doing that in the coming year is not to my mind practical politics. Therefore you are forcing the Government either to put in again those rates if you carry this amendment, or you are forcing them to have a very large gap in the Budget. Now, Sir, I think Honourable Members of this House are prepared to take a far-sighted view of the finances of this country and to agree with me in saying that any large gap in the Budget of the coming year, which is unfilled, would be most disastrous. You have got to remember the Provincial Budgets. They are not being balanced; and if we are going also to run the risk of an unfilled gap in the centre, it seems to me we are not doing our duty as Members of this House in furthering the best interests of India. It may be true to say that the 5 crores is only 4 per cent. of the total expenditure, but we have had a lot of that expenditure fully analysed. We have not had the time to study all the details, but we have had them fully analysed on the civil side, and any large cuts will be a matter of difficulty, and in any case of some delay. Therefore I appeal to Members to take a business-like view of this and also to bear in mind what the Finance Member said the other day. In effect I think he said that if you are determined to cut out any taxation, or if the Government had to cut out any taxation which they had proposed, the person to be relieved would be the agriculturist who does not pay income-tax. I quite agree that on the lower grades of income-tax it is none too easy for the man on Rs. 200 or Rs. 300 a month. But I think he is comparatively well off as compared with the agricultural community at the present time with the tremendous depreciation in commodity prices. And therefore I do think that that is an argument which must appeal to this House, that if you are going to do anything at all, you have got to assist the 95 per cent., or whatever the percentage may be, of the population who do not pay income-tax, and not the 5 per cent. that pay. I do not know if the Finance Member can give me the figure of people paying income-tax.

The Honourable Sir George Schuster: One-tenth of 1 per cent., so that the non-income-tax payers are 99.9 per cent. of the population.

Sir Hugh Cocke: Then I was miles out of the real figure.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Does the Honourable Member take individuals or families into consideration?

The Honourable Sir George Schuster: I may tell the Honourable Member that the facts are that at present there are 826,719 single income-tax payers—assessees.

Sir Hugh Cocke: That proves conclusively that the vast majority of the population are not affected by these rates. You are only affecting the man who probably never has to think about his next meal and whether he is going to have it or not. The income-tax paying man does not have to entertain thoughts of that nature, whereas these millions of others have to do so. Therefore, I think the House would be going against its own judgment and its own convictions, which have been expressed over and over again, if it took the course that has been suggested by the Leader of the Opposition, and I do not feel that his constituents would be grateful to him if his amendment were carried. Nor do I think the interests of India would be served if it were carried and a substantial gap remained unfilled. It is all very well to say that the Government should not reduce salaries by increasing income-tax rates; they should go direct and make cuts. But you have got to consider—it may be a thoroughly bad system—that so many salaries are paid under contract and therefore you can only do that by voluntary agreement on the part of the payees. Therefore you are not going to get much out of the wage earner by retrenchment. Possibly if the Government of India had been more far-sighted, there would have been a sliding scale under which salaries would have been adjusted as against commodity prices, as obtains in certain branches of the Government. I know that military pensions have been adjusted once or twice in the last ten years downwards with the fall in commodity prices, but I believe that does not apply generally throughout Government service. Sir, you are not going to get this 5 crores by any ordinary methods of retrenchment and I appeal to the House to pass on to something which is more business-like and more workable.

Manvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I feel sorry that I am unable to see eye to eye with my Honourable friend the Mover of the amendment, Diwan Bahadur Rangachariar, as a whole. Sir, today when the prospects of our getting responsible government in this country are so near at hand, when, as my Honourable friend Diwan Bahadur Rangachariar himself admits, conditions in the country are now getting more settled down and more prosperous, I thought that a sense of responsibility would dawn upon those

12 Noon. who aspire to shoulder some of that responsibility. But I am really surprised to see that we are still bent upon that irresponsible criticism which brings nothing but cheap popularity. (*Opposition cries of "Hear, hear."*) The fact must be dealt with as a fact. The fact is that we have got a deficit Budget. The fact is that we have got to provide money to carry on the Government of the country in an efficient manner. In connection with debates on the Budget, a foolish proverb is always recited; we are told "Cut your coat according to your cloth". It must be

Mr. Amar Nath Dutt: It was my Honourable friend who said that if you do not have enough cloth for a coat, you must be content with a waistcoat (Laughter).

Maulvi Muhammad Yakub: I repeated it because I wanted to ridicule that proverb. (Cries of "Oh!") My interjection then was that it was a foolish proverb; that if a man did not have enough cloth for a coat, he must be foolish to make a waistcoat instead of making a coat; but I say a wise man must try to procure as much cloth as would be sufficient for making decent and suitable coat for his body. In the same way, if you want that the progress of our country should remain on the level of other civilised countries of the world

Mr. B. E. Puri: On a point of order, Sir, are we discussing policy, or are we discussing particular rates?

Maulvi Muhammad Yakub: I am not going to give way and I will not answer the Honourable Member's question

Mr. President: On a point of order, the Honourable Member has to give way. What is your point of order?

Mr. B. E. Puri: My point of order is this; is this a general discussion about the policy of the income-tax imposition as a tax, or are we really considering the rates as such in accordance with the Chair's ruling? I do not care to ask for an answer from the Honourable Member at all; I was merely raising a point of order.

Mr. President: I have repeatedly urged upon Honourable Members that it is very desirable that they should restrict themselves to discussing the merits of the different rates of income-tax. Time is getting on. I hope Honourable Members clearly realise their responsibility that taxation actually collected to the extent of 82 lakhs is at stake. The Chair does not wish to curtail discussion on this important subject, but it must appeal to Honourable Members to avoid, as far as possible, entering into controversial matters except on the issue that is before the House. It is an appeal from the Chair, and I hope Honourable Members will respond to it.

Maulvi Muhammad Yakub: Probably, Sir, you are well aware that I am not one of those who are in the habit of making long speeches for hours and hours; my speeches, as you will find from the proceedings of the Assembly, very seldom exceed fifteen minutes, if at all. It is not my intention at all to enter into the general discussion of the Budget, but I am merely replying to the arguments which were used in this connection by the Honourable the Mover of the amendment and his supporters; and I was making my remarks in that connection and that connection alone.

As I said, the fact is that we have got to provide money to make both ends meet. Great stress has been laid upon retrenchment. I also support retrenchment; nobody denies that there is need for retrenchment. Even the Government have admitted that there is need for retrenchment and they are going to appoint a committee in order to effect that retrenchment. But will the result of that retrenchment be capable of

[Maulvi Muhammad Yakub.]

being put into practice tomorrow? Do we know what will be the amount which can be saved through retrenchment? Is it not childish to think that the Budget or the Finance Bill of a big country like India should be prepared on mere suppositions, and that we should prepare our finance Bill on the expectation that we will be able to save so much money by carrying out retrenchment? If the Committee finds that retrenchment is not possible up to the amount which would cover the deficit, then I do not know how it will be possible for the Government to adjust the income and the expenditure of the country. Relying upon an uncertain thing like retrenchment, I do not think that it would be wise for any government to base their financial policy upon it.

It has been said that the military expenditure is extravagant. I myself admit that there is room for retrenchment in our military expenditure, and that retrenchment must be carried out; but the result of that retrenchment cannot affect the income and expenditure of the next year for which we are passing the Finance Bill and for which we have passed the Budget. I think therefore it is futile to speak now about retrenchment or the reduction of the military expenditure in this connection.

It has been said that this tax will tell heavily upon the people of the country and that the capacity of the taxpayer is nearly exhausted. As I have already submitted, I agree with the amendment of my Honourable friend in so far as it relates to item—incomes from Rs. 2,000 to Rs. 5,000. I myself think that a man with an income of Rs. 5,000 or less a year, especially an Indian, who generally has big families to support, will not be in a position to pay higher rates of income-tax than what he is paying now; and it will be very difficult for him to pay the additional sum; he will probably have to cut down the education of his children or something more important, to find money to pay this rate of income-tax. But I believe the people who are enjoying incomes of over Rs. 5,000 a year will not feel this tax so heavily as my Honourable friend would have us believe. Let us see what amount of income-tax a landholder in this country pays to the Government. The largest amount of revenue is derived from land. We know that land revenue is a tax on the income which the landholder derives from his land and that a landlord in this country pays not less than 50 per cent. to the Government. In no province will you find that the land revenue is less than 50 per cent. and it is on his gross income, whether he realises the whole amount or not that he will have to pay his land revenue. Now what is the position of that landholder who forms the majority of the paying population of the country. He pays eight annas in the rupee, while the man who derives his income from other sources pays six or seven annas in the rupee or even less; and that is with regard to super-tax people; on smaller incomes even that amount is not paid as income-tax; while the landholder, whatever his income may be, even if it is only Rs. 500 a year, has to pay eight annas in the rupee to the Government. What is the justification for that? The burden of taxation must fall equally on all persons, landholders, as well as business men and traders. I think that non-landholders all this time have got off very cheaply, and I do not think there is any reason why they should pay less than the landholders.

We have already taxed the kerosene oil of the poor man and the salt of the poor man. (*An Honourable Member*: "Who did it?") That is not the question, whether I did it or you did it. But I say the vote of the House has done it, and we have taxed the poor man's salt and kerosene oil. There is no reason, therefore, why we should shirk from putting our hand deeper into the pocket of the capitalist. Everybody comes and says, "We are the friend of the poor man and we do not want these taxes, because they will hit the poor man hard". I say the poor man has already been hit hard; his salt has been taxed; his kerosene oil has been taxed; then why spare the capitalist and the millionaire? They must also shoulder the burden along with others. With these remarks I oppose the rest of the amendment except item (1).

Mr. Arthur Moore (Bengal: European): Sir, I move that the question be now put.

Mr. President: This is a very important subject. Please wait a little before the Chair can accept closure.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I want to bring back this House to the realities of the situation if I may. I endorse every word of my Leader Sir Abdur Rahim has said regarding the general position of our party. But, Sir, I should like to venture a few observations on my Honourable friend Diwan Bahadur Rangachariar's amendment and on the reasons that have been advanced against it, particularly by the Leader of the European Group. Sir, we are always appealed to be responsible. We are told that there should not be a gap between the income and the expenditure. We are told that the financial credit of this country should stand high, otherwise there will be disaster. With these appeals I am in entire agreement, and the record of those who have worked the constitution in this country will not belie the general statement that they are as keen and as alive to the financial credit of this country as anybody else in this country. But, Sir, I ask whether the Government are equally alive to the financial credit of this country. There seems to be only one appeal coming from the Government Benches that when they are not able to adjust their income and expenditure. . . .

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): On a point of order, Sir. Is it relevant for the Honourable Member to dwell on the policy in spite of the ruling which you have just given? Is it not better for him to come to the merits of the question straightaway, especially in view of the fact that we must finish this matter as early as possible?

Mr. President: I have told Honourable Members that the subject is such that it is difficult to rule the remarks that fall from Honourable Members out of order, but the Chair has restricted itself to an appeal to Honourable Members to be brief in their observations. That does not mean that Honourable Members should not express their views on the merits of the case which is whether the taxation on income should remain as at present or whether it should be increased to the extent proposed by Government.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I am answering the criticisms which have been made in this House on this occasion and have been so far ruled relevant by the Chair. Now, my Honourable friend says that

[Diwan Bahadur A. Ramaswami Mudaliar.]

we should be responsible and see to the financial credit of this country. I ask what have the Government done to maintain that financial credit. I ask whether they have considered that the whole burden of maintaining this credit should not fall on non-official Benches. That is what the Government are asking us to do. They are in a morass. They are not able to balance their Budget. As we have repeatedly pointed out from this side, they have made no efforts whatsoever, no tangible efforts whatsoever to adjust their income to expenditure. Their expenditure for the current year is exactly the same as their expenditure for last year. We have shown that on the military side there has been no retrenchment whatever, and if time were available we could easily show that on the civil side also there has been no retrenchment whatever, that allowances for which credits have been taken have come into the Budget in some other form, and the very supplementary estimates that are going to be brought here tomorrow or the day after will show that no attempt has been made to secure economy. Individuals still are going to get their special allowances and additional allowances; the whole machinery will break down if some person is not given an extension or some additional allowance. That is the sort of attitude which the Government have taken, and it is no use turning round on us and saying that the financial credit of the country is at stake and therefore we must vote for all the taxes that you want. Sir, I also want to suggest that there should be no appeals to one class to be set against another class. My friends who are agriculturists—and I venture to say that I am one myself—are in the same boat as the income-tax payers. There is not very much distinction between the two.

The Honourable Sir George Schuster: On a point of order, Sir, I do not want to interrupt my Honourable friend, but I should like to know whether he is supporting this amendment or opposing it. I feel, Sir, that we are in some danger of wasting time in this discussion. We have a very definite amendment before us, and several Honourable Members have got up and indicated that they do not support the amendment as it stands but that they might support something else, either the amendments which will come later on or a hypothetical combination that might be devised. I suggest that the House has now before it a very definite amendment of course, Sir, if you should rule that the discussion might range over the whole field of the amendments and that every Honourable Member, in discussing this particular amendment, might also advance arguments in support of his own modified proposals, then I agree that that would save time, for then it would not be necessary to debate at length the subsequent amendments which you will have to put to the House. But I do suggest to you that if we are to have a debate on each amendment, then the discussion on each amendment should be confined to that amendment as it stands, and I think every speaker who gets up should declare at the outset whether he is supporting the amendment before the House or not. I venture to put that to you as a suggestion to save time.

Mr. President: I have tried my best to appeal to Honourable Members with a view to save time, which is very vital in the consideration of this Bill. The Chair cannot, however, go as far as the Honourable the

Finance Member wants it to go (Applause from the non-official Benches) when he suggests that each Honourable Member who catches the eye of the Chair should be asked to say whether he is in favour of the amendment or not. I think it is perfectly open to him to say either that he is in favour of it and give his reasons or to say that he is in favour of some other amendment with a smaller cut. What I really wish is to ask Honourable Members to be very brief and to restrict themselves to the issue that is actually before the House.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I am very thankful to you. I am not going to make my speech to the order of even the Finance Member of the Government of India, and I venture to suggest that these interruptions will merely add to prolong the debate much longer than even the Government or the Chair desires. As regards what my attitude is going to be, I will only repeat what a great parliamentarian said on a famous occasion 'wait and see'. I was coming to the argument that agriculturists are paying much more than income-tax payers, and therefore income-tax payers should be as heavily taxed as possible. I deprecate this idea that one class should be punished by another class or the income-tax payers should have their revenge on agriculturists. . . .

Maulvi Muhammad Yakub: I never said that the income-tax payers should also be punished if the agriculturists have to pay heavy Government revenue. I said that there would not be any injustice done if the responsibility that is now thrown on the shoulders of one class is distributed equally on other classes as well. There was no question of revenge at all.

Diwan Bahadur A. Ramaswami Mudaliar: I cannot dwell on this subject at any great length, but I venture to think that the common sense of the Members will find that there can be no distinction between agricultural assesses and income-tax assesses, that the interests of these two are mutual and that both stand together and cannot afford to have one class set against another. My Honourable friend the Finance Member in answer to a question by Sir Hugh Cocke,—and the readiness with which that answer came was very suggestive to me,—said that there were 320,000 income-tax payers. I venture to think that every one of those income-tax payers is the head of a family. I am not now referring to joint Hindu families, and if you really want to know how many people are going to be mulcted by this additional taxation, you ought to count all the members of the family who will be affected by the head of the family being taxed. . . .

Sir Hugh Cocke: My Honourable friend just said that something that I said was very suggestive. May I know, Sir, what is it that was suggestive.

Diwan Bahadur A. Ramaswami Mudaliar: What I said was that the answer given by the Honourable the Finance Member was so immediate that I could only say that that the Finance Member has been very lucky in anticipating the question on this occasion.

Sir Hugh Cocke: I have had no previous consultation whatever on that point.

Several Honourable Members from the Government Benches: Withdraw, withdraw.

Some Honourable Members from the Nationalist Benches: What should he withdraw?

Mr. President: Order, order.

Diwan Bahadur A. Ramaswami Mudaliar: My friends will leave it to me to take charge of this debate. I know when to withdraw and when not to withdraw. Even if I am pressed by the Honourable Members on the Treasury Benches, I am not going to be hustled by any shouting from any quarter. ("Hear, hear" from the Independent Party Benches.) Our position is this, that it is possible to cut down to the extent of five crores of rupees, but we realise that it may not be immediately possible to do that, and we are willing to consider amendments of which Members of our party have given notice which may not have the same effect as a five crores retrenchment. What we are anxious to see is that the poor man is more largely benefited than the rich man, and that the incidence of taxation on the poor man does not fall as heavily as on the rich man. If the first 3 or 4 items are taken into consideration, you will find that that incidence of taxation is so heavy that there is no use comparing the percentage of increase with reference to that with the percentage of increase in the later, and, therefore, as my Leader has suggested we have to consider item by item. I venture to put forward with reference to the manner in which the vote should be taken one suggestion for your consideration. If the whole Schedule is put as such and the vote of the House is taken, then there are amendments by which an increase with reference to the first item alone is proposed to be deleted. It seems to me that we will get ourselves into a muddle over them because it is possible that the Chair may be appealed to to rule that amendment out of order because the proposal for amending the entire Schedule as such has been voted upon by the House. If the first item is taken, namely, from Rs. 2,000 to 5,000, some of us may like to vote for the retention of the present rates, that is, for the abolition of the entire increase. Will that be in order or not, if my Honourable friend Mr. Rangachariar's amendment is carried? I think at present it may not be in order because the House has already suggested as a part of that Schedule that the entire increase should go and it has given its decision. Similarly, with reference to later items many complications will arise, so that I appeal to you, in the interests of getting the proper judgment of the House on these questions, that after this general discussion is over, you may be pleased to take each single item separately and take the views of the House on each single item of the Schedule. In connection with that, there are various amendments. Take the first item. Some propose that the entire item should be omitted; some propose a reduction of two pies, and some three pies. And so on, there are various amendments. If you do not put them separately, then the whole object of the amendments will be nullified, and I suggest that each item separately should be taken and the consensus of the House taken on the various amendments relating to that particular item. That is my submission with reference to the procedure.

The Honourable Sir George Schuster: May I just make a few observations before you deal with that suggestion?

Mr. President: The Chair will be glad to hear the Honourable Member.

The Honourable Sir George Schuster: I only wish to say this. I do not know in what way you intend to deal with this. But I do venture to suggest that an income-tax schedule must be considered as a whole, and I think it is impossible for the House to vote first on one slab of taxation and then on another. You cannot tell what it is going to lead us to. I venture to say that Honourable Members have had a very long time for submitting all their amendments. We have got a large number of permutations and combinations, and if we are now to depart from the line of amendments which are already before the House, then I think there will be very great difficulty.

Mr. President: I have been considering the suggestion so far as the present amendment is concerned. I cannot at present deal with all the amendments that are on the Order Paper and give my ruling. After very careful consideration I have come to the conclusion that the issue which the Honourable the Mover of this amendment has raised is a clear one on which the House can divide. The issue which the Leader of the Opposition raises is that the present standard of income-tax and super-tax should be retained without any modification. Government propose to raise these rates as embodied in the Bill. These are the two issues before the House. If the House comes to the conclusion that no increase in any direction is called for nothing further can be said. But if the House comes to the conclusion that there is a case for an increase in the income-tax and super-tax rates levied at present, then it will have an opportunity of dealing with the other amendments of which Honourable Members have given notice. In the opinion of the Chair the best procedure is that the main issue which this amendment raises, *vis.*, that there should be no increase in income-tax and super-tax rates, should be voted upon as a whole, and that is the question which the Chair will place before the House.

Diwan Bahadur A. Ramaswami Mudaliar: If there is a deletion of the entire increase, then, will any amendment with reference to a single item later be in order to be voted upon?

Mr. President: After this main issue has been decided, the House will be given an opportunity, in terms of the rules and Standing Orders. The rejection of the amendment will mean that the House does not wish to retain the income-tax and super-tax at the present level but accept the principle that the rates should be increased. Then the House will have an opportunity of deciding to what extent that increase should be made. That is, I think, the best procedure that can be laid down now.

(At this stage several Honourable Members rose in their places.)

I see many Honourable Members are still rising in their seats. I should like to ask them whether they do not think that the issue, as I have put it before the House, is one which does not require many speeches. Honourable Members have to make up their minds as to whether any case has been made out for any increase in income-tax and super-tax rates. If they think that there is a case, then they have to vote accordingly. But if they think that there is no case for any increase, they have to cast their votes in favour of the amendment. Having regard to the fact that time is very precious, may I appeal to Honourable Members now that I have put the issue so clearly before them that they should allow the matter to go to vote.

Mr. Muhammad Yamin Khan: Let the question be put.

The Honourable Sir George Schuster: Sir, I am most grateful to you for clarifying the issue in this way, and you have made my task a very simple one. Before I say the few things that I have to say, I should like to explain to my Honourable friend Diwan Bahadur Ramaswami Mudaliar that in rising just now I had no intention of interrupting him but merely of suggesting a course which I thought might be convenient to the House and lead to a clear discussion.

The main issue, as you have now put it before the House, I think, requires no further argument from me. The arguments which I should have advanced have already been stated very ably by other speakers. When we come to a closer discussion of more practical proposals, I shall have more to say. But at present I am afraid that I can only say that I regard the proposal of my Honourable friend the Leader of the Opposition as one which does not come within the range of practical politics. Therefore, with great regret, I have to oppose it.

Mr. C. C. Biswas: May I ask the Honourable Member one question for information? Will the Honourable the Finance Member be able to inform the House if he has got any figures showing what is the proportion of the additional income-tax which he expects to derive from Government servants?

The Honourable Sir George Schuster: I am afraid I must have notice of that question. (Laughter.) I am not supplied with exact figures on every point.

Mr. President: The question is:

"That for Schedule IV to the Bill the following be substituted :-

SCHEDULE IV.

[See section 7.]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards.	One anna and seven pies in the rupee.

B. In the case of every company and registered firm, whatever its total income.

One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first-twenty-five thousand rupees of the excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and one pie in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna and one pie in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One anna and seven pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and one pie in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and seven pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and one pie in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and seven pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and one pie in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and seven pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and one pie in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and seven pies in the rupee.
(x) for every rupee of the remainder of the excess.	Six annas and one pie in the rupee."

The Assembly divided :

AYES—35.

Aggarwal, Mr. Jagan Nath.
 Bagla, Lala Rameshwar Prasad.
 Bhuput Singh, Mr.
 Biswas, Mr. O. C.
 Chandji Mal Gola, Bhagat.
 Chetty, Mr. R. K. Shanmukham.
 Dutt, Mr. Amar Nath.
 Gour, Sir Hari Singh.
 Gunjal, Mr. N. R.
 Hari Raj Swarup, Lala.
 Isra, Chaudhri.
 Jog, Mr. S. G.
 Krishnamachariar, Raja Bahadur G.
 Kwaw Myint, U.
 Mudaliar, Diwan Bahadur A.
 Ramaswami.
 Mujumdar, Sardar G. N.
 Neogy, Mr. K. C.

Paiamanand Devta Sarup, Bhai.
 Puri, Mr. B. R.
 Rajah, Raja Sir Vasudeva.
 Ranga Iyer, Mr. C. S.
 Rangachariar, Dewan Bahadur T.
 Rao, Mr. M. N.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sant Singh, Sardar.
 Sarda, Rai Sahib Harbilas.
 Sen, Mr. S. C.
 Sen, Pandit Satyendra Nath.
 Shahani, Mr. S. C.
 Singh, Kumar Guptheshwar Prasad.
 Singh, Mr. Gaya Prasad.
 Thampan, Mr. K. P.
 Uppi Sahab Bahadur, Mr.
 Ziauddin Ahmad, Dr.

NOES—59.

Abdul Qaiyum, Nawab Sir Sahibzada.
 Acheson, Mr. J. G.
 Alexander, Mr. W.
 Allah Baksh Khan Tiwana, Khan
 Bahadur Malik.
 Anklesaria, Mr. N. N.
 Ayyangar, Diwan Bahadur V.
 Bhashyam.
 Bajpai, Mr. R. S.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Bhargava, Rai Bahadur Pandit T. N.
 Boag, Mr. G. T.
 Chatterjee, The Revd. J. C.
 Cocke, Sir Hugh.
 Crerar, The Honourable Sir James.
 Fazal Haq Piracha, Shaikh.
 Fazl-i-Husain, The Honourable Khan
 Bahadur Mian Sir.
 French, Mr. J. C.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, S'r Lancelot.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. B. L.
 Heathcote, Mr. L. V.
 Hezlett, Mr. J.
 Ishwarsingji, Nawab Naharsingji.
 Ismail Ali Khan, Kunwar Hajeer.
 Ismail Khan, Haji Chaudhury
 Muhammad.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Joshi, Mr. N. M.

Khurshed Ahmad Khan, Mr.
 Macmillan, Mr. A. M.
 Montgomery, Mr. H.
 Moore, Mr. Arthur.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. C.
 Pandit, Rao Bahadur S. R.
 Parsons, Mr. A. A. L.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. O.
 Rajan Baksh Shah, Khan Bahadur
 Makhdum Syed.
 Rau, Mr. H. Shanker.
 Roy, Kumar G. B.
 Roy, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Shafee Daoodi, Maulvi Muhammad.
 Sher Muhammad Khan Gakhar,
 Captain.
 Shillidy, Mr. J. A.
 Studd, Mr. E.
 Sykes, Mr. E. F.
 Talib Mehdi Khan, Nawab Major
 Malik.
 Tin Tut, Mr.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. President: Order, order. I should like to invite the attention of Honourable Members to the fact that I desire to call next, the amendment No. 68, which is the next biggest cut, and amendment No. 80* in respect of super-tax.

*For Part II of Schedule IV to the Bill the following be substituted :

'PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess.	Nil.
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and two pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	One anna and two pies in the rupee.
e) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and eight pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and two pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and eight pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and two pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and eight pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and two pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and eight pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and two pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and eight pies in the rupee.
(x) for every rupee of the remainder of such excess.	Six annas and two pies in the rupee.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): May I point out to the Chair that my amendment No. 73* is rather left untouched? What about my amendment?

Mr. S. C. Shahani: What about my amendment No. 69, Sir?

Mr. President: Order, order. I am indebted to the Honourable the Finance Member who has told me the amount of reduction in Government proposals which each amendment proposes to bring about and I have taken it down against each amendment. Honourable Members can appreciate the fact that the Chair is not in a position to calculate the exact effect in rupees of the various amendments of which notice has been given and the Chair is thankful to the Honourable the Finance Member for the information which he has given to it in order to enable it to regulate the procedure. I find that the next biggest cut is that of Mr. Ramkrishna Reddi's amendment, No. 70.

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): On a point of order, Sir. As you very clearly pointed out to the House, the amendment of my Honourable friend, Mr. Rangaohariar, raised a very definite issue, namely, whether the House will retain the *status quo* or agree to any increase in the *status quo*, and the House has given a definite verdict on that point. And I would now respectfully submit that it would not be proper to take the Schedule as a whole and deal with the amendments to the whole Schedule as such, because, after all the Schedule consists of nine items in the rate of income-tax and various items in the rate of super-tax. The House ought to be given an opportunity of expressing its opinion as to what exactly it would like the rate to be with reference to each of these items. It may be that some individual Members may have made permutations and combinations which may be put from their point of view, but

*In Part I-A of Schedule IV to the Bill for entries (1), (2), (3), (4), (5) (6) and (7) the following be substituted :

- | | |
|---------------------------------------------------------------------------------|---------------------------------------|
| (1) When the total income is less than Rs. 2,000 | Nil. |
| (2) When the total income is Rs. 2,000 or upwards but is less than Rs. 5,000. | Five pies in the rupee. |
| (3) When the total income is Rs. 5,000 or upwards but is less than Rs. 10,000. | Six pies in the rupee. |
| (4) When the total income is Rs. 10,000 or upwards but is less than Rs. 15,000. | Nine pies in the rupee. |
| (5) When the total income is Rs. 15,000 or upwards but is less than Rs. 20,000. | One anna in the rupee. |
| (6) When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000. | One anna and three pies in the rupee. |
| (7) When the total income is Rs. 30,000 or upwards but is less than Rs. 40,000. | One anna and six pies in the rupee." |

the House cannot be prepared to accept them. I submit, therefore, that it would be but fair and proper that each item in the Schedule must be taken separately and the various amendments relating to those particular items must be disposed of. That is the proper way of doing it. I therefore very respectfully submit that you should take Part I of Schedule IV and then deal with the various amendments. That is the only proper way of doing it. I do not agree with the Honourable the Finance Member that there is any sanctity attached to the Schedule of the Income-tax. It may be, for instance, that we may agree to reduce the Honourable Member's proposal in the case of one class of income and not agree in the case of another class of income, and the House must be given an opportunity of giving its verdict on different items of the Schedule.

The Honourable Sir George Schuster: I venture to say to my Honourable friend, whether he agrees with me or not, that the Schedule must be considered as a whole. There are certain rules of procedure and forms of procedure for this House which have to be observed and we have laid certain proposals before the House in the Finance Bill. Honourable Members had the usual opportunity for putting in amendments. There are certain rules laid down as to how those amendments should be put in so that the House may have notice of the amendments before they come up for discussion. There are no amendments before the House which relate to any single item of the Schedule. The amendments have all taken the form of amendments to the Schedule as a whole, and I think Honourable Members, by taking that course, have tacitly admitted the force of the argument which I used, namely, that it is the Schedule as a whole that should be considered. After all, it is part of a comprehensive plan of taxation and we cannot decide it item by item. We might get into the most absurd position. We might find that income-tax, say on Rs. 30,000 to Rs. 40,000, had been left entirely alone, while heavy additions had been made perhaps to other items which bore no relation to any considered scheme at all. Therefore, I am going back to my original point, namely, that the House must consider the Schedule as a whole. To this I would add a second point, namely, that the House has not before it now any amendments put forward as amendments to specific items in the Schedule, and therefore all that can be done is to consider the amendments that are now on the Order Paper, taking each amendment as a whole.

Diwan Bahadur A. Ramaswami Mudaliar: May I draw your attention to this simple fact. There are fortunately for us more than one Schedule in the Finance Bill. Schedule II has already been passed. The House took it item by item wherever there have been amendments. My Honourable friend would have been equally justified if he had said that the whole of the customs formed part of one scheme and therefore the House must pass the whole scheme as such instead of taking kerosene first and motor spirit next. The same line of argument equally applies to the present Schedule. I cannot conceive of any Legislature where a Schedule has been treated in the manner suggested by the Honourable the Finance Member. How is it that he considered amendments relating to kerosene oil and motor spirit separately?

Mr. President: That referred to different clauses of the Bill.

Diwan Bahadur A. Ramaswami Mudaliar: Schedule II is one Schedule, Schedule II relates to articles liable to an additional duty of customs, and additional duties leviable thereon. Schedule II relates to imports, and the clause referred to excise duties which are separate. But this Schedule was dealt with by a single clause. This House did not deal with Schedule II as a single item, but took up item by item in that Schedule.

Mr. President: The difficulty is due to the fact that amendments have to be considered in the manner in which notices have been given. If Honourable Members had given notice of amendments dealing with a particular item in Schedule IV as they did in regard to Schedule II, they would have been entitled to move them in that form. Though the Chair recognises the force of the argument that the Honourable the Finance Member has advanced that it is a scheme of additional taxation as a whole, it appears to it that if there is consensus of opinion in the House in regard to any particular way of voting, and if that is permitted by the rules and Standing Orders, the Chair will give due consideration to it. As it is time for lunch the House will now adjourn till 2 o'clock.

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

The Assembly re-assembled after Lunch at Two of the Clock. Mr. President in the Chair.

APOLOGY TO THE CHAIR.

Mr. S. C. Shahani (Sind: Non-Muhammadian Rural): Sir, as I have necessarily to leave here to-day for the Congress and conferences to be held at Karachi, I beg leave to state that in the interests of our constitutional law and procedure which are so dear to me, as they are to every one in the House, and out of respect for you and the Chair that you occupy, I am adhering to acceptable form and making my apology unconditionally (Hear, hear.)

THE INDIAN FINANCE BILL—contd.

Mr. President: Order, order. I understand that no agreement has been arrived at by private discussions which I suggested. In the circumstances the procedure which the Chair wishes to lay down is that amendments will be moved in the form in which notices have been given and they will be taken up in the usual order as representing the largest reduction in the amount of taxation proposed in the Bill.

Diwan Bahadur A. Ramaswami Mudaliar: With your leave, Sir, I wish to bring to your notice one point which I feel bound to bring before the House. In 1922, there was a similar Income-tax Bill proposed to be amended. It was similarly put in the Schedule and the items were exactly given

in the manner in which they have been given today. When Mr. Mukandaraja Aiyangar moved:

"In part I of the Schedule III to the Bill, (i) in item A(6) for the words 'One anna three pies in the rupee', substitute 'one anna and two pies in the rupee'

In item A(7) for the words 'one anna and six pies in the rupee' substitute 'one anna four pies in the rupee' and so on"

The President said, "The Honourable Member had better move one at a time". I find that each item was taken separately and discussion was had on that item, and each item was put to the House separately and either accepted or negatived. I submit that this precedent may with convenience be followed on the present occasion.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): My difficulty is that we must agree to the scale of increment and I think this question of scale of increment can be discussed satisfactorily only if we take it item by item.

Sir Lancelot Graham: I wish to put one question. The passage from which the Honourable Member read does not show that they were separate amendments. Was the whole Schedule before the House then?

Diwan Bahadur A. Ramaswami Mudaliar: The whole Schedule was before the House.

Sir Lancelot Graham: I have not got the book before me. Will the Honourable Member please tell me whether the gentleman who gave notice of the amendment gave notice to substitute a whole Schedule. That is an important point.

Diwan Bahadur A. Ramaswami Mudaliar: It was one composite amendment, though several in number.

Mr. President: The Secretary has placed before me the proceedings to which the Honourable Member has referred. This is what is contained therein:

"*Mr. Mukandaraja Aiyangar*: Sir, I beg to move:

'In Part I of the Schedule III to the Bill, (i) in item A(6) for the words 'one anna and three pies in the rupee' substitute 'one anna and two pies in the rupee'."

If notice of such reductions had been given, there would have been no difficulty. The question is this. Honourable Members had the Bill before them and they gave notice of certain amendments. If notice of amendments had been given in the form relied upon, the Chair would have been bound to put them before the House. Under the rules and Standing Orders, the procedure is clear. The amendments of which notice has been given will be placed before the House having regard to the amount of reduction proposed in the increased taxation. Amendments proposing the largest amount of reduction will take precedence. There are some amendments which deal with a part of the Schedule. The Chair will certainly allow those amendments to be moved after those dealing with the whole Schedule have been disposed of.

The Honourable Sir George Schuster: May I just make the position of Government clear on this matter. I should like to make it clear that in speaking this morning and taking the formal objection that I did, it was not my intention merely to raise difficulties. In the private discussion afterwards, I suggested that if there was any combination of changes in the rates which the Independent Party, for example, would like to move in

[Sir George Sahu.]

substitution for any of those amendments which are actually down on the list, we, on the Government side, would not take any objection to their putting forward that combination. The point I wanted to make was that it would be impossible to discuss the Schedule item by item, and then take out from each amendment the particular amendment which relates to that particular state of income-tax. But if Honourable Members wish to put up a new combination and if we could by some process of selection get one amendment agreed to be taken as raising the whole question, so that we need not discuss all these infinite permutations and combinations, we should raise no objection to that procedure. Our only wish is to expedite the discussion and to meet substantial points.

Mr. President: I understand that Sir Cowasji Jehangir's amendment represents the views of the Independent Party.

Sir Cowasji Jehangir: With the exception of one item.

Mr. President: Quite so. As a party you cannot be absolutely unanimous. I think the offer of the Finance Member is a very good one. The Honourable Member can make some slight variation in his amendment and it may then be discussed as a whole.

Sir Cowasji Jehangir: May I then suggest for the consideration of Government one amendment which I propose to make in the notice I have given of amendment No. 68 on the agenda paper? For incomes from Rs. 2,000 to Rs. 4,999 I have suggested 6 pies. I desire to insert 5 pies instead of six pies. If the Finance Member and the Government agree to that amendment I will straightaway move it.

Mr. President: I will allow the Honourable Member to move it after getting through the list in the ordinary course. According to the rules and Standing Orders the next amendment* to be discussed is that from Mr. Reddi. I hope in the circumstances he will not move it.

*That for Part I of Schedule IV to the Bill the following be substituted :

PART I.

Rates of Income-tax.

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards but is less than Rs. 1,00,000.	One anna and 7 pies in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards	One anna and nine pies in the rupee.

B.—In the case of every company and registered firm, whatever its total income. One anna and nine pies in the rupee."

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): No, Sir,

Mr. President: The next amendment stands in the name of Khan Bahadur Haji Wajihuddin.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): I shall move it, Sir.

Mr. President: I am not asking the Honourable Member about his second amendment but about his first amendment.

Khan Bahadur Haji Wajihuddin: I shall move No. 77.*

Mr. President: No. 77 is in two parts. You wish to move a certain amendment which will involve a reduction of 3 crores and 51 lakhs. But your notice says that if that amendment fails, you will move another which reduces the amount by 1 crore and 92 lakhs. I am not asking you about the latter but about the former.

Khan Bahadur Haji Wajihuddin: I do not want to move the latter but only the former.

*"In Part I-A of Schedule IV to the Bill,

(a) In entry (1) for the word and figures 'Rs. 2,000' the word and figures 'Rs. 5,000' be substituted.

(b) Entry (2) be omitted and the subsequent entries be renumbered accordingly."

(If the above amendment fails.)

"For Part I-A of Schedule IV to the Bill the following be substituted :

'A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company :

	Rate.
(1) When the total income is less than Rs. 2,000	Nil
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards	One anna and seven pies in the rupee."

Mr. President: Very well. The Honourable Member is entitled to move it.

Khan Bahadur Haji Wajihuddin: Sir, I beg to move that in part I-A of Schedule IV to the Bill

The Honourable Sir George Schuster: Sir, might I make an explanation? I think the Honourable Member's first amendment is one which would raise the minimum taxable limit to Rs. 5,000. That, as far as I have calculated, would mean the loss of 1,92 lakhs. It is the second amendment which would mean a loss of 3,51 lakhs. If therefore he only wishes to move his first amendment he drops down to a lower figure.

Mr. President: Does the Honourable Member wish to move the second amendment?

Khan Bahadur Haji Wajihuddin: No, Sir. I wish to move the first.

Mr. President: That will come later then. Sir Cowasji Jehangir.

Sir Cowasji Jehangir: Sir, I understand you wish me to move the parts in both income-tax and super-tax, parts I and II together.

Mr. President: Yes, but if the House so desires the vote may be taken separately.

Mr. R. K. Shanmukham Chetty: I think at least the income-tax and super-tax parts may be taken separately.

Mr. President: They need not be discussed separately, but the vote will be taken separately if at the time of voting the House so desires.

The Honourable Sir George Schuster: Sir, the Honourable Member has got two amendments on super-tax. Which one does he wish to move?

Sir Cowasji Jehangir: I will move No. 79.

Sir, I beg to move :

"That for Part I of Schedules IV to the Bill the following be substituted :

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

Rate.

- | | Rate. |
|------------------------------------------------------------------------------------|----------------------------------------|
| (1) When the total income is less than Rs. 2,000 | Nil. |
| (2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Five pies in the rupee. |
| (3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Eight pies in the rupee. |
| (4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Eleven pies in the rupee. |
| (5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | One anna and one pie in the rupee. |
| (6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and five pies in the rupee. |
| (7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and nine pies in the rupee. |
| (8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | One anna and eleven pies in the rupee. |
| (9) When the total income is Rs. 1,00,000 or upwards | Two annas in the rupee. |

B. In the case of every company and registered firm, whatever the total income. Two annas in the rupee."

'For Part II of Schedule IV to the Bill the following be substituted :

'PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess.	Nil.
(b) for every rupee of the remainder of such excess .	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and two pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee in the first twenty thousand rupees of such excess.	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess.	One anna and two pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and eight pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and two pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and eight pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and two pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and eight pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and two pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and eight pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and two pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and eight pies in the rupee.
(x) for every rupee of the remainder of such excess.	Six annas and two pies in the rupee."

[Sir Cowasji Jehangir.]

Sir, I will first deal with part I, income-tax. For incomes between Rs. 2,000 and Rs. 5,000 I suggest 5 pies, which means that there is no increase. Between Rs. 5,000 and Rs. 10,000 I have proposed a cut of 3 pies out of the increase. On incomes between Rs. 10,000 and Rs. 15,000 I suggest a cut of 3 pies, and also between Rs. 15,000 and Rs. 20,000, 3 pies; that is to say, for incomes between Rs. 2,000 and 5,000 I am reducing the proposals of the Finance Member by 4 pies; for incomes between Rs. 5,000 and Rs. 20,000 I am reducing the Finance Member's proposals by 3 pies; for all incomes from Rs. 20,000 upwards I am reducing the Finance Member's proposals by 2 pies. The total decrease in the Honourable Member's proposals will be 2 crores and 83 lakhs. I wish that to be checked. These are my own figures. The Honourable Member may perhaps give me the correct figures.

The Honourable Sir George Schuster: With the change which my Honourable friend has just made, according to my calculation the loss in income-tax will be 254 lakhs. Two crores and 83 lakhs would be the reduction on the amendment as printed. The cut of one pie on the lowest slab makes it 21 lakhs more.

Sir Cowasji Jehangir: I do not quite follow these figures. According to my calculation, on incomes up to Rs. 5,000 the reduction is 73 lakhs. The whole of the increase is 73 lakhs and therefore the reduction is 73 lakhs. My Honourable friend might just look at his papers.

The Honourable Sir George Schuster: According to my figures, my Honourable friend is not correct. Every pie on that level of the income produces about 21 lakhs, so that if 4 pies go, the loss is about 84 lakhs.

Sir Cowasji Jehangir: I think my Honourable friend had better consult again

Mr. President: Is it desirable that any time should be lost in this fashion? You may take it that with the reduction now made in the amendment from six to five pies the total difference according to the Finance Member is 254 lakhs.

Sir Cowasji Jehangir: I hope he will accept my figure

The Honourable Sir George Schuster: May I clear this up? I now find on inquiry that my Honourable friend is perfectly correct according to the figures which have been given to him by a representative of my own office. As a matter of fact we are both right in the sense that my figure is the actual figure of the direct income-tax receipts; in the figure which the Honourable Member has been given some allowance has been made for refunds. So that, the figure less allowance to refunds has been given to him as 73. As a matter of fact I had not seen that figure of 73 and I do not want to accept that because I am not satisfied that the allowance on account of refunds for that particular class will be as much as that. The position really is that 84 lakhs represents the gross less from which has to be deducted an unknown figure for refunds, which my Honourable friend for purposes of his argument is going to take as 12 lakhs—whereas I prefer to stick to the gross figure of 84 and make some general allowance for refunds for the total amount.

Sir Cowasji Jehangir: What is that figure you are going to take for the total refunds?

The Honourable Sir George Schuster: I should suggest that with a gross figure of something like 254 lakhs the figure for refunds might be something between 15 and 20 lakhs; but I admit it is a guess.

Sir Cowasji Jehangir: I make it 233 lakhs, he makes it 234 lakhs: I said 233 lakhs to start with

The Honourable Sir George Schuster: If the total figure is 254 less 15, it would be 239. I agree that that is not very much of a difference.

Sir Cowasji Jehangir: I will leave it at that. I take the gross figure as 254; it is somewhere near that. Out of an increase of 454 lakhs in income-tax, this proposal cuts it down by, shall we say, something between 234 and 236 lakhs—nothing more.

Diwan Bahadur T. Rangachariar: Income-tax alone?

Sir Cowasji Jehangir: Yes; I will now mention the exact figure for super-tax that I have suggested in my proposition—amendment No. 79—Rs. 28½ lakhs. That is very simply calculated. There can be no mistake about it: 11 lakhs come out of the suggested change in the limits. I do not desire that the limit should be changed; the smallest incomes should not have to pay super-tax. I have all the other proposals of my Honourable friend—that comes to 28½ lakhs. Therefore the total cut proposed is, taking 234 lakhs, 234 plus 28½ or 262½ lakhs.

Sir, I am not going to make a long speech. I think we have had enough long speeches; we want to get to the voting. We have all along during the session, ever since the Finance Bill was moved, urged upon the Government the great hardship that will be felt all over the country on account of the Finance Member's proposals. If even now Government stick to their proposals, there is nothing left to us but to carry as far as it is possible for us to do so, what we think it is fair to do on the present occasion. We on this side of the House believe that if Government really make an attempt—I do not say that they have not made an attempt—but make a further attempt, they will be able to retrench to the extent of 264 lakhs. We firmly believe that. Being firmly of that belief, we propose to stop supplies to that extent.

Then there is also other legislation which it is suggested will be moved in this very session and if carried might bring in some more supplies to Government. I contend, Sir, that this is not the time to argue or to discuss what is due to our constituencies. My Honourable friend, the Leader of the Opposition, is fully responsible to his own constituency and realise his position just as my friend, the Leader of the European Party, fully realises the responsibility he owes to his own constituency. Let us trust each other and believe that we are all acting conscientiously in the interests of the country as a whole. The Leader of the European Party has given expression to certain views; the Leader of the Nationalist Party has given expression to certain views. It is no use reminding each other that they are responsible to certain constituencies; we are here to do what is right; what our conscience dictates as right; and we on this side believe conscientiously that we cannot inflict on the people taxation to this extent at times like the present. I have already stated that due to no fault either of the Government or of the people the condition of trade and industry is

[Sir Cowasji Jehangir.]

as bad as it can possibly be. It is the desire of Government to see a recovery, not only in the interests of the people but in the interests of Government revenues; and I contend that the Finance Member's proposals do not tend towards that recovery. Believing in that position, and being convinced that the Finance Member can retrench, we appeal to the House to support this cut and force the Government to retrench. I fully realise the powers that we have under the Act. If we had greater powers than we have, I am convinced that retrenchment could be effected. This is after all a strong and earnest suggestion to Government. We realise the position; we leave it at that and we expect that Government will also exercise that sense of responsibility which they have so often asked us to exercise. Under the Act we are not responsible; it is they who are responsible. Notwithstanding that, we are prepared to shoulder the responsibility that lies on this side of the House, but we do expect that Government will also act with a sense of responsibility; and we leave it to the verdict of the country. We will let the country judge whether we act with a sense of responsibility or whether it is Government who are showing a lack of responsibility. I will not take up the time of the House any longer. I do desire that we should go to the lobby as soon as possible and decide this all important question of what the taxation should be for the next year.

Sir Hari Singh Gour: Sir, I think I should very clearly state why we are going to vote for the amendment of my Honourable friend, Sir Cowasji Jehangir. The Honourable the Finance Member once more appears before us in the canonical robes of innocence. I wish to point out to him and to the Honourable the Leader of the European Group as to the promises made last year. Last year my friend, Sir Hugh Cocke, tabled a cut for compelling the Government to retrench, and that cut was carried. Sir, on that occasion the Honourable the Finance Member apologised for not having retrenched the expenditure of the Government of India, and what were his words. He said that the Simon Commission's Report would deal with the whole question of retrenchment both in the military and civil expenditure. He who had presumably an advance copy of the Simon Report said that when that Report came it would be time to tackle those questions of retrenchment. I ask the Honourable the Finance Member. . . .

The Honourable Sir George Schuster: I am sorry to have to interrupt my Honourable friend. I am perfectly certain I never said anything which suggested that the Simon Report would deal with the whole question of retrenchment. What I did say was that questions of policy could not be considered until the constitutional issues were discussed. (Cheers from Government Benches).

Sir Hari Singh Gour: I will give the Honourable Member's *ipsissima verba*. Let me read to the House what the Honourable the Finance Member said last year. He was dealing with the Army expenditure, and then with reference to the general question of expenditure, the following words appear at pages 1514 and 1515 of the debates of the Legislative Assembly. These are his words:

"Now as regards the general heading, the heading of policy as applied to the Army, I do still maintain the position that I took up, namely that the present moment on the eve of constitutional reforms, on the eve of the publication of the Statutory

Commission's Report which will better deal at quite considerable length with questions of military policy and the relations between India and His Majesty's Government, in that connection, I say that on the eve of the publication of this Report and the consideration of the questions that will arise out of it, it is impossible as a practical proposition for Government to take questions of changes in the army policy, and therefore I adhere to the position that I took up that if we cannot tackle these major questions of economy in connection with the army today. . . . "

Sir, I make a present of these words to the Honourable the Finance Member.

The Honourable Sir George Schuster: Sir, I stand by everything that I said last year. It exactly represents what I have said just now.

Sir Hari Singh Gour: If the Honourable the Finance Member adheres to what he said last year, he must adhere to this, that he was awaiting the Statutory Commission's Report, which he said would deal with the whole question

The Honourable Sir George Schuster: Sir, my friend is not using the quotation fairly. I said "pending the consideration of the constitutional reforms". That is the major part. The Statutory Commission's Report was a necessary preliminary to the consideration of the constitutional reforms. If my Honourable friend suggests that I gave any promise that the Statutory Commission's Report would contain proposals for retrenchment which I then proposed to take up straight away, he is entirely misleading the House. Everything that my Honourable friend has read out from my speech exactly agrees with the sense that I gave to the House just now and with everything that I have said in the course of the Budget discussion this year.

Sir Hari Singh Gour: I have given to Honourable Members of this House the *ipsissima verba* of the Honourable the Finance Member, and I ask the House to draw its own inference. I was paraphrasing his speech before I gave the exact quotation, and it is for the Honourable Members now to see whether I was not right in paraphrasing the Honourable the Finance Member and subsequently corroborating my paraphrase by a reference to the actual terms. But let that pass. The Honourable the Finance Member cannot deny that the Leader of the European Group last year made a cut on the ground that the Government must retrench. Now, Sir, the Statutory Commission's Report came out in June. This debate took place in March. Between March and this year 12 months have expired, and the question that Honourable Members are anxious to ask from the Honourable the Finance Member is as to what he has done during these 12 months with regard to their schemes of retrenchment. He said he had appointed Mr. Jukes to draw up a Report. That Report was not for various reasons published, but that is not the question. The question with which this House is concerned is the question, in what way the Treasury Benches carried out the mandate of this House. When my Honourable friend, Sir Hugh Cocke, asked the Government to retrench, the object of it was that the retrenchment should be made in the course of the year, and I ask Honourable Members here as to what retrenchment has been visualised within the period of twelve months. That, I submit, is the first question.

The second question that I wish the House to consider is that the Honourable the Finance Member has budgeted for Rs. 135 crores or thereabouts for the current year, and he has budgeted for the same amount

[Sir Hari Singh Gour.]

for next year. I wish to ask the Finance Member, if he is seriously inclined to retrench, how it is that he does not expect even 20 lakhs or half a crore of rupees to be reduced in the expenditure in the ensuing year. I submit that the fact that he is budgeting for the same amount for the next year as for the year that is expiring shows that the Finance Member does not anticipate any serious retrenchment. As a matter of fact, I drew the attention of this House some days back to the fact that the Honourable the Finance Member had declared last year that there was no possibility of serious retrenchment in the civil expenditure, and that so far as the military expenditure was concerned, retrenchment must follow a change of policy, and as that change of policy was awaiting the decision of the Statutory Commission on constitutional reforms, he was not in a position to recommend any drastic changes in the military expenditure. That, Sir, is the position. I wish to ask this House, if Sir Hugh Cocke's motion of last year has not been complied with, with what face can they support Government and demand that the money the Government wish to have should be voted by this House? That is the question with which my Honourable friend, Sir Hugh Cocke, is confronted. Even this year he tabled a motion calling upon the Executive Council of the Government to retrench, and it was under the head Income-tax. Now, I wish to ask, how can you possibly blow hot and cold? You had the other day tabled a motion and carried it to success, that there should be retrenchment under this particular head. The Honourable Mr. Heathcote, when he asked this House to concur with him, very clearly pointed out that he was of opinion that the saturation point in the matter of income-tax had been reached. Now, I cannot understand how, after the European Group have received the support of this House on the question of retrenchment, they can resile from their position (*An Honourable Member*. "They can do anything"), by not supporting the very reasonable motion, the very reasonable proposal advanced by my Honourable friend, Sir Cowasji Jehangir.

Sir, the Honourable the Finance Member is a past master in advocacy and it is impossible to measure swords with him, but may I once more remind the Honourable the Finance Member what he said in the course of his speech last year. In effect he said, "We are saddling the country with five crores of taxation, but that is not all we want". In saddling the country with that taxation he said that he was taking into account the operation of the threatened civil disobedience movement. Then he said that there would be a surplus from that sum of five crores which would be carried over and be treated as a nest egg for the Provincial Governments. All those five crores are gone, the nest egg has disappeared, and the provision of subsidy to the Provincial Governments is a thing of the past. Yet, today we are asked to saddle the country with an additional taxation of 15 crores.

So far as income-tax is concerned, what is the position? This heavy deficit in the finances of the Central Government would not have been possible if there had not been a depression of the trade and a sudden fall in the income of individuals. That being the case, we are now confronted with the position that, while the incomes of people are halved, the Honourable the Finance Member wishes to double the income-tax. That is the plain position, and I ask the elected Members of this House to realise

what they are voting for. When they go back to their constituencies, with what face will they tell them, that they have discharged their duties by their country and their King in supporting the Treasury Benches in saddling the country with an additional taxation to the tune of Rs. 15 crores? What justification can you and I plead before our constituencies who would say, "We have been beggared by the fall in prices, by the effect of the civil disobedience movement, and by the general world depression, and on the top of it all, you wish to double our income-tax and raise the super-tax". That is the question with which we shall be confronted wherever we go. There are few Members in this House who have not been inundated with telegrams from all sorts and conditions of men, from trades people, from people in business, who have pathetically pleaded to them to resist this imposition of additional income-tax. I cannot understand why the Honourable the Finance Member does not get up and say, "Very well, if you want to make this cut of Rs. 2½ crores or Rs. 260 lakhs, we shall accept it. We shall watch the trend of the trade. We shall see whether business improves or not, and if it does not improve and if there is still a gap to fill up, we shall come to you again in the September Session and ask you to reconsider the Budget". That, I submit, would be a reasonable attitude to take, and if the Honourable the Finance Member is prepared to make that offer, I can say on behalf of the Opposition Benches, that we shall be very favourably disposed to accept it. But is he prepared to do it? Is he in a compromising mood? (*An Honourable Member*: "No".)

The Honourable Sir George Schuster: Will my Honourable friend accept double rates of tax for six months in that case in order to make up the difference of six months which I shall lose by waiting up at Simla?

Sir Hari Singh Gour: The Honourable the Finance Member is assuming that the deficit with which he is confronted will continue. He has entirely forgotten what I was trying to impress upon him and his colleagues on the Treasury Benches, that he must await the return to normal conditions. He must see as to what is the effect of the improving trade in the country, and if the effect of the improving trade in the country is to fill up the gap, then it may not be necessary for the Honourable the Finance Member to come up before this House in the September Session. But, if it is otherwise, and he comes and asks either for the whole of the amount of five crores, or it may be, there may be a gap of about Rs. 2½ crores or less, in that case we should be disposed favourably to consider his proposal after he has done everything to retrench and after he has convinced this House that, in spite of the return to normal trade, the gap in the revenue remains unfilled. That, Sir, is the offer we make; that, Sir, is the offer which the Honourable the Finance Member has the option of either accepting or refusing. I, therefore, submit that if we are not in a position to receive from the Honourable the Finance Member the promise we ask, we on these Benches must unite in supporting the Honourable Sir Cowasji Jehangir. I appeal once more to the occupants of the European Benches to reconsider their decision in view of their decision of last year and in view of their motion this year, and in view of the fact that this is a most reasonable proposal which only cuts down the national expenditure by 2½ crores of rupees. Sir, I support Sir Cowasji Jehangir.

Mr. Arthur Moore: I can assure Sir Hari Singh Gour that we here do not blow hot and cold. A year ago we raised the somewhat tattered flag of retrenchment, and we fly it still. More than that, I can assure him that our hearts were this morning with Diwan Bahadur Rangachariar and Diwan Bahadur Mudaliar and Sir Abdur Rahim and Sir Cowasji Jehangir.

Sir Hari Singh Gour: Where were your votes?

Mr. Arthur Moore: But our heads also have something to say and they tell us—and this was Sir Hugh Cocke's point—that these cuts are in our opinion not practical politics. We would like to arrive at some figure which we think we can with greater reason possibly compel the Government to accept, and with regard to that I should like with your permission to make a statement about the motion† standing in my name, which might possibly affect the order in which it is taken, because it will affect the amount. We should like to make use of the latitude which has been accorded, and of which Sir Cowasji Jehangir has already availed himself, to alter the motion standing in my name, so that in the case when the total income is Rs. 2,000 or upwards but is less than Rs. 5,000, the rate shall remain as it is at present that is to say, 5 pies in the rupee. My reason for that is this, that we have heard certain revised figures during the course of this debate which make a difference. I think the original calculation was that the cost to the revenue of the motion standing in my name would be a sum of 106 lakhs. Now, Sir, with the allowance for refunds, my calculation is that it is more likely to reach the sum of 91,60,000 and with the removal of 2 pies in the lowest taxable class, I think that the total effect of the whole cut would not be more than at the most one crore, 30 thousand. That gives some opportunity to our hearts as well as our heads

The Honourable Sir George Schuster: Did my Honourable friend say 1 crore 30 thousand?

Mr. Arthur Moore: I beg the Honourable Member's pardon. It is 1 crore 30 lakhs. That gives some opportunity for our hearts as well as our heads, because we are thinking in this particular case of the class upon whom, as the Finance Member himself said, the blow will fall with unerring precision, that is to say, the large class of Government servants on very small pay, say, Rs. 200 a month. Our proposal is that they shall not be taxed further at all. For these reasons, we are not able, very regrettably, to give our support to my Honourable friend, Sir Cowasji Jehangir.

†“In Part I-A of Schedule IV to the Bill for entries (2), (3), (4) and (5) the following be substituted :

	Rate.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Seven pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and two pies in the rupee.”

Mr. Muhammad Yamin Khan: I welcome the suggestions which have been made by Sir Cowasji Jehangir and Mr. Arthur Moore in reducing the taxes on the incomes from Rs. 2,000 to 5,000, from what they had originally suggested. This tax was going to be levied on the poor people who were getting an income of Rs. 180 and upwards and they could not stand the further tax proposed by the Government and we thought that we should oppose that further taxation in that class. As regards the proposition of Sir Cowasji Jehangir about the income which exceeds Rs. 20,000 and goes up to any limit, even beyond a lakh of rupees, I thought that under the present circumstances there was no occasion to support that, and I was feeling somewhat perplexed what should be our attitude if you placed the whole Schedule, as proposed by Sir Cowasji Jehangir, before the House. We only desire to save the poor people, and in doing so we shall also be reluctantly saving the rich people where there was no justification to save them if in the circumstances you put the whole Schedule to vote. Now, to my great relief I find that Mr. Arthur Moore has come down and he has also accepted the suggestion about the poor people and if you are pleased to put the whole Schedule to vote, then I shall be obliged to support Mr. Moore's amendment.

Mr. President: The Honourable Member knows that the motion before the House at present is Sir Cowasji Jehangir's amendment not Mr. Moore's. He can by way of illustration refer to the amendment which is on the Order Paper but he cannot argue in support of that amendments at this stage. He can reserve his remarks until that amendment is reached.

Mr. Muhammad Yamin Khan: I was only explaining, if the vote is taken over the Schedule as a whole then my vote will have to go in favour of that Schedule. Otherwise my vote will be according to the different grades on their own merits. Sir Cowasji Jehangir has said that, on account of trade depression, further taxation in all classes is unnecessary. To this I cannot agree because the income, which is taxed is not that income which is the gross income but it is the net income which the individuals derive, and after making deductions for all kinds of expenditure, the net amount which remains to the individuals or to the companies—that is to be taxed. If you are owning a house which is your own house and you are not paying rent, that rent will be added to your income, because that house belongs to you. If you had let that to somebody else, that would have fetched you a certain amount of rent, and if you are carrying on your own business in your own building certainly the rent of that must be calculated in your income. You cannot say it is gross income but this is the net income and if the net income is taxable, then I do not see any reason why in the present circumstances the rich people deserve anything in the shape of reduction in taxes. I know that the prices of all commodities have fallen

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down a great deal and everybody is benefiting by that. The rich people have got no grievances when the poor people in the villages are suffering to the greatest extent such as they have not done in the last decade. Now-a-days I find, Sir, the poor people in the villages have not got sufficient to eat even one meal a day; and if the taxes are not to be obtained by taxing the richer classes, well they will have to come from somewhere, which means that the poor people will have to pay these taxes. I know, Sir, that we have got at present revenue settlements coming up in different districts in the different provinces, and the little help which can be given by the Government of India to the provinces will be much welcomed

[Mr. Muhammad Yamin Khan.]

by the poor people, but if this is denied on account of this reduction in the income-tax rates, the provinces will feel the want greatly, and there is a great deal of necessity for funds at the present moment, and we should see that the taxes are properly distributed. Although therefore I do not agree with the arguments which have been advanced by my Honourable friend, Sir Cowasji Jehangir, still I think we should lend our support to him to a certain extent about the cuts which have been proposed here by the two gentlemen who have spoken before me.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadian): Sir, I wish to detain the House for just a few minutes. . . .

Mr. President: Yes, we are as the Honourable Member knows, pressed for time.

Mr. Jagan Nath Aggarwal: Sir, my Honourable friend, Sir Hari Singh Gour, made an eloquent appeal to the European Members in this matter, and all the reply he got was that "Their hearts were with him but their votes were to be otherwise".

Mr. C. C. Biswas: It is something that the European Members have some heart, but the Finance Member is heartless!

Mr. Arthur Moore: My friend got more; he got a new proposal.

Mr. Jagan Nath Aggarwal: I am not concerned with the new proposal. Then in the case of my Honourable friend, Mr. Yamin Khan, we find that he has neither his head nor his heart with us. I would put the proposition in this way. We look upon these proposals of the Honourable the Finance Member as very drastic. My Honourable friends, the European Members, had suggested some days ago and Members on this side of the House agreed with them that the increases in the case of the men earning an income of between Rs. 2,000 to Rs. 5,000 a year or something like Rs. 200 to Rs. 400 a month would upset their family budgets and create something like a deficit for them. Now, Sir, I put it to the Honourable the Finance Member, have these people such a great store of savings? Do these people save so much that you can in a year like this call upon them suddenly to pay 80 per cent. more tax, and in the case of men with incomes up to Rs. 10,000, 88 per cent. more? Is there any justification for this? This postulates that these people had been very lightly taxed before. All this then proceeds on the assumption that these people were lightly taxed, and on the basis, "Let us have our full dose out of them". Now, Sir, on this part of the case this House was of opinion that these increases are unjustified for a variety of reasons, one of them being, as was explained, that the Government made no serious attempt at retrenchment. Sir, I submit that there is another reason, *viz.*, that this is hardly the time, when trade and industry are so badly off, when people belonging to the middle classes, when people of humbler means are hard hit in various directions, when the Finance Member should come forward with these drastic increases in income-tax. My friend, Sir Hari Singh Gour, quoted the observations of the Finance Member last year. I would venture to draw the attention of the House to what was said by the Finance Member the year before, and I submit, Sir, that that is the principle which should be applied. He said he would approach this question carefully, with

sympathy and with tenderness, and that he would try to give you, in the words of the famous Greek philosopher, Hippocrates, "No drastic medicine", "no poisonous drug". But I submit, Sir, the medicine is so drastic and so poisonous that we will have nothing to do with it; and failing that, we are content to vote with Sir Cowasji Jehangir, and I hope Sir, not only the Honourable the Finance Member but even those on the other side will go with us into the lobbies on this point, because this is a principle which has been laid down by the Finance Member himself. I shall quote what he said:

"It may be said, I suppose, that upon myself as directing to some degree the finances of the country, there falls the heavy responsibility of the doctor. The doctor's calling is a noble and difficult one and perhaps its duties have never been better put than in the words of the oath which Hippocrates, the Greek philosopher and scientist, who lived more than two thousand years ago, made his disciples swear. Let me repeat some of its words:

"I swear by all gods and goddesses that I will, according to my power and judgment, make good this oath and covenant that I sign. I will use all ways of medical treatment that shall be for the advantage of the sufferers, according to my power and judgment, and will protect them from injury and injustice. Nor will I give to any man, though I be asked to give it, any deadly drug; nor will I consent that it should be given; but purely and holily I will keep guard on my life and my art."

Those are the principles that the Honourable the Finance Member accepted at the time when he undertook the onerous duties of his office. I submit, Sir, that at this time when, according to all accounts trade is at its lowest, though we hope we have passed through the worst period of it, when the middle classes, the earning classes and the small business men are all in a very bad kind of way after all the other taxes that we have voted, I submit this increase in the income-tax would come in with undue severity. I further submit that this income-tax is a matter in which we have to proceed very cautiously indeed, because it is not administered in the way that we have it administered in countries of the West, where all kinds of allowances and other concessions are allowed. I therefore submit that this is much too hard a burden which is sought to be put upon the tax-payer, and I submit the House should accept the amendment.

Mr. Jamal Muhammad Saib (Madras: Indian Commerce): Sir, I rise to support the amendment moved by my Honourable friend, Sir Cowasji Jehangir. Sir, Government very often refer to the difficulties they have; we do realise them, and we want to meet them half way. But do they realise our difficulties, and do they want to meet us? My Honourable friend, Sir Hari Singh Gour, has said that this amendment, if carried, would mean a loss of revenue of 2½ crores, which is less than 2 per cent. If they really want to realise our difficulties and sympathise with us, they might very well cut down their expenditure by less than 2 per cent. Then there is one proposal to which I want specially to refer and that is that they want to bring down the minimum for super-tax from Rs. 50,000 to Rs. 80,000. It must be borne in mind that super-tax is a double taxation. Now, there are two further increases, one under the income-tax and another under the super-tax, and if you reduce the minimum for super-tax, it will be a fifth tax on the same amount. My Honourable friend, Sir Hari Singh Gour, said that even if the Government were not able to carry on with this

[Mr. Jamal Muhammad Saib.]

reduction of their taxation proposals, they might come to us in the Simla Session with a supplementary demand. Even that offer, Sir, is not accepted. That being the case, how could they say that we do not realise their difficulties and do not sympathise with them? They will not sympathise with us: why should they expect us to sympathise with them?

Sir, I beg to point out and emphasise that the taxes on income, even as they are, have become really a tax on capital. It may be argued that the tax is only levied and collected on the incomes earned. Theoretically it may be so, but in practice it is not so. If the House would bear with me for a moment I will try to show how things are in reality.

Many items of necessary business expenditures are not allowed to be set off against losses incurred in the previous years. Then there is the maintenance of the families of the assesseees for which no allowance is now made and in the loss years the assesseees are obliged to maintain their costly business establishments not from income but out of their capital. Here I think it would not be out of place to draw the attention of the Honourable Members of this House to an extremely grave situation noticeable during the last few years in the economic life of the country. I refer to the noteworthy phenomena of the rapid and progressive diminishing of the capital funds of the industrial and commercial classes generally available for industrial and commercial development of the country. Except perhaps with the possible exception of the small stall-keepers in the streets, it is no exaggeration to say that there is no capitalist merchant or industrialist in any part of the country whose available capital funds had not been diminishing progressively during the last five or six years. That is a very grave situation indeed from the point of view of the recovery of trade and the future industrial and commercial development of the country which we all have in view.

Now, Sir, to come to my point, if it is admitted that, as it will have to be, even the capital position of the assessee is getting worse and worse day by day—leave alone his net earnings or savings—and at the same time you go on collecting—I almost said exacting—from him large amounts in the name of taxes on income, I would ask my Honourable friend what is it then if not a tax or penalty on capital? What wonder then if the capital is steadily flying away from the country as rats from a sinking ship.

Mr. President: May I ask the Honourable Member to bear in mind that the House is pressed for time and therefore he should be very brief.

Mr. Jamal Muhammad Saib: The unfortunate part of it all is this. This systematic, relentless and unfair squeezing of the mercantile and industrial classes is seriously interfering with the investment of funds in the industries and commerce of the country. With the result that the industrial recovery of the country is now becoming almost impossible and in its place it looks as though, as things are at present, that the country is fast moving towards a total economic ruin. All this is due to the very high scale of the military and civil expenditure of the Government. Our taxes are now equal and in some cases are even above the European standards, and in return have we anything comparable to what the European countries have in the shape of facilities and amenities of life? What about your sanitation, improvement in agriculture and rural uplift, industrial development and educational facilities! Even now you have to send your

children abroad for all technical and higher studies. If full return for the money spent is not had, you cannot call it a business like management. I would rather call it a gross mismanagement.

Sir, the other day in this House the Honourable the Finance Member was good enough to express his sympathies for the hardships of the income-tax payers whom he thought "are undoubtedly going to be hard-hit". But unfortunately his sympathies were only short-lived. For a little later in the same speech when dealing with his contemplated plan of assistance to the agriculturists under certain contingencies, he told us that it may be in the best interests of the country that income charges should be increased for that purpose. Well, when there is no more to be got out of the mercantile classes, what is he going to do? Would he then propose the championing of the salaries of the low-paid officials, clerks and peons and of the Indian sepoy and constables at the expense of the agriculturists. It is all wrong in principle and it may also amount to a mischievous setting of one class against another. I know my Honourable friend is not capable of such sinister and ulterior motives. Perhaps it is only a clumsy method of his to gain as much support as possible for his much condemned Finance Bill. Realising fully, as he must by this time, that his new taxation proposals have no chance of getting through this Honourable House, he may after all be only attempting by this method to win over some of the popular champions on this side of the House. Why he even let out the cat, perhaps unwittingly, when he asked the Honourable Members to keep that in view when considering his proposals in greater detail?

Sir, all are agreed that the agriculturist is the worst sufferer in the country and that everything possible should be done to help him out of his difficult position. And as we have realised only too well by the experience of the past few years it cannot be disputed that on the agricultural prosperity of the country depend all our other prosperities. Who can deny now that, without agricultural prosperity, neither could industry flourish, nor could workers have enough of employment and good wages? In short, the very prosperity of the country in all walks of life depends on the prosperity of its agriculture. That of course naturally depends on the level of prices procurable for our primary agricultural products. How is the Honourable Member going to bring that about? Certainly not by his patched up schemes which he was evidently thinking aloud about the other day?

The Government ought to know at least by this time the real cause of this agricultural depression and its only remedy. But they won't adopt it. They simply talk about all these useless things just to divert the attention of the people from the real cause which is at the bottom of all these troubles. The troubles of the agriculturist did not start with October, 1929. They are, as the country well knows, much older than that. They began with the change of the exchange ratio to 1s. 6d. No doubt the world depression has much aggravated the position, coming as it did when the resources and the resisting powers of the agricultural population of the country were at a very low ebb.

Mr. President: I should like once again to appeal to the Honourable Member not to go into the question of the ratio and other points on the present issue. The House is very much pressed for time and I would appeal to the Honourable Member to be as brief as possible.

Mr. Jamal Muhammad Saib: Sir, no doubt, an improvement in the world depression will result in the easing of the position to some extent, but only to that extent for which it was responsible. In my humble opinion, even the total removal of the world depression will not see the end of the troubles of the agricultural population. For that you have also to go to the first or root cause and remove it once for all. Will the Government even now get rid of their cherished ideas and face realities, as they ought to, in the only way open to them if they really wish to improve the lot of the poor agriculturist of this land?

Several Honourable Members: The question may now be put.

Mr. S. G. Jog (Berar Representative): Sir, I will religiously observe and obey the orders of the Chair and will straightaway go to that aspect of the question with which I wish to deal. I find that the amendment proposed by Sir Cowasji Jehangir is a sort of compromise between the taxation proposals of the Government and those of my Leader, Diwan Bahadur T. Rangachariar. It is a very fair compromise, and I think this part of the House and I believe both birds and bats ought to join and support it. (Laughtēr.) I will only touch one aspect of it, and it is this, that in the case of the undivided individuals and the undivided Hindu families, there seems to have been no distinction whatsoever. Many of the Honourable Members are no doubt aware that, in the case of an undivided family, a number of them remain in the house and the expenses in connection with marriages, education, etc., are common to all. The exemption shows that the total income which is exempt is less than Rs. 2,000. I suggest that in the case of undivided families an income of Rs. 3,000 should be exempted. With this exception, I appeal to the House to agree to the amendment moved by my friend Sir Cowasji Jehangir.

Several Honourable Members: The question may now be put.

The Honourable Sir George Schuster: I must express my appreciation to all those who have spoken for the great brevity with which they have put their views. I will try to return their courtesy and be as brief as possible. Sir, as I had occasion to remark in replying at another stage of this debate, our task on these Benches—and certainly it is a task which I felt very heavily in the past days—is, among all that is said on the other side, to distinguish what I think we can regard as the true voice of public opinion speaking to us through the representatives of the public that are here. I have at times felt that I could distinguish between what I might call the “*coi-de-cocur*” of some income-tax payer, who is hard hit in his own pocket from a genuine expression of opinion of one who is really speaking in the public interest. Possibly that distinction may also have been apparent to others who have listened to this debate. Sir, there are two main arguments with which I have to deal. One is that we have made no real effort at retrenchment, and the second is that our scheme of taxation is so unfair and detrimental to the country that this House cannot pass it, as it stands. As regards the point that we have made no real effort at retrenchment, I have dealt so often with that argument and stated my case so fully on other occasions that I do not wish to weary the House with going over all that ground again. My Honourable friend Sir Hari Singh Gour dealt very fully with that charge, and I can only assume and conclude that he himself must have been absent when I last dealt with a number of the points that he raised today. The Honourable Member is also absent now, but as he has made

his charge again today, I think I must say a few words about it. He said, in the first place, that our expenditure still remains at the figure of 135 crores and, therefore, there is no real retrenchment. I explained to the House the other day that that figure of 135 crores was the gross figure which included certain figures for the railways, certain figures for the Posts and Telegraphs and that if you took the net figure of civil expenditure, I proved conclusively that the net reduction for this year was 110 lakhs. As regards the Army, I went very many times fully into that point and I do not think any Honourable Member disputes that the figure has actually come down to 52½ crores.

Sir Hari Singh Gour: I understand there was reference to my absence. I had just gone out for a minute and I am very sorry.

The Honourable Sir George Schuster: Another point which was made was this. That with a Budget of 135 crores, it must be easy for us to economise something like 3 crores or 5 crores by emergency measures. I thought that I had made the case clear in my original Budget speech. Out of the total of 135 crores, Honourable Members are fully aware of the considerations which apply to military expenditure. I wish to return to that question again. Apart from that, when we deduct our debt services and the expenditure on the commercial undertakings, we are really left with a Budget with which we can deal of something like 16 crores representing expenditure on civil administration and civil works. That is the figure on which I have to work to make emergency cuts.

Sir Cowasji Jehangir: If I am permitted to interrupt, I should say that I have heard from the Honourable Member on the other side, if not once at least ten times, about these 16 crores. He has been continually saying this. What we are asking him is to make retrenchments in the Military Budget.

The Honourable Sir George Schuster: If only my Honourable friend had listened to what I said just now he would have realised that I was coming back again to the question of military expenditure. As a matter of fact many speakers have referred not only to military expenditure but to civil expenditure, and the whole weight of the charge brought by my Honourable friend Sir Hari Singh Gour was that I had promised retrenchment on the civil side and that I had not carried out my promise. Now, Sir, that we have economised one crore. . . .

Sir Hari Singh Gour: Sir, I want to put one question. . . .

The Honourable Sir George Schuster: I will not give way to my Honourable friend. When we have made on an expenditure of 16 crores a net cut of one crore, I maintain that that is evidence of a very substantial effort.

Then, Sir, the next point is that this proposal for the income-tax especially represents an undue burden on the taxpayers who have to pay the tax. There has been a line of argument developed very often in the course of this debate that the percentages of increase on the lowest grades represent really something so high that we ought never to have proposed them. I do venture to put before the House that to calculate in the form of percentages is not really a fair line of argument. If Honourable Members had studied the table which I prepared, they would have found

[Sir George Schuster.]

that the extra burden on the man who has an income of Rs. 2,000, the extra burden imposed by our proposals is only Rs. 41 per annum. Now, Sir, I feel very much for that class of the population which has an income of only Rs. 2,000 and a family to maintain. But I do maintain that a burden of Rs. 40 on that class in times like the present is not a burden which justifies the full eloquence that we have heard devoted to that cause. At the same time, I fully recognise that the lower classes of the income-tax payers do deserve some consideration (Hear, hear) and I think Honourable Members will agree, when I finish what I have to say, that we are prepared to give re-consideration to that part of our proposals. But when Honourable Members go on to argue eloquently the cause of those classes that come from Rs. 20,000 and upwards, then, I am afraid, my sympathies do not go out to them. As several speakers said in the course of the debate on the first motion, the classes of this country who really are terribly hit now are the agricultural classes, and when we consider the extra burden that we are imposing on people with fixed incomes or definite incomes—because it is only the definite incomes that have to pay—when we consider the burden that we are imposing on them, and then consider the case of the agricultural producer and the additional burden which his fixed payments with reduced prices now represent to him, I think, Sir, that all the eloquence ought to have gone out in favour of that latter class.

My Honourable friend Maulvi Muhammad Yakub, speaking this morning, made that point very cogently, and I do not think it is necessary for me to enlarge upon it further now except to say this that this House has actually already passed taxation amounting to something like 10 crores, which falls very largely on the poorest classes, and I venture to think that the impression created abroad of that action—and when I say abroad, I mean in this country, outside this House and in other countries—I venture to think that the impression created outside this House at action on the part of this House and on the part of the representatives of democratic parties of having passed 10 crores of taxation on articles which will affect the poorest classes in the country, and then coming in and cutting down the super-tax or income-tax rates on the higher incomes, I venture to say the impression created will be a very unfortunate and a very regrettable one.

Now, Sir, I wish to come to the business part of what I have to say. We have been charged with inadequate efforts of retrenchment. I offered Honourable Members opposite the opportunity to come with me and go through the figures with me and see exactly what I had done and what could be done in every department, including the Department of military expenditure. But that offer was not accepted. It is impossible in this House, in the course of time that is allotted to one's speeches, to go through every part of the Budget and demonstrate exactly what has been done and what the effect of further cuts would be. If that offer had been accepted, I venture to think that Honourable Members would have been impressed. I can only again assert that every possible economy that we could effect immediately, short of touching big questions of policy, such as are involved in the Army and in the question of general reduction of the pay of the services, short of touching those questions, we have done everything that we can do, or let me say

this, that we could do having regard to the proper interests of the country. Nevertheless, listening as I have to these debates and trying to appreciate what is the real public opinion behind them, I had come to the conclusion, there was behind the criticisms that we have heard a voice to which, to use the words that I myself used in another speech, we could not remain entirely deaf and therefore all our efforts had been directed to seeing how far we could go to meet the call of that voice. Now, Sir, the exact position is this. As regards the Army, the Army expenditure on its present organisation is down to the minimum business limits, and the only way in which you can effect immediate economy in Army expenditure is by postponing the re-equipment programme. Now, it has been suggested, and I may say suggested by business-like speakers on the other side, that that is what we ought to do. I say it was a business-like suggestion, because it is within the region of practical possibilities. It is not desirable, but it is one of these things which are possible, and we are prepared to agree to a slowing down of the programme of re-equipment, which will involve a saving of 60 lakhs in the Army expenditure next year. In stating that, I have to make it perfectly clear that we have entirely disregarded the advice of the Commander-in-Chief in making that proposal. It is not a line of policy which he, looking at his military responsibilities, can recommend. But it is a possible policy and we are prepared to stand on a Budget which makes a provision for that reduction in military expenditure. I must also make clear however that in reducing the figures, or rather in presenting a figure as it would then be, of 51 crores and 90 lakhs, we are relying on the present low prices of grain and other stores, and there is no margin of safety in that provision. However, we are prepared to take the risk of that and to put forward a military Budget of 51 crores and 90 lakhs. Apart from that, by making minor economies in the Civil administration, *i.e.*, cutting down expenditure on the census, cutting down one or two very desirable proposals, such as proposals for the improvement of economic statistics, we think we can make a further economy of about 10 lakhs. That, together with the surplus for which I budgeted, gives us a figure of just over one crore, and that, Sir, represents really and truly the limit of what is immediately possible. Now, Honourable Members have been very careful to anticipate unpleasant things that I myself might have to say in the course of my reply. I have been warned off certain arguments. I have been told from the other side, "We want retrenchment: do not come and tell us that if we want retrenchment, you are going to cut down services like Civil Aviation which we want." But, Sir, fully as I appreciate the force of what is said in that way, I am bound to make this reply, and that is, that if Honourable Members want immediate retrenchment, the way in which we give effect to it cannot be guided by any selection of what we think *desirable*. The only criterion can be what is *possible*, and when I look for the possible economies, there is no doubt that a cut of 19 lakhs on Civil Aviation is a possible economy. Therefore, if further economies are required, that stands out as a possibility. The margin, available for reducing taxation, of one crore of which I have spoken, can be increased to a margin of about 1,20 lakhs in that way. There are certain other possibilities, but they are hypothetical and they are uncertain. For example, if this Assembly passes the Bill for the imposition of an import duty on wheat, it is possible that out of that we may get a small revenue. Also, if the Assembly were able to pass

[Sir George Schuster.]

this session the Bill for the imposition of income-tax on foreign dividends, and were willing to amend that Bill so as to bring it into force on the 1st April, 1931, I should be prepared to allow for an increased estimate of revenue of something like 25 lakhs. That is a guess, but I should feel justified in putting that in as my revenue estimate. We have also a proposal for an import duty on salt, but that is not a source of revenue which I should think it fair to use for the benefit of Central revenues, and I have already stated that view very clearly. Are there any other possibilities of alternative taxation? I do not know what my Honourable friend Sir Hari Singh Gour had in mind when he suggested to the Government that they should take a risk now and come back to the Assembly in Simla for additional taxation if it becomes necessary. I do not know what he had in mind, but I would point out that to alter the income-tax-rates in the middle of a financial year would be an extremely awkward and unpleasant operation to which there would be very grave administrative objections. Therefore even if I believed in his hypothetical promise of listening to me, if I came back to Simla, with more sympathy than he has accorded me today, I should be very unwilling to rely on altering the income-tax rates later in the year. But there is one other possibility, which I may quote as an example, namely, the imposition of an additional tax on petrol and motor spirit. Personally I should consider it very undesirable, as we have increased the tax already by two annas this year and had recourse to a source of taxation on which the Provincial Governments at least had some sort of equitable claim. That, Sir, I think, exhausts all the possibilities. I have opened the door of my financial cupboard and shown Honourable Members what is inside. I have no more to say: I have got nothing up my sleeve. The crore that I have put forward represents the maximum amount which I can safely promise, though if one is asked to take risks, one might take risks up to a small margin so as to bring about some particular scheme which is just a few lakhs outside the margin, but I cannot stretch it further than that.

Sir, in the course of one of the speeches which we have heard today, an Honourable Member—and I must thank him for the compliment which he paid me in reading my speech—quoted a passage from a speech which I made in presenting my first Budget, a passage comparing my duty to that of a doctor who had taken an oath to serve his patients truly. I was glad to have that passage quoted, because I think no doctor could render any patient a worse service than to conceal from him the true nature of his malady, or fail to give him a remedy which he thought would really effect a fundamental cure. Sir, optimism in one's estimates of revenue is not a legitimate or honest way to get out of the difficulty. The only way to deal with it is to face it squarely and deal with it honestly, and that is what I have tried to do in my Budget; and before I sit down I would appeal to all Honourable Members in this House not to force Government, or to take any action which would appear as action designed to force Government, to take an unsound financial course. That is the first thing that I would ask them. The second thing that I would ask them is not to allow an impression to get abroad that the popular Assembly at Delhi, which is willing to impose taxation on the necessities of life of the people, is unwilling to tax—the super-tax payers and the people who earn incomes of Rs. 20,000 and upwards. (Applause.)

Mr. President: The question is:

"That for Part I of Schedule IV to the Bill the following be substituted:

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a Company :	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Eight pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Eleven pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and one pie in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and five pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and nine pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and eleven pies in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards.	Two annas in the rupee.

B. In the case of every company and registered firm, whatever its total income. Two annas in the rupee."

I propose to put the two separately. The question is that the above amendment be made:

The Assembly divided:

AYES—62.

Abdur Rahim, Sir.
 Aggarwal, Mr. Jagan Nath.
 Anwar-ul-Azim, Mr. Muhammad.
 Azhar Ali, Mr. Muhammad.
 Bagla, Lala Rameshwar Prasad.
 Bhargava, Rai Bahadur Pandit T. N.
 Bhuput Singh, Mr.
 Biswas, Mr. C. C.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. A.
 Dadhoria, Mr. Nabakumar Sing.
 Dutt, Mr. Amar Nath.
 Gour, Sir Hari Singh.
 Gunjal, Mr. N. B.
 Harbans Singh Brar, Sirdar.
 Hari Raj Swarup, Lala.
 Ibrahim Ali Khan, Lt. Nawab Muhammad.
 Ishwarsingji, Nawab Naharsingji.
 Ismail Ali Khan, Kunwar Hajee.
 Ismail Khan, Haji Chaudhury Muhammad.
 Jadhav, Mr. B. V.
 Jamal Muhammad Saib, Mr.
 Jehangir, Sir Cowasji.
 Jog, Mr. S. G.
 Kyaw Myint, U.
 Lahiri Chaudhury, Mr. D. K.
 Misra, Mr. B. N.
 Mitra, Mr. S. C.
 Muazzam Sahib Bahadur, Mr. Muhammad.
 Mudaliar, Diwan Bahadur A. Ramaswami.
 Munshi, Mr. Jehangir K.

Murtuza Saheb Bahadur, Maulvi Sayyid.
 Neogy, Mr. K. C.
 Pandian, Mr. B. Rajaram.
 Pandit, Rao Bahadur S. R. Parmanand Devta Sarup, Bhai.
 Puri, Mr. B. R.
 Raghurib Singh, Kunwar.
 Rajah, Raja Sir Vasudeva.
 Rejan Bakhsh Shah, Khan Bahadur Makhdum Syed.
 Ranga Iyer, Mr. C. S.
 Rangachariar, Diwan Bahadur T. Rao, Mr. M. N.
 Rastogi, Mr. Badri Lal.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sadiq Hasan, Shaikh.
 Sant Singh, Sardar.
 Sarda, Rai Sahib Harbilas.
 Sen, Mr. S. C.
 Sen, Pandit Satyendra Nath.
 Shah Nawaz, Mian Muhammad.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Sohan Singh, Sirdar.
 Talib Mehdi Khan, Nawab Major Malik.
 Thampan, Mr. K. P.
 Tun Aung, U.
 Uppi Saheb Bahadur, Mr.
 Walayatullah, Khan Bahadur H. M.
 Yamin Khan, Mr. Muhammad.
 Ziauddin Ahmad, Dr.

NOES—48.

Abdul Qaiyum, Nawab Sir Sahibsada.
 Acheson, Mr. J. G.
 Allah Baksh Khan Tiwana, Khan
 Bahadur Malik.
 Ayyangar, Diwan Bahadur V.
 Bhashyam.
 Bajpai, Mr. R. S.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Boag, Mr. G. T.
 Chatterjee, The Revd. J. C.
 Cocke, Sir Hugh.
 Crerar, The Honourable Sir James.
 Dalal, Dr. R. D.
 Fazl-i-Husain, The Honourable Khan
 Bahadur Mian Sir.
 French, Mr. J. C.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Sir Lancelot.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. B. L.
 Heathcote, Mr. L. V.
 Hezlett, Mr. J.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Joshi, Mr. N. M.

Khurshed Ahmad Khan, Mr.
 Macmillan, Mr. A. M.
 Maswood Ahmad, Mr. M.
 Montgomery, Mr. H.
 Moore, Mr. Arthur.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. C.
 Parsons, Mr. A. A. L.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. H. Shankar.
 Roy, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan Gakhar,
 Captain.
 Shillidy, Mr. J. A.
 Studd, Mr. E.
 Sykes, Mr. E. F.
 Tin Tüt, Mr.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.

The motion was adopted.

Mr. President: I will now put amendment No. 79.

“That for Part II of Schedule IV to the Bill the following be substituted :

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income :

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess.	Nil.
(b) for every rupee of the remainder of such excess .	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and two pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee in the first twenty thousand rupees of such excess.	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess.	One anna and two pies in the rupee.

(e) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	Rate.
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and eight pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and two pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and eight pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and two pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and eight pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and two pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and eight pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and two pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and eight pies in the rupee.
(x) for every rupee of the remainder of such excess.	Six annas and two pies in the rupee."

Sir Cowasji Jehangir: Mr. President, while apologising to you for having given you the trouble to read this out, I desire to withdraw this out.

Mr. President: Has the Honourable Member the leave of the House to withdraw this part of the amendment? (*Several Non-official Members:* "No, no.")

The leave is refused.

I have read out the amendment which is now before the House, and I will put that question.

The Assembly divided:

AYES—34.

Abdur Rahim, Sir.
 Aggarwal, Mr. Jagan Nath.
 Bagla, Lala Rameshwar Prasad.
 Bhuput Singh, Mr.
 Chetty, Mr. R. K. Shanmukham.
 Dudhoria, Mr. Nabakumar Sing.
 Gour, Sir Hari Singh.
 Gunjal, Mr. N. R.
 Hari Raj Swarup. Lala.
 Jadhav, Mr. B. V.
 Jamal Muhammad Saib, Mr.
 Jehangir, Sir Cowasji.
 Jog, Mr. S. G.
 Kyaw Myint, U.
 Lahiri Chaudhury, Mr. D. K.
 Misra, Mr. B. N.
 Muazzam Sahib Bahadur, Mr.
 Muhammad.

Mudaliar, Diwan Bahadur A.
 Ramaswami.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Parmanand Devta Sarup, Bhai.
 Puri, Mr. B. R.
 Rajah, Raja Sir Vasudeva.
 Rangachariar, Diwan Bahadur T.
 Rao, Mr. M. N.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sadiq Hasan, Shajkh.
 Sant Singh, Sardar.
 Sarda, Rai Sahib Harbilas.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Sohan Singh, Sirdar.
 Uppi Saheb Bahadur, Mr.
 Ziauddin Ahmad, Dr.

NOES—62.

Abdul Qaiyum, Nawab Sir Sahibzada.
 Acheson, Mr. J. G.
 Allah Baksh Khan Tiwana, Khan Bahadur Malik
 Anklesaria, Mr. N. N.
 Ayyangar, Diwan Bahadur V. Bhasbham
 Azhar Ali, Mr. Muhammad.
 Bajpai, Mr. R. N.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Bhargava, Rai Bahadur Pandit T. N.
 Boag, Mr. G. T.
 Chatterjee, The Revd. J. C.
 Cocke, Sir Hugh.
 Crerar, The Honourable Sir James.
 Dalal, Dr. B. D.
 Fasal Haq Piracha, Shaikh.
 Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
 French, Mr. J. C.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Sir Lancelot.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. B. L.
 Heathcote, Mr. L. V.
 Hexlett, Mr. J.
 Ishwarsingji, Nawab Naharsingji.
 Ismail Ali Khan, Hajee.
 Jawahar Singh, Sardar Bahadur Sardar.
 Joshi, Mr. N. M.
 Khurshed Ahmad Khan, Mr.
 Macmillan, Mr. A. M.

Maaswood Ahmad, Mr. M.
 Montgomery, Mr. H.
 Moore, Mr. Arthur.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. C.
 Pandit, Rao Bahadur S. R.
 Parsons, Mr. A. A. L.
 Rafiuddin Ahmad, Khan Bahadur Maulvi.
 Raghbir Singh, Kunwar.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rajan Bakhsah Shah, Khan Bahadur Makhdum Syed.
 Rao, Mr. H. Shankar.
 Roy, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Shah Nawaz, Mian Muhammad.
 Sher Muhammad Khan Gakhar, Captain.
 Shillidy, Mr. J. A.
 Studd, Mr. E.
 Sykes, Mr. E. F.
 Talib Mahdi Khan, Nawab Major Malik.
 Tin Tut, Mr.
 Wajihuddin, Khan Bahadur Haji.
 Walayatullah, Khan Bahadur H. M.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. President: As the income-tax amendment has been carried, all other amendments in connection with the income-tax proposals fail. The super-tax amendment having been rejected, other amendments proposing smaller reductions in super-tax rates will now be taken up.

(Mr. Sitaramaraju and Sir Cowasji Jehangir did not move the amendments standing in their names. Pandit Ram Krishna Jha was absent).

Mr. President: The question is:

“That Schedule IV, as amended, stand part of the Bill”

The motion was adopted.

Schedule IV, as amended, was added to the Bill.

Mr. President: The question is:

“That clause 7 stand part of the Bill”.

(Pandit Satyendra Nath Sen rose to move his amendment.)

Sir Lancelot Graham: I rise on a point of order. I understand that the Honourable Member is proposing to move one or other of his amendments shown as No. 9 on the list. That amendment is this:

"That for the purposes of section 45 of the Indian Income-tax Act, 1922, the assessee shall be entitled to pay the amount of the income-tax assessed on him in instalments within the end of the financial year."

My submission, Sir, is that that amendment is outside the scope of the Bill. The scope of the Bill as defined in the Bill is to,—

"fix the duty on salt manufactured in or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super tax."

etc.

Now, my submission is that this amendment is an amendment relating exclusively to the machinery for the collection of the tax, which is eventually assessed on a particular person, and that, Sir, I submit, is entirely outside the scope of this Bill. Before I invite your ruling, I want to draw your attention to previous rulings. In 1923 it was ruled by Sir Frederick Whyte:

"The Finance Bill recites the Acts proposed to be amended Acts not there recited will not be open to amendment by the House."

There is another ruling in 1925. It was actually on an amendment connected with income-tax. That was an amendment in the name of Mr. Jamnadas Mehta, and it proposed that Hindu families should be treated in a certain manner which was inconsistent with the provisions of the Indian Income-tax Act and it was ruled by Sir Frederick Whyte that, so far as Mr. Jamnadas Mehta's proposition is an attempt to alter the method of assessment, it is not in order under the Finance Bill. Now, Sir, I am very careful not to mislead you. I wish to draw your attention to subsequent rulings—the ruling of Mr. Patel, your predecessor, on an amendment by Captain Sassoon, which possibly will be relied upon by Mr. Sen. On that occasion, on that amendment, which proposed certain special treatment in favour of companies of some kinds, it was ruled by Mr. Patel that the point raised was a difficult one, but he came to the conclusion that if the House, under the Finance Bill, has the right to fix the rates of income-tax, it has equally the power to say which income shall be exempted from that tax. That is a distinct reversal of Sir Frederick Whyte's ruling, and, with due submission, I say that that ruling is incorrect. I am not going to argue that point now, because the amendment now proposed can in any case be distinguished from the previous one and this is not covered by Mr. Patel's ruling which was subsequently followed by Mr. Muhammad Yakub. Mr. Patel was prepared to say that on the Finance Bill you could go further than fixing the rates of income-tax and say what income should be exempted from that tax. He was inclined, I think, to give an unduly wide meaning to the words "fix rates of tax". Now, my friend Mr. Sen's amendment goes far and away beyond that. It goes right into the question of the procedure of collection. That procedure is laid down by section 45 of the Indian Income-tax Act, and it is my submission, Sir, that neither the ruling of Mr. Patel nor the ruling of Mr. Yakub gives any encouragement to the view that an amendment of that kind can possibly be within the scope of the Finance Bill. This is an amendment to section 45 of the Indian Income-tax Act, a section which is entirely outside the scope of the

[Sir Lancelot Graham.]

Finance Bill which is now before us, and on that ground I would ask you to rule that this amendment is not in order.

Pandit Satyendra Nath Sen: The Honourable the Finance Member in the Finance Bill has touched on certain portions of the Income-tax Act and I think I am entitled to move an amendment to that Act in my own way, especially because he has increased the rates and because the Income-tax Act is not before us for consideration just now.

Mr. Amar Nath Dutt: Sir Hari Singh Gour will speak on this point of order.

Mr. President: I cannot ask any Honourable Member to get up if he does not want to. It appears to the Chair that, on the broad principle, there can hardly be any doubt. You cannot amend a statute other than the one which is before the House. I invite your attention to the amendment which runs as follows:

"For the purposes of section 45 of the Indian Income-tax Act, 1922, the assessee shall be entitled to pay the amount of income-tax assessed on him in monthly instalments within the end of the financial year."

That is clearly an amendment of section 45 of the Indian Income-tax Act. That Act is not before the House now and it cannot therefore deal with it. The amendment is therefore out of order. The same ruling applies to the next amendment.*

Mr. T. N. Ramakrishna Reddi: Sir, I beg to move

Mr. President: Will the Honourable Member please mention the number of his amendment?

Mr. T. N. Ramakrishna Reddi: It is No. 2 in Late List No. 1.

Mr. President: I have got the amendment. The Honourable Member may move it.

Mr. T. N. Ramakrishna Reddi: I move:

"That to sub-clause (3)"

The Honourable Sir George Schuster: Sir, on a point of order. . . .

Mr. President: I think it would be better if the Honourable Member read out the amendment before the point of order is raised, so that Honourable Members may be able to follow what the point of order is. Will the Honourable Member please read out his amendment?

Mr. T. N. Ramakrishna Reddi: My amendment is:

"To sub-clause (3) of clause 7 the following proviso be added:

'Provided that in the case of a Hindu undivided family each earning member of such family shall be assessed separately and his total income shall be deemed to be an income to which such member would have been entitled if such member were not joint.'"

*"That at the end of clause 7 the following be added:

'(4) For the purposes of section 45 of the Indian Income-tax Act, 1922, the assessee shall be entitled to pay the amount of income-tax assessed on him in monthly instalments of such amounts as will enable him to pay up the full amount within the end of the financial year.'"

Sir Lancelot Graham: I submit, Sir, that your ruling in the last case really covers this case, because in your ruling, Sir, you laid down that any Act which is not touched by the Finance Bill could not be covertly amended in the Finance Bill. Now, Sir, the effect of this amendment is to upset the whole scheme of the Indian Income-tax Act for dealing with the Hindu joint family. I do not wish to go into too great detail on the Indian Income-tax Act, but I would first point out that in section 2 of that Act there are certain definitions, and the first of those definitions runs as follows:

“Assessee means a person by whom income-tax is payable.”

Now, Sir, we have the definition of “person”:

“Person includes a Hindu undivided family.”

Now this amendment, by itself, is going to divide up the Hindu undivided family into a number of persons for the purposes of the section, whereas the whole scheme of the Indian Income-tax Act is that it assesses the Hindu undivided family as a person. Now, Sir, I may proceed to section 3 of the Indian Income-tax Act. That section lays down the following:

“Where any Act of the Indian Legislature”—that is to say, in this case, the Finance Bill—“enacts that the income-tax shall be charged for any year at any rate or rates applicable to the total income of an assessee”—that is to say, where that has been done or is being done by the Finance Bill here laying down rates in accordance with what is stated in the Statement of Objects and Reasons of the Bill, to fix rates of income-tax and super-tax, and that has been done solely in respect of that year in accordance with and subject to the provisions of this Act, that is to say, of the Indian Income-tax Act, in respect of income, profits and gains of the previous year of every individual Hindu undivided family, company, etc., that is to say, the Hindu undivided family income is to be assessed in the manner laid down by this Act. Now, Sir, the amendment of which my Honourable friend has given notice provides that the Hindu undivided family shall be assessed in an entirely different manner and in a manner wholly inconsistent with the provisions of the Indian Income-tax Act. The effect, then, of that amendment to the Finance Bill is to amend the Indian Income-tax Act. Therefore, Sir, I contend that, in spite of the previous ruling on the subject by my friend, Maulvi Muhammad Yakub—following Mr. Patel’s ruling on Captain Sassoon’s amendment—in spite of Maulvi Muhammad Yakub’s ruling, which was actually on a very similar amendment to this, I would ask you, Sir, to follow the earlier ruling of Sir Frederick Whyte, which is precisely on all fours with the amendment of Mr. Jarnadas Mehta, where he said that, in so far as Mr. Jarnadas Mehta’s proposal was an attempt to alter the method of assessment, it was not in order under the Finance Bill. In the proceedings, Sir, the text of that amendment is given, and I do not think it is necessary for me to read it out in full; but it makes a certain provision for the method by which an undivided Hindu family shall be assessed. Taking all that together, and applying the ruling which you, Sir, applied to the amendment of Mr. Sen, I hold that you should rule—and I request you to rule—that this amendment is actually beyond the scope of the Finance Bill.

Mr. President: Mr. Reddi is the author of the amendment against which a point of order has been raised. I should like to give him an opportunity first to state why he thinks it is in order.

Mr. T. N. Ramakrishna Reddi: My friend, the Honourable Sir Lancelot Graham, has quoted from the Income-tax Act, that "an assessee" means a person by whom income-tax is payable. That is quite clear. Then, Sir, he has quoted that a "person" includes an undivided Hindu family. Now, Sir, the definition of "person" does not, I submit, exclude any member of an undivided Hindu family. Nowhere, in that Act, is there any statement to the effect that a member of an undivided Hindu family has been excluded under the definition of "persons".

Sir Lancelot Graham: Will the Honourable Member read section 14?

Mr. T. N. Ramakrishna Reddi: The definition of "person" is not exhaustive in the Act. Now, Sir, even a member of an undivided Hindu family has been assessed to income-tax on his separate earnings. So if the definition of the word "person" were to apply to an undivided Hindu family, as a unit, then any undivided member of such a family, excepting its manager, need not have to pay tax on his separate income. But yet the Government assesses and realises the tax from a member of an undivided Hindu family on his separate income, and so the definition in the Act is not quite clear. So under these circumstances my amendment seeks only to amplify the definition of a "person" as including a member of an undivided family. Then, Sir, there is the second point.

Mr. President: I want the Honourable Member to deal with the point he has just stated. He has said that he wants to amend the definition embodied in the Indian Income-tax Act. The whole issue is, whether when considering the Finance Bill, you could amend any provision of any statute which is not before the House. The Honourable Member should confine himself to that point.

Mr. T. N. Ramakrishna Reddi: I have brought it out only to show that the definition is not clear.

Mr. President: The definition in the Act may not be clear.

Mr. T. N. Ramakrishna Reddi: My Honourable friend referred to that point; the same question has been raised in previous years; and it has been ruled by your predecessors, Sir, that a similar amendment was in order; and whenever the Government have the right to levy a tax, they have got the right also to exempt certain persons from the operation of that tax. My amendment seeks to exempt a certain class of persons. Hence I submit that this is in order.

Sir Hari Singh Gour: My friend, Sir Lancelot Graham, has ransacked all the precedents dealing with the question at issue, but I am afraid he has forgotten the most important of them all. That he will find in the debates of the Legislative Assembly of 1922, pages 9587 onwards. But let me give you the facts of the case. Sir Montagu Webb, who was a Member of the first Legislative Assembly, in the course of the discussion on the Finance Bill, wanted to amend the Indian Paper Currency Act. Thereupon, I raised the very objection which Sir Lancelot Graham has raised now. I said that that amendment was incompetent. On page 9599, I said:

"I rise to a point of order. I wish to draw your attention to certain rules in the Standing Orders at page 22. Honourable Members will see that the original Finance Bill, as introduced by the Government, did not contemplate any amendment of the Indian Paper Currency Act. That is the first fact which we should not lose sight of.

The second fact is that this motion of my friend, Sir Montagu Webb, is a motion for the amendment not of the Finance Bill but of an independent Act, the Indian Paper Currency Act. It is, therefore, in the nature of a Bill to amend a substantive existing Act of the Indian Legislature. An amendment introduced by a private Member is not in order under rule 64, sub-clause 4, at page 22."

That was my objection. That objection was replied to by the Honourable the Finance Member, Sir Malcolm Hailey. He said I was perfectly right, but that I was overdoing it. Let me give you his words:

"Might I just add, not as contributing or attempting to contribute to the legal aspect of the case, that I fear it will be very difficult for me in future to bring forward a Finance Bill at all if it is to be subject to these dangers. A Finance Bill is necessarily of an omnibus nature. That, as drawn, it is a great convenience to the Assembly and to all those who are affected by the result of our legislation regarding taxation, there can be little doubt. We followed the procedure of the English Parliament in so doing; but, Sir, if I am to encounter, in the course of financial discussions, legal difficulties of this nature, I fear that it will be necessary in future for me to trouble the House with a series of Bills amending each particular Act affected, and that, I think, the House itself would find a distinct inconvenience. Let me point out, if I may, the difficulty to which my Honourable friend's objection, if sustained, would involve. If you will turn to amendment No. 58 you will find exactly that the same objection will apply as to the section under discussion. I should be very unwilling to bring that objection against amendment No. 58 and I only ask the House not to force us in future to a procedure which would in itself be inconvenient to the House, because it would have to pass a large number of measures inconvenient to the trade, because they would have no one place to refer to for the results of taxation, and inconvenient in another way, because discussion would have been circumscribed to the narrow sphere of each individual Act."

That was the view of the Finance Member, and the President Sir Frederick Whyte thereupon gave the following ruling:

"I think this Assembly will agree with me that it is time now to have done with hair-splitting. Technically, Dr. Gour is right in his contention. I have refused so far to give a ruling on this subject as I did not wish to bind the Assembly and myself down too closely to an observance of the mere letter of the Standing Orders. It is a well-recognised Parliamentary procedure that on a Finance Bill general discussion may arise. If, as I pointed out before, I were to maintain the point which Dr. Gour has put to me now, it would not be in my power to give the Assembly liberty to range over the public administration of India under the Finance Bill, which I hold it is in the power of this House to do at present."

In the result on the ground of

Mr. President: May I ask the Honourable Member to restrict himself to the point at issue whether, when the Finance Bill is under discussion, the House can amend any Acts which are not before it at the time? If the Honourable Member sticks to that point, he will be very helpful to the Chair.

Sir Hari Singh Gour: That was in connection with the Finance Bill. While the Finance Bill was under discussion, Sir Montagu Webb brought in an amendment.

Mr. President: I have followed the Honourable Member very carefully. If the Honourable Member will read what he has just read, he will find that the Honourable Sir Frederick Whyte, the then President of the Assembly, said that if he were to interpret the Standing Orders strictly, he would not be able to allow a general discussion on the Finance Bill embracing all aspects of administration. That is a different issue altogether. The issue before the House now submitted for the Chair's decision is, whether Honourable Members can introduce amendments in Acts on the Statute-book which are not before the House now. That is the issue.

Sir Hari Singh Gour: That was the very objection I took and that objection was disallowed.

Mr. President: The ruling is not that.

Sir Hari Singh Gour: My objection was that Sir Montagu Webb was trying to amend the Indian Paper Currency Act, which was not under discussion under the Finance Bill. Then Sir Malcolm Hailey said it was perfectly true

Mr. President: Will the Honourable Member please read the ruling again

Sir Hari Singh Gour: The point is this. Sir Montagu Webb wanted to amend the Indian Paper Currency Act. I objected to it on the same ground on which Sir Lancelot Graham has objected today. My objection was then discussed in the House and Sir Malcolm Hailey said that, though I was technically right, yet the parliamentary procedure enabled the House to discuss matters extraneous to the Finance Bill and there it could also discuss amendments to Acts other than the Finance Bill. That ruling was upheld by Sir Frederick Whyte.

The Honourable Sir George Rainy: Will the Honourable Member give the date of this ruling?

Sir Hari Singh Gour: It is 22nd March, 1922. He overruled me on the ground that it was conducive to the general discussion if matters other than those contained in the Finance Act were allowed to be debated in the House.

Mr. President: What is the Honourable Member's own opinion apart from that ruling?

Sir Hari Singh Gour: My opinion in 1922 was exactly the same as it is today. But as there is a precedent, I am only trying to draw your attention to it. The point was very directly raised by me and it was the subject of discussion. The predecessor in office of the present Finance Member opposed my view on the ground that it would not be conducive to general convenience.

Mr. President: I take it that the Honourable Member is still of the same opinion as he was in 1922 and he does not agree with the ruling of Sir Frederick Whyte.

Sir Hari Singh Gour: I have given the ruling of Sir Frederick Whyte of 1922, because I wanted to complete the references made by my Honourable friend Sir Lancelot Graham, and I wanted to prove that in a very considered judgment the contrary view was taken and my objection was overruled.

The Honourable Sir George Rainy: I should like to say with reference to what has fallen from my Honourable friend Sir Hari Singh Gour that whatever Sir Frederick Whyte may have ruled on the occasion he mentions in 1922, it must, I submit, be superseded by what he subsequently ruled on the 10th March 1923, a ruling already referred to by Sir Lancelot Graham.

"The Finance Bill recites the Acts proposed to be amended. Acts not there recited will not be open to amendment by the House."

So far as Sir Frederick Whyte is concerned, I submit that the latter ruling must be taken as final.

Mr. C. C. Biswas: I was just going to ask Sir Hari Singh Gour if in the Finance Bill of 1922 there was any proposal, in the Bill as introduced, for amendment of any part of the Indian Paper Currency Act. That would make a great deal of difference.

Sir Hari Singh Gour: Nothing.

Mr. C. C. Biswas: I am informed that an amendment in identically the same terms as is now suggested by my Honourable friend here was allowed to be moved last year in spite of objection taken to it.

Sir Lancelot Graham: That is very nearly a fact.

Mr. President: The issue that has been raised is very important. I will draw attention to what has repeatedly happened at least in one Provincial Legislature in regard to amending Bills. There have been several occasions when Government have placed before the Legislature Bills proposing the amendments of one or two sections of a particular Act. For instance Government introduce a Bill proposing to amend one or two sections of say the City of Bombay Municipal Act which contains about 550 sections. Points of order have been raised as to whether the House was possessed of the whole of that Act or whether it was possessed only of the sections embodied in the amending Bill. The question has been thoroughly discussed and it has been always held that the House was possessed of those sections only which were embodied in the amending Bill. It must be obvious that that ruling cannot but be sound. If any other ruling was given, the whole Act containing any number of sections would be thrown open for discussion with the result that there would be interminable discussion in regard to the whole of that Act when the amending Bill was restricted to one or two sections only. It appears to the Chair that the same principle applies to this case. I would draw the attention of Honourable Members to the Preamble of the Finance Bill. That will probably remove any misapprehension that may exist in regard to the point of order raised. Honourable Members will observe that the Preamble of the Finance Bill deals with several Acts:

"Fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894"—

—that is the first Act dealt with,—

"to fix maximum rates of postage under the Indian Post Office Act, 1898".

—that is another Act dealt with,—

"to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917."—

—that is the third Act dealt with,—

"to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930 "

Honourable Members will appreciate why the Chair drew attention to Bills amending certain Acts on the Statute-book. The Finance Bill submits to the jurisdiction of the House all these Acts and the House can amend

[Mr. President.]

any one of them to the extent that they are dealt with in the Finance Bill but not beyond it. Honourable Members can move amendments in regard to any one of these Acts which are brought before them by the Finance Bill to the extent it deals with them. The Income-tax Act is not mentioned in the Preamble of the Finance Bill and therefore the House cannot touch it on the present occasion. For these reasons the Chair must rule the amendment out of order. Honourable Members are aware that the Finance Bill must be got through expeditiously for reasons which have been repeatedly given. The Chair has two alternatives before it; one is to ask Honourable Members to come here again after the tea-party. But the Chair does not wish to press it. The other alternative is that the House should meet at 10 o'clock tomorrow morning instead of 11 o'clock.

Mr. C. S. Ranga Iyer: We would rather sit tonight.

The Honourable Sir George Rainy: I would submit, Sir, that the second alternative is preferable, because if we meet early, there should be no doubt about the Bill being passed tomorrow. If we are not to sit again this evening, it is essential that we should sit at 10 o'clock tomorrow morning.

Before you adjourn the House, Sir, perhaps we might add clause 7 to the Bill so as to work it off.

Mr. President: I think the suggestion of the Leader of the House is a reasonable one. Now that all amendments have been disposed of in regard to clause 7, I should like to put that formal motion before the House. The question is:

"That clause 7 as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Mr. President: We will deal with clauses 8, 9 and 10 at the adjourned meeting. The Chair is not clear what view a large majority of the House holds in regard to the two alternatives suggested, namely, whether we should meet tonight after the tea party or whether we should meet tomorrow at 10 o'clock.

An Honourable Member: 10-30 tomorrow morning.

Mr. C. S. Ranga Iyar: After dinner tonight.

Mr. President: I should like those Honourable Members who are in favour of meeting tomorrow morning at 10 o'clock to rise in their seats.

(Several Honourable Members having stood up in their places.)

There seems to be a large majority in favour of meeting tomorrow morning at 10 o'clock. I, therefore, adjourn the House to 10 A. M. tomorrow.

The Assembly then adjourned till Ten of the Clock on Thursday, the 29th March, 1951.

APPENDIX.

Translation of a speech delivered in Marathi by Mr. N. R. Gunjal, M.L.A., in the Legislative Assembly, on the 12th March, 1931.*

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to move:

"That the Demand under the head 'Customs' be reduced by Rs. 75,00,000."

My reasons for this cut are that the Customs Department has got posts carrying very high salaries, such as Collectors, Assistant Collectors, etc., and that, unless these posts are reduced, the expenditure of the Department cannot be reduced. I bring to the notice of this House that deserving and qualified Indians are not provided for in this Department; but other persons easily find their way into this Department. This state of affairs should be stopped and retrenchment in pay of officers, etc., should be effected.

I request the House to support this cut.

Translation of a speech† delivered in Marathi by Mr. N. R. Gunjal, M.L.A., in the Legislative Assembly, on the 12th March, 1931.

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to move that the Demand under the head "Salt" be reduced, as Indians are not benefitted by the Salt Department. This Department has rather increased their difficulties in getting salt. Recently, salt-making was punished; salt-raiders were arrested; the Salt Department, with the aid of the police, did several acts of injustice.

Salt is created by God. The Government of India have not obtained it from elsewhere and have not spent anything for it. The right to manufacture salt is the right bestowed by God and to take that right away is nothing short of *zulum*. It is not out of place to say so. I regret to find that all rights and pecuniary help are given to people other than Indians, while Indians are starving in numbers. Will the Government of India stop this?

When I had delivered my speech in Marathi on the cut of "Customs", I was told by the opposite Benches that the Marathi language was not known to them. I was surprised to hear that. I was in the Bombay Legislative Council for seven years; but I found no difficulty there. This is the all-India Legislative Assembly and difficulties in respect of language should not stand in this House. The bureaucracy should feel ashamed to say that the language is not understood or followed by them and that the English language is the main language. We, on this side, count Hindi as a main language—important language,—nay, the *lingua franca* of India. My point is that all Government work should be carried out in Hindi. The bureaucracy, who are in the enjoyment of high salaries, must learn our language, when they have to work in our

*Vide p. 1953 of these Debates.

†Vide pp. 1957 and 1959 of these Debates.

country. This does not mean that I dislike the English language. My point is that our complaints should be listened to in our own language, in our own way; and if this is not possible, it is my suggestion to the Government of India that officers, who are enjoying very high salaries and who do not understand the languages of India, should immediately be given passports and repatriated to their own country and their places should be filled up by people who understand our language. The future working of the Assembly should be in our own language. All documents should be prepared in Deonagri-Hindi language. This process will lead to Indianisation and, once complete Indianisation is started and completed, all complaints will vanish by and by. In these days, it is not at all desirable to carry on the administration of the country in the foreign language.

Sir, I therefore request the House to support this motion.

Translation of a speech delivered in Marathi by Mr. N. R. Gunjal, M.L.A., in the Legislative Assembly on the 13th March, 1931.*

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to move:

"That the Demand under the head 'Forest' be reduced by Rs. 8,36,000."

My reason for offering this cut is that cultivators in small villages have a number of complaints against the administration of the Forest Department. The Forest Department does not give them wood for building purposes and for agricultural implements. Stones are not given free for embankments; nor thorns are given free for fencing and other purposes; free grazing of cattle is not allowed; the present demarcated areas and protected forests were open for village cattle and ample fodder used to be available for the cattle; even a head-load of grass is taxed. These restrictions are, everybody will admit, sheer injustice to the public. Government are aware of the fact that people are breaking forest laws; and people are aware of the fact that the Government exist on payment of taxes and that they are not paying any attention to the cultivating classes and their needs.

Government should surrender the prohibited areas of forests which are reserved for military purposes. The cultivators should be permitted to make use of such forests without any charge. The conservancy of forests and their protection and management are subjects which can be dealt with by the revenue authorities and there is no necessity of having a separate department. If forest Satyagraha is again resorted to by every village, Government will not run properly and there will be immense difficulties in the administration.

Sir, I therefore request the House to support my cut on the grounds stated above.

*Vide p. 1971 of these Debates.

Translation of a speech delivered in Marathi by Mr. N. R. Gunjal, M.L.A., in the Legislative Assembly on the 13th March, 1931.*

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to bring to the notice of this House that the Irrigation Department has issued several rules and regulations from time to time, and thereby the peasantry has suffered a great deal. When the Irrigation Department came into existence, water used to be freely given from canals to the cultivators without any charge. Later on, the cultivators were taxed for water from canals at Rs. 10 to Rs. 15 per acre. But subsequently they were taxed four or five times more than the previous water rates. Now, they pay Rs. 75 per acre (for sugar-canes and other wet areas) for irrigated lands. Complaints are often made by cultivators to the Irrigation Department for such irregularities; but no heed is paid to their complaints. They are made to pay full water rates, while water is not given to them from Irrigation canals.

The question is, how to reduce the water rates for irrigated areas? The only way of reducing the water rates is the reduction in pay of officers of higher services in that department. This reduction in pay of officers must be effected, and cultivators should be given water for sugar-canes, etc., from canals at the rate of Rs. 15 per acre.

Sir, I, therefore, beg to move that the Demand under the head 'Irrigation, Navigation, Embankments, and Drainage Works, etc.,' may be reduced by Rs. 16,47,000. I request the House to support my motion.

Translation of a speech delivered in Marathi by Mr. N. R. Gunjal, M.L.A., in the Legislative Assembly on the 13th March, 1931.*

Mr. N. R. Gunjal (Bombay Central Division: Non-Muhammadan Rural): Yes, Sir, I wish to withdraw my motion, as I understand that my suggestions will be taken into consideration.

*Vide p. 1973 of these Debates.