

14th February 1935

THE

# LEGISLATIVE ASSEMBLY DEBATES

Report)

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Volume I, 1935

*(21st January to 18th February, 1935)*

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## FIRST SESSION

OF THE

## FIFTH LEGISLATIVE ASSEMBLY, 1935



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1935

# Legislative Assembly.

*President :*

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

*Deputy President :*

MR. AKHIL CHANDRA DATTA, M.L.A.

*Panel of Chairmen :*

SIR MUHAMMAD YAKUB, KT., M.L.A.

MR. S. SATYAMURTI, M.L.A.

LIEUT.-COLONEL SIR HENRY GIDNEY, KT., M.L.A.

SARDAR SANT SINGH, M.L.A.

*Secretary :*

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

*Assistant of the Secretary :*

RAI BAHADUR D. DUTT.

*Marshal :*

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

*Committee on Petitions.*

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

MR. S. SATYAMURTI, M.L.A.

DR. ZIAUDDIN AHMAD, C.I.E., M.L.A.

RAJA SIR VASUDEVA RAJAH, KT., C.I.E., M.L.A.

MR. N. M. JOSHI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Thursday, 14th February, 1935.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## QUESTIONS AND ANSWERS.

### PERSONS DETAINED IN CONNECTION WITH THE TERRORIST MOVEMENT IN BENGAL.

222. \*Mr. S. Satyamurti: Will Government be pleased to state the following in connection with the terrorist movement in Bengal since April 1930 up to date?

- (i) number of persons detained under Regulation III of 1818;
- (ii) number of persons interned under the various Ordinances, Criminal Law Amendment Act, and the like;
- (iii) number of persons externed under the same Ordinances, etc.; and
- (iv) number of persons detained in jails and detention camps, respectively.

The Honourable Sir Henry Craik: (i) The number of prisoners detained since April, 1930, under Regulation III of 1818 in connection with the terrorist movement in Bengal is 21, of whom two have been released and one has died.

(ii) to (iv). The information in my possession under these three heads relates to persons now detained or externed. The figures are as follows:

(ii) 1,658.

(iii) 48.

(iv) 179 in jails in Bengal, 974 in detention camps in Bengal and 500 in detention camps or jails outside Bengal.

Mr. S. Satyamurti: May I know when these cases were last reviewed by the Government of India?

The Honourable Sir Henry Craik: The cases of persons detained under Regulation III of 1818 are reviewed by the Government of India once in every six months, at the end of June and at the end of December in each year.

Mr. S. Satyamurti: What is the nature of the review?

The Honourable Sir Henry Craik: The review is directed to form an opinion as to whether it is in the public interest to release the people detained.

**Mr. S. Satyamurti:** Are there any Judges on this Committee which reviews the cases?

**The Honourable Sir Henry Craik:** No, Sir. The review is carried out by the Government of India.

**Mr. S. Satyamurti:** Is any opportunity given to these people to make representations to those who review their cases?

**The Honourable Sir Henry Craik:** No, I do not think they have any opportunity on the occasion of these half yearly reviews.

**Mr. S. Satyamurti:** Will Government consider the desirability of giving them such opportunities?

**The Honourable Sir Henry Craik:** If any detenu chooses to put in an application, it will certainly be taken into consideration.

**Mr. M. Ananthasayanam Ayyangar:** In view of the fact that the terrorist movement has died out . . . . .

**Mr. President (The Honourable Sir Abdur Rahim):** Mr. Akhil Chandra Datta.

**Mr. Akhil Chandra Datta:** May I know if it is a fact that terrorist crimes, so far as Bengal is concerned, has been steadily decreasing since 1932 and that during the last ten months there was not a single terrorist crime in Bengal?

**The Honourable Sir Henry Craik:** It is correct that the terrorist outrages since 1932 show a substantial decrease.

**Mr. Akhil Chandra Datta:** In view of that improvement, will Government consider the desirability of revising their policy with regard to these people?

**The Honourable Sir Henry Craik:** That is a point that is constantly in the mind of the Government.

**Munshi Iswar Saran:** How are the detenus to put in representations until and unless they know the dates when the review of their cases will take place?

**The Honourable Sir Henry Craik:** The Honourable Member should study the Regulation. If he does, he will see that the cases are bound to be reviewed once in every six months. They constantly do submit representations.

#### STATE PRISONERS AND DETENUS IN JAILS AND DETENTION CAMPS.

228. **Mr. S. Satyamurti:** (a) Will Government be pleased to state the present number of:

- (i) State Prisoners under Regulation III of 1818; and
- (ii) detenus under different Ordinances and Acts detained in jails and detention camps?



(b) Have Government under contemplation the concentration of all the Bengal State Prisoners in one camp or jail?

**The Honourable Sir Henry Craik:** (a) (i) 72, of whom 40 are in jail.

(ii) 1,661 excluding Burma in respect of which province figures are not available.

(b) No.

**Mr. S. Satyamurti:** May I know the reasons why Government do not concentrate all these Bengal State Prisoners in one camp or jail?

**The Honourable Sir Henry Craik:** Partly because it is not desirable, and partly because there is no camp or jail big enough to take them all.

**Mr. S. Satyamurti:** May I know why it is not considered desirable?

**The Honourable Sir Henry Craik:** Because the Government consider it desirable to separate the worst cases from the less bad cases.

**Mr. S. Satyamurti:** May I know if it is a question of money—why the Government do not concentrate them in one place?

**The Honourable Sir Henry Craik:** It would certainly cost a great deal to construct a camp big enough to take them all.

**Mr. S. Satyamurti:** Have Government considered the hardship to the relatives of these prisoners, who may like to visit them, if they are allowed to, if these prisoners are scattered all over India?

**The Honourable Sir Henry Craik:** It is hardly correct to say that they are scattered all over India. There is only one camp jail outside Bengal, the one at Deoli.

**Mr. T. S. Avinashilingam Chettiar:** Are not some Bengalis in Madras jails?

**The Honourable Sir Henry Craik:** I think there are one or two State Prisoners, that is prisoners confined under Regulation III of 1818 in Madras, but I cannot say without notice.

**Mr. T. S. Avinashilingam Chettiar:** Are not some in the Punjab jails?  
(No answer.)

**Dr. T. S. S. Rajan:** May I know why some are kept in jails and others in camps?

**The Honourable Sir Henry Craik:** I gave the figures in answer to the last question. 179 in jails in Bengal, 974 in detention camps in Bengal and 500 in jails outside Bengal. Nearly all are in the Deoli jail. There are three in the Punjab jails.

**Dr. T. S. S. Rajan:** My question was not with regard to figures. I wanted to know the reasons why a certain number are kept in jail and a certain number in camps. Why is such a distinction made?

**The Honourable Sir Henry Craik:** I am afraid I must have notice of that question.

**REVOLUTIONARY PERSONS CONVICTED IN PROVINCES.**

224. **\*Mr. S. Satyamurti:** (a) Will Government be pleased to state, province by province the number and the names of the revolutionary prisoners, convicted before 1920, who have not yet been released?

(b) In which cases were they convicted?

(c) What are their respective unfinished terms?

(d) Do Government propose to release them soon?

(e) What is the number of revolutionary persons convicted during the period 1920 to April 1930?

**The Honourable Sir Henry Craik:** I am collecting the information and will lay a statement on the table in due course.

**Mr. S. Satyamurti:** With regard to clause (d) of the question, may I know whether Government propose to release them soon?

**The Honourable Sir Henry Craik:** I cannot give any undertaking to that effect till I have seen the figures.

**CONFIDENTIAL CIRCULAR ISSUED BY THE HOME DEPARTMENT OF THE GOVERNMENT OF INDIA ON THE DECISIONS OF THE BOMBAY CONGRESS.**

225. **\*Dr. T. S. S. Rajan:** (a) Has the attention of Government been drawn to the circular, dated the 23rd November, 1934 (published in the *Indian Express*, dated the 8th January, 1935), issued by the Home Department—Political—regarding the resolutions adopted by the Indian National Congress recently held at Bombay?

(b) Is it a fact that Government still believe that the rural reconstruction work undertaken by Mahatma Gandhi is a preparation for civil disobedience movement?

(c) Will Government be pleased to state whether the discretionary grants granted to the villages are in the nature of agency remuneration for propagandists against the village reconstruction work of Mahatma Gandhi or are to be spent in providing sanitary facilities or some such social service schemes?

(d) Will Government be in a position to give an idea of the sums which are to be spent under this head by the various Local Governments?

**The Honourable Sir Henry Craik:** (a) and (b). I would invite the attention of the Honourable Member to my speech on the adjournment motion on the 21st January.

(c) The purpose of the discretionary grants, if any, which Local Governments may place at the disposal of District Officers is stated in the circular itself, namely, that they are to be spent in small amounts on the urgent necessities of the villagers.

(d) No, Sir. The required information is not available.

**Dr. T. S. S. Rajan:** Are not discretionary grants given to District Magistrates to help vagrant foreigners with passages?

**The Honourable Sir Henry Craik:** Yes, I think they are, but those are for different purposes.

**Dr. T. S. S. Rajan:** Is that the sum proposed to be used for this village reconstruction work?

**The Honourable Sir Henry Craik:** No. The grants to which the Honourable Member refers are intended for entirely different purposes.

**Dr. T. S. S. Rajan:** These discretionary grants are sums left with the Magistrates to be used at their discretion. Does this amount mentioned in the circular as being with the District Magistrates represent the amount that is expected to be or proposed to be spent on village reconstruction work?

**The Honourable Sir Henry Craik:** No, Sir. This has nothing to do with village reconstruction work. The idea was to give district officers sums of money which they might make available for meeting the immediate necessities of any village which they happened to visit on tour.

**Dr. T. S. S. Rajan:** Do they propose to spend that amount on the village reconstruction work or on the payment of bonus to officers engaged in finding out the activities of these village reconstruction workers?

**The Honourable Sir Henry Craik:** No, Sir. In the Honourable Member's mind two distinct subjects seems to be entirely confused.

**Mr. S. Satyamurti:** With reference to clause (b) of the question may I have a categorical answer whether Government still believe that the rural reconstruction work undertaken by Mahatma Gandhi is a preparation for a Civil Disobedience Movement?

**The Honourable Sir Henry Craik:** I have nothing to add to what I said in my speech on the adjournment motion on this subject in reply to numerous questions.

**Mr. S. Satyamurti:** Have the subsequent statements and the publication of the constitution of the Association and the speeches of Mahatma Gandhi made no impression on the Honourable the Home Member?

**The Honourable Sir Henry Craik:** I have already answered repeated questions on that subject.

CONFIDENTIAL CIRCULAR ISSUED BY THE HOME DEPARTMENT OF THE GOVERNMENT OF INDIA ON THE DECISIONS OF THE BOMBAY CONGRESS.

226. \***Dr. T. S. S. Rajan:** (a) Has the attention of Government been drawn to the following extract from the circular, dated the 23rd November, 1934 (published in the *Indian Express*, dated the 8th January, 1935).

issued by the Home Department—Political—regarding the resolution adopted by the Indian National Congress recently held at Bombay:

"The Government of India have no reason to believe that Local Governments or their officers will turn a blind eye to any such infringements of the law of the land or will refrain from instituting prosecutions or taking preventive action in all appropriate cases. If such action is necessary, the Government of India will accord their full support."

(b) Has the attention of Government been drawn to the extract in the circular which says?

"It is clear that Mr. Gandhi has once again shown himself to be a very astute political leader: his mental and physical vigour is reported to be unabated and the session has resulted in yet another personal triumph, for he has succeeded in keeping the divergent elements, if not in one organisation, at least under one leadership."

(c) If so, are Government aware of the fact that Mahatma Gandhi has ceased to be an ordinary four-anna member of the Congress since its last session at Bombay and has since scrupulously declined to be drawn in even for a discussion from friends and foes alike?

**The Honourable Sir Henry Craik:** I would refer the Honourable Member to my speech on the adjournment motion on the 21st January last which deals with the points raised.

**Mr. Akhil Chandra Datta:** May I know if there have been any such infringements of the law as are contemplated in this circular?

**The Honourable Sir Henry Craik:** I have not heard of it.

**Mr. Akhil Chandra Datta:** Has there been any preventive action taken as contemplated in this circular?

**The Honourable Sir Henry Craik:** Not that I am aware of.

**Mr. Akhil Chandra Datta:** With regard to what is said in this extract referred to in part (b) of the question, namely, that "his mental and physical vigour is reported to be unabated", was there any inquiry made, or was there any report asked for as to whether or not Mahatma Gandhi's mental and physical vigour had abated?

**The Honourable Sir Henry Craik:** I think, Sir, that that statement was found on reports from people who had attended the Bombay Congress. I trust it is still true.

**Mr. Akhil Chandra Datta:** Why was this statement made in the official report? Was any such report asked for?

**The Honourable Sir Henry Craik:** The report was sent in the ordinary course.

**Mr. Akhil Chandra Datta:** Were Government hoping that the physical and mental vigour of Mahatma Gandhi had probably abated?

**The Honourable Sir Henry Craik:** The Honourable Member has no right to draw any such inference; it is wholly unfounded.

**Mr. Akhil Chandra Datta:** Then, it is said, "and the session has resulted in yet another personal triumph". Now, was there any inquiry made as to whether there was any breakdown or deadlock in the Congress constitution as is here depicted? Was that report the result of an inquiry?

**The Honourable Sir Henry Craik:** The conclusions were based on reports of the whole proceedings of the Bombay Congress. So far as I know, they were perfectly correct conclusions.

**Dr. T. S. S. Rajan:** Sir, clause (c) has not been answered. I want an answer to that.

**The Honourable Sir Henry Craik:** I am aware that Mahatma Gandhi has resigned from the Congress. I am not aware that he has "scrupulously declined to be drawn even into a discussion with friends and foes alike", whatever that may mean.

**Mr. S. Satyamurti:** Have Government got any report to the contrary? Have Government called for or got any report to the contrary?

**The Honourable Sir Henry Craik:** I understand, Sir, that, during his recent visit to Delhi, he was in constant association with various members of the Congress.

**Mr. S. Satyamurti:** Does the Honourable the Home Member expect that "Mahatma Gandhi's scrupulously declining to be drawn even into a discussion with friends and foes alike" means that he must be boycotted socially?

**Mr. President (The Honourable Sir Abdur Rahim):** That is a matter of inference.

**Mr. S. Satyamurti:** The Honourable the Home Member says, Sir, that the Government have information that he has not scrupulously declined to be drawn even into a discussion with friends and foes alike. I am asking, what is the kind of information on which the Honourable the Home Member is basing that answer.

**The Honourable Sir Henry Craik:** "What is the kind of information?"

**Mr. S. Satyamurti:** Yes.

**The Honourable Sir Henry Craik:** That would be telling secrets.  
(Laughter:)

**Mr. S. Satyamurti:** May I know if they are C. I. D. reports?

**Mr. President (The Honourable Sir Abdur Rahim):** The Honourable Member does not want to disclose the information.

**Dr. T. S. S. Rajan:** Is it the idea of Government that Mahatma Gandhi ought not even to have a private talk with any Member of this Assembly?

**The Honourable Sir Henry Craik:** That is another completely unwarranted inference that the Honourable Member has drawn.

**Mr. President** (The Honourable Sir Abdur Rahim): Next question. Dr. Rajan. I think this question has been sufficiently debated.

CONFIDENTIAL CIRCULAR ISSUED BY THE HOME DEPARTMENT OF THE GOVERNMENT OF INDIA ON THE DECISIONS OF THE BOMBAY CONGRESS.

227. \***Dr. T. S. S. Rajan:** (a) Has the attention of Government been drawn to the following passage in the circular dated the 23rd November, 1934 (published in the *Indian Express*, dated the 8th January, 1935) issued by the Home Department—Political, regarding the resolutions adopted by the Indian National Congress recently held at Bombay :

“Financial considerations have, it is recognised, made necessary economy over grants for travelling allowances, but it is to be hoped that local governments will see that funds are made available to facilitate *bona fide* touring off the beaten track.”

(b) Is it the intention of Government to allocate special sums over and above the discretionary grants ear-marked for village propaganda against the Congress for the touring of their officers for this purpose?

(c) If so, have Government made any special provision for the purpose in the next budget?

(d) If the answer to part (c) be in the affirmative, will Government please state what will be the approximate amount that is proposed to be spent?

**The Honourable Sir Henry Craik:** (a) Yes.

(b), (c) and (d). The Government of India have always felt that the general administration of a district is improved, if district and other officers make extensive tours and thus become easily accessible to villagers in all parts of the district and it was in view of this that they put forward the suggestion to which the question refers. The question of providing additional allotments to District Officers and others for touring is one for the decision of Local Governments and I have no information about the provision proposed to be made by them in their budgets for this purpose.

**Dr. T. S. S. Rajan:** Is not the action proposed the result of the circular that was sent out by the Central Government?

**The Honourable Sir Henry Craik:** I have informed the Honourable Member that I have no information as to the provision proposed to be made by Local Governments in their Budgets for this purpose.

**Mr. S. Satyamurti:** Apart from this circular, did Government give out any previous hint circularising Local Governments and impressing on them the need for district officers doing intensive touring in the districts?

**The Honourable Sir Henry Craik:** I think that that need has been constantly impressed on district officers.

**Mr. S. Satyamurti:** May I know when the last circular was issued, apart from this circular?

**The Honourable Sir Henry Craik:** I must have notice.

**Mr. S. Satyamurti:** May I ask if this was not the first time when the Government, in order to counter the activities of Mahatma Gandhi, suddenly told district officers to tour the districts?

**The Honourable Sir Henry Craik:** As I have said, it has always been the policy of Government that district officers should tour as much as possible.

**Mr. S. Satyamurti:** May I know if any such ideas were expressed, to the knowledge of the Honourable the Home Member in any circular to Local Governments, before this last circular?

**The Honourable Sir Henry Craik:** As I have already said, Sir, I must have notice of that.

**Munshi Iswar Saran:** What allotment has been made for this purpose in the territories directly under the management of the Government of India?

**The Honourable Sir Henry Craik:** There, again, I must have notice.

**Mr. President** (The Honourable Sir Abdur Rahim): Next question. Mr. Nageswara Rao.

**Mr. T. S. Avinashilingam Chettiar:** I should like to put the question on behalf of the Honourable Member.

**Mr. President** (The Honourable Sir Abdur Rahim): Has the Honourable Member the written authority of Mr. Nageswara Rao to put his question?

**Mr. T. S. Avinashilingam Chettiar:** No, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): Then, it must stand over until the Chair decides, whether written authority is required or not.

†228\*.

**INSTRUCTIONS TO GOVERNMENT SERVANTS REGARDING THEIR GENERAL BEHAVIOUR TO THE PUBLIC AND MEMBERS OF THE INDIAN LEGISLATURE.**

229.\***Mr. Ram Narayan Singh:** Will Government be pleased to state whether they have ever issued, and do sometimes issue to the Government servants in this country any instructions with regard to their general behaviour to the public in general and to the members of the various Indian Legislatures in particular, and if so, what?

**The Honourable Sir Henry Craik:** There are no standing instructions of the Government of India on the subject. I understand that some Local Governments have issued instructions on the matter of their official and social relations with Indians for the guidance of young officers on their first arrival in India. These are the only instructions of the kind referred to by the Honourable Member of which I am aware.

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†This question will be answered on the 20th February 1935.

DELAY IN THE PUBLICATION OF MR. MENON'S REPORT ABOUT THE GRIEVANCES  
OF INDIANS IN ZANZIBAR.

230. \***Mr. Ram Narayan Singh:** (a) Will Government be pleased to state their reasons for not yet publishing the report of Mr. K. P. S. Menon, I.C.S., on the Zanzibar decrees adversely affecting the interests of Indians there?

(b) Are Government prepared to publish the said report mentioned in part (a) above at once, and if not, why not?

**Mr. G. S. Bajpai:** (a) and (b). The attention of the Honourable Member is invited to the reply given by me on the 6th February to part (a) of Dr. Deshmukh's question No. 71.

SENDING OF THE INDIAN PRISONERS TO THE ANDAMANS.

231. \***Mr. Ram Narayan Singh:** Is it or is it not a fact that the Government had years ago stopped sending of the Indian prisoners to the Andaman Islands? If the reply be in the affirmative, what are the reasons for starting it again?

**The Honourable Sir Henry Craik:** No. I would refer the Honourable Member to the reply given to part (b) of Mr. S. C. Mitra's question No. 122, dated the 29th August, 1933.

INDIAN POLITICAL PRISONERS SENT TO THE ANDAMANS.

232. \***Mr. Ram Narayan Singh:** (a) Will Government be pleased to state the number of Indian political prisoners, province by province, who have been sent to the Andaman Islands?

(b) Do the prisoners mentioned in part (a) above get any newspapers and if so, which?

**The Honourable Sir Henry Craik:** (a) If by "Political Prisoners" the Honourable Member means prisoners convicted of crimes connected with terrorism, the total number of such prisoners sent to the Andamans is 237; 208 from Bengal, 13 from Bihar and Orissa, seven from the Punjab, six from Madras and three from Delhi.

(b) The prisoners are supplied with the *Illustrated Times of India*, the *Statesman* (weekly edition), the *Sanjibani* and the *Bangabasi*.

**Mr. President** (The Honourable Sir Abdur Rahim): There are a number of questions standing in the name of Mr. Fuzlul Huq. The Chair understands that he has authorised Mr. Anwar-ul-Azim to put those questions on his behalf. Mr. Anwar-ul-Azim. (Mr. Anwar-ul-Azim was absent.)

**Mr. Akhil Chandra Datta:** May I ask your permission, Sir, to ask question No. 242?

**Mr. President** (The Honourable Sir Abdur Rahim): No, but if the Honourable Member likes, the Chair can allow it to stand over.

**Mr. Akhil Chandra Datta:** Thank you, Sir.

(The question was allowed to stand over.)



MUSLIM CLERKS IN THE CENTRAL STATIONERY OFFICE.

233. \*Mr. A. K. Fuzlul Huq: (a) Is it a fact that there is not a single Muslim among 21 Upper Division clerks and ten junior clerks in the Central Stationery Office?

(b) If the answer to part (a) be in the affirmative, do Government propose to fill up all the future vacancies in those two cadres by Muslims till the required percentage is reached?

**The Honourable Sir Frank Noyce:** (a) I assume that by "Upper Division Clerks" the Honourable Member means Assistants. The numbers in the two categories in the Stationery Office, excluding the Stationery Stores, are:

Assistants	18
Junior clerks	3

None of these is a Muslim.

(b) No. The policy of communal representation is not followed in making appointments in each grade and the question of the representation of a particular community in a grade does not arise.

RECRUITMENT OF TWO NON-MUSLIMS IN THE CENTRAL STATIONERY OFFICE.

234. \*Mr. A. K. Fuzlul Huq: Is it a fact that two posts in the Upper Division of the Central Stationery office, which fell vacant on the resignation of two Muslims who were directly recruited, were filled in by Non-Muslims? If so, why?

**The Honourable Sir Frank Noyce:** Yes. The posts were filled by departmental promotion which is not made with reference to communal considerations.

APPOINTMENT OF MUSLIMS IN THE STORE EXAMINER'S BRANCH AND IN THE ESTABLISHMENT SECTION OF THE CENTRAL STATIONERY OFFICE.

235. \*Mr. A. K. Fuzlul Huq: (a) Is it a fact that there are no Muslim clerks in the establishment section of the Central Stationery Office except one, who is allotted the function of recording letters, etc.?

(b) Are Government prepared to place sufficient number of Muslims in the Store Examiner's Branch and in the Establishment Section dealing with appointments, etc., with a view to safeguard the Muslim interests so far as appointments are concerned?

**The Honourable Sir Frank Noyce:** (a) There is no Muslim in the establishment section of the Central Stationery Office.

(b) No. Recruitment to the Central Stationery Office generally is made according to the orders of Government regarding communal representation and in making appointments each branch of the office is not treated as a separate unit.

**FEE REALISED FROM CANDIDATES WHO APPEARED AT THE COMPETITIVE EXAMINATION HELD IN THE CENTRAL STATIONERY OFFICE.**

236. \***Mr. A. K. Fuzlul Huq:** (a) Is it a fact that a sum of rupees four hundred (Rs. 400) was realised as fee from the candidates who appeared at the Competitive Examination held in the Central Stationery Office, Calcutta, in February 1931, and in subsequent intervals?

(b) If the answer to part (a) be in the affirmative will Government be pleased to state the head under which the amount was credited to Government?

**The Honourable Sir Frank Noyce:** (a) The sum of Rs. 84 was realised as fees from candidates who appeared at the competitive examination in February, 1931. No subsequent examination has been held.

(b) XXXIV—Stationery and Printing—Central.

**WARNING TO AN EMPLOYEE OF THE CENTRAL STATIONERY OFFICE AVAILING HIMSELF OF CASUAL AND PRIVILEGE LEAVE.**

237. \***Mr. A. K. Fuzlul Huq:** Is it a fact that if an employee of the Central Stationery Office avails himself of casual and privilege leave allowed by the rules, he is severely warned at the time of sanctioning the next increment for having done so?

**The Honourable Sir Frank Noyce:** No such practice is in force. I understand that leave taken is recorded on the increment sheet and that if a clerk takes leave very frequently his attention is called to the fact when the increment is sanctioned. I am issuing instructions that the practice should be discontinued, and that, in future, the officer granting leave should accept full responsibility for seeing that leave is not taken with undue frequency.

**REFUSAL OF LEAVE TO BABU HARIHAR PATHAK, A CLERK IN THE CENTRAL STATIONERY OFFICE.**

238. \***Mr. A. K. Fuzlul Huq:** Is it a fact that Babu Harihar Pathak, a clerk in the Central Stationery Office, was refused a week's leave although he wanted to see his wife on her death-bed? If not, will Government be pleased to state on what ground the leave which was admissible, was refused?

**The Honourable Sir Frank Noyce:** The clerk in question applied on the 2nd June for five days leave on average pay in continuation of two holidays. He was allowed to go to his village on the 2nd June and returned on the 5th June, but the leave asked for in continuation was not granted, and no application was made for further leave after his return. I am informed that the statement in the concluding part of the Honourable Member's question is not accurate, and, I am sure, that he will be glad to know that the lady, whom he describes as having been on her death-bed seven months ago, is now quite well.

**SYSTEM OF PAYMENT OF CONTRACTORS' BILLS IN THE CENTRAL STATIONERY OFFICE.**

239. \*Mr. A. K. Fuzlul Huq: (a) Is it a fact that bills should accompany a *challan* bearing the signature of a responsible officer of the Central Stationery Office with the remark that the articles have been received in Store in good condition?

(b) Is it a fact that bills of contractors are passed for payment before the articles are actually received in the Stores? If so, why?

**The Honourable Sir Frank Noyce:** (a) Yes.

(b) I am informed that this is not the case.

**PURCHASE OF RIBBONS AND NIBS BY THE CENTRAL STATIONERY OFFICE**

240. \*Mr. A. K. Fuzlul Huq: Is it a fact that ribbons and nibs were locally purchased in the Central Stationery office at a rate two to three times higher than that of original contract rate in the year 1932-33? If so, why?

**The Honourable Sir Frank Noyce:** No. The local purchases were of special articles for which there was no contract, and which consequently could not be purchased at the contract rates.

**EXPENDITURE ON THE CONSTRUCTION OF GOVERNMENT BUILDINGS IN NEW DELHI.**

241. \*Mr. A. K. Fuzlul Huq: (a) Will Government be pleased to state the approximate estimate that was made of the cost of building a capital at Delhi, when the transfer of the capital from Calcutta was recommended?

(b) What has been the total expenditure, up to date, on the construction of buildings of all kinds consequent on the establishment of the capital at Delhi?

(c) What has been the cost of the buildings known as the Viceregal Lodge or Viceroy's House in New Delhi?

**The Honourable Sir Frank Noyce:** (a) Rs. 6 crores.

(b) The total expenditure of all kinds, debited to the Head 57—Initial expenditure on the New Capital at Delhi, will amount by the end of the current financial year to Rs. 15.84 crores roundly. This sum includes Rs. 8.13 crores roundly for works outlay on buildings.

(c) Rs. 1.82 crores roundly for works outlay, including expenditure up to the end of 1934-35.

†242\*.

**MEMBERS OF THE RAILWAY ADVISORY COMMITTEES.**

243. \*Mr. A. K. Fuzlul Huq: (a) Will Government be pleased to state the names of the members of the various Railway Advisory Committees as last constituted?

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†This question will be answered on the 20th February 1935.

(b) Do any of these Advisory Committees include any representatives of the Muslim Chamber of Commerce, Calcutta?

(c) On what principles are nominations made to these Advisory Committees.

**Mr. P. B. Rau:** (a) The names are published in the time tables of the respective Railways. I am arranging to place in the Library of the House a copy of the time table of such Railways as have Advisory Committee.

(b) No.

(c) I would refer my Honourable friend to the reply given by the Honourable Mr. (now Sir John) Woodhead to parts 2 and 3 of the Honourable Babu Jagdish Chandra Banerjee's question No. 90 in the Council of State on the 11th February, 1931.

#### FINANCIAL ADMINISTRATION OF THE ALIGARH MUSLIM UNIVERSITY.

244. **\*Mr. A. K. Fuzul Huq:** (a) Has the attention of the Honourable Member in charge of Education been drawn to the remarks on the financial administration of the Aligarh Muslim University as pointed out in the audit report for the year ended 31st March, 1932, specially with reference to the remarks in the report regarding:

- (i) Monthly allowances paid to the Vice-Chancellor,
- (ii) Jubilee celebration collections,
- (iii) Donation from the late Nawab Obeidullah Khan of Bhopal,
- (iv) Vice-Chancellor's Fund, and
- (v) Accounts of the University?

If so, what steps have Government taken to ascertain if the remarks are well-founded, and to have the defects remedied?

(b) Is it a fact that Government on examination have found that under the existing law monthly allowances could not be paid to the Vice-Chancellor? If so, what steps have Government taken or propose to take to have the amount so paid restored to the University?

(c) Will Government be pleased to state the total amount so paid to the Vice-Chancellor since his appointment in February, 1929?

(d) What other allowances were paid to the Vice-Chancellor during his term and what is the amount thereof?

(e) Is it a fact that the Jubilee collections were raised for technical education? If so, will Government be pleased to state the present position of that fund?

(f) Will Government be pleased to state when was it that the late Nawab Obeidullah Khan of Bhopal made gift to the Aligarh University of shares in the Tata Company of the nominal value of one lakh?

(g) Has the University taken delivery of the said shares and realised the dividends thereof? If not, will Government be pleased to state what steps have been taken to take delivery of the shares and profits or dividends thereof?

(h) Is it a fact that the Vice-Chancellor's fund is a private fund, having no connection with the University as claimed by the Treasurer?

**Mr. G. S. Bajpai:** (a) Yes; the Government of India have asked the University to place the matter before its Standing Finance Committee for examination and report.

(b) Yes, the monthly allowances paid to the Vice-Chancellor in the past were *ultra vires*, and such allowances will not be permissible in future unless and until an appropriate statute has been framed and approved by the Governor General in Council. The point raised in the second part is one primarily for the consideration of the University.

(c) and (d). Attention of the Honourable Member is invited to paragraph 3 of the Auditors' Report on the accounts of the Aligarh Muslim University for the year 1931-32, which gives the amount of the monthly allowance and other concessions sanctioned for the Vice-Chancellor. A copy of the report and attached papers has been placed in the Library of the House. Government have no further information.

(e)—(h). Government have no information beyond what is contained in the publication referred to in the answer to parts (c) and (d) of the question.

#### APPOINTMENTS MADE IN THE VARIOUS DEPARTMENTS OF THE GOVERNMENT OF INDIA SECRETARIAT.

245. **\*Mr. A. K. Fazlul Haq:** (a) Will Government be pleased to state how many appointments have been made in the various Departments of the Secretariat of the Government of India since the transfer of the capital from Calcutta?

(b) How are the various Provinces represented in these appointments?

(c) How many of these appointments have gone to Bengali Muslims?

**The Honourable Sir Henry Orskine:** I regret that the information is not readily available and cannot be collected without an amount of labour which would be wholly disproportionate to the results, especially in view of the reply which I gave on the 11th February, 1935, to starred question No. 125 asked by Mr. Muhammad Anwar-ul-Azim.

#### PAYMENT OF SUMS FOR ADVANCEMENT OF EDUCATION IN BENGAL.

246. **\*Mr. A. K. Fazlul Haq:** (a) Will Government be pleased to state whether on the occasion of the transfer of the capital from Calcutta, His Majesty the King Emperor made announcements that specific sums would be paid to Bengal in furtherance of schemes for the advancement of Education in the Province? If so, what sums were specified to be paid annually?

(b) Have these payments been made regularly? If not, how much has been paid and how much is overdue?

**Mr. G. S. Bajpai:** (a) At the time of the Delhi Durbar in 1911, His Majesty the King Emperor announced a recurring grant of Rs. 50 lakhs, for the promotion of truly popular education in India and, to this Royal boon, the Government of India added a further additional recurring grant

of Rs. 10 lakhs and a non-recurring grant of Rs. 65 lakhs. The share of the Government of Bengal of these grants was as follows:

	Rs.
Recurring . . . . .	12,00,000
Non-recurring . . . . .	28,00,000

(b) Yes, they were made regularly till 1921, when on the introduction of constitutional reforms, expenditure on education along with other objects falling within the category of Provincial subjects became a responsibility of the Local Government. The second part of the question does not arise.

#### BENGALI MUSLIMS APPOINTED IN THE SUPERIOR GRADE OF THE CUSTOMS DEPARTMENT.

247. **\*Mr. A. K. Fuzlul Huq:** (a) Will Government be pleased to state how many appointments in the Superior Grade were made during the last five years in the various offices of the Customs Department?

(b) How many of these appointments were given to Bengali Muhammadans?

**Mr. A. J. Raisman:** The information is being collected and will be laid on the table of the House when ready.

#### BENGALI MUSLIMS APPOINTED IN THE SUPERIOR SERVICES IN THE VARIOUS DEPARTMENTS OF STATE RAILWAYS.

248. **\*Mr. A. K. Fuzlul Huq:** (a) Will Government be pleased to state the percentage of Muslim appointments made in the superior services in the various departments of the State Railways?

(b) What is the percentage of Bengali Muslims in these appointments?

**Mr. P. B. Rau:** Particulars regarding the communities, to which recruits to the Superior Railway Services on State-managed Railways belong, are given in Chapter VI of Volume I of the annual reports by the Railway Board on Indian Railways. These do not, however, distinguish between their various provinces of origin. I may add that there was no recruitment at all to the Superior Services during 1933-34.

#### ACCEPTANCE OF FIDELITY BONDS OF APPROVED INSURANCE COMPANIES IN LIEU OF CASH SECURITIES FOR GOVERNMENT POSTS.

249. **\*Mr. A. K. Fuzlul Huq:** Are Government aware that the Muslims are unable to offer themselves as candidates for Government posts requiring cash securities? If so, will Government be pleased to state if they are prepared to amend the law so as to accept fidelity bonds of approved insurance companies in lieu of cash securities?

**The Honourable Sir Henry Crank:** Government are not aware that Muslims suffer from any disability in this matter from which other communities are free. The second part of the question does not therefore arise.

**REFUSAL OF A PASSPORT TO MR. CHATURBHUIJ OF MOOLJI SIKKA COMPANY, GONDIA, CENTRAL PROVINCES.**

**250. \*Mr. Ghansham Singh Gupta:** (a) Will Government be pleased to state if Mr. Chaturbhuj Bhai of Moolji Sikka Company (Gondia, Central Provinces), applied for a passport to go abroad? If so, what were the countries where he wanted to go?

(b) Was he given the passport? If not, will Government please state the reasons for refusing the passport?

**The Honourable Sir Henry Craik:** (a) Yes, to visit South and East Africa, certain European countries, the United States of America, Canada, Japan and China.

(b) Passport facilities were refused to him by the Local Government in view of his past activities and since it was considered undesirable, in view of his record, to permit him to go abroad.

**Mr. Ghansham Singh Gupta:** May I ask, Sir, what kind of past activities are referred to?

**The Honourable Sir Henry Craik:** The communication received from the Local Government is marked secret, and I regret that I cannot disclose it.

**Mr. Ghansham Singh Gupta:** Was it in connection with the Civil Disobedience Movement in which he took part?

**The Honourable Sir Henry Craik:** Yes, it was due partly to the part that he took in the Civil Disobedience Movement, but there were other reasons.

**Mr. T. S. Avinashlingam Chettiar:** Is that one of the reasons?

**The Honourable Sir Henry Craik:** There are other reasons as well.

**Mr. Ghansham Singh Gupta:** May I know if the reasons were other than these that are styled as political?

**The Honourable Sir Henry Craik:** I am not prepared to disclose what the reasons were.

**Mr. S. Satyamurti:** Have Government got any policy in deciding the question of issuing or not issuing passports to Indians who want to travel abroad?

**The Honourable Sir Henry Craik:** Yes, Sir.

**Mr. S. Satyamurti:** What is that policy?

**The Honourable Sir Henry Craik:** That policy is confidential and cannot be disclosed.

Mr. S. Satyamurti has reached the House at 11.15 a.m. and will be present for the remainder of the day.

ABSENCE OF FENCING ON THE BENGAL NAGPUR RAILWAY LINES IN THE  
CENTRAL PROVINCES.

251. \*Mr. Ghansham Singh Gupta: (a) Are Government aware that there is no fencing on the Bengal Nagpur Railway lines in the Central Provinces?

(b) Will Government please state the number of cattle killed during the past five years in the Central Provinces owing to the lines being without fencing?

(c) Have Government taken any steps to see that the Railway lines are fenced? If so, what? If not, do Government propose to do so now?

Mr. P. R. Rau: (a) The statement is generally correct.

(b) It is regretted that the information is not available.

(c) I would refer the Honourable Member to the statement explaining views of Government on this matter which was laid on the table of the House on the 2nd September, 1929.

REPORT OF THE COMMITTEE APPOINTED TO ENQUIRE INTO THE COCOANUT  
INDUSTRY IN INDIA.

252. \*Mr. Samuel Aaron: (a) Will Government be pleased to place on the table of this House a copy of the report of the Committee appointed to enquire into the economic conditions of the cocoanut industry and suggest remedial measures?

(b) Have Government considered its recommendations? If so, what do Government propose to do to protect this industry and the five millions of peasants employed in it from foreign competition?

Mr. G. S. Bajpai: (a) and (b). The Honourable Member is presumably referring to the enquiry made by a Sub-Committee of the Advisory Board of the Imperial Council of Agricultural Research which met from the 14th to the 16th January, 1935. The Sub-Committee's report has only recently been received. I regret that until it has been examined the question of publishing it cannot be considered.

Mr. Samuel Aaron: May I ask, Sir, if the Government has considered that report?

G. S. Bajpai: The Government are considering that report.

Mr. Satyamurti: What do Government propose to do in order to protect the cocoanut industry, and the five millions of peasants employed in it from foreign competition?

The report, as I have explained to the House, is not yet published in India only at the end of January. We must consider it, but we realise the importance of the matter and will do our best to expedite the decision.



**PROPOSAL TO IMPORT TILES FROM JAPAN INTO MALABAR.**

253. **\*Mr. Samuel Aaron:** (a) Are Government aware of the fact that Japanese manufacturers of tiles propose to import tiles from Japan into Malabar, the chief centre of Indian tile-manufacture, at 50 per cent. of the Indian prices?

(b) If so, do Government propose to consider the advisability of taking steps to stop this impending Japanese dumping?

(c) If not, do Government propose to ask their representative in Japan to report about the economic conditions of tile-manufacture in Japan?

**The Honourable Sir Joseph Bhoré:** (a) No, Sir.

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

**Mr. S. Satyamurti:** Will Government make inquiries and find out if the allegation in (a) is correct?

**The Honourable Sir Joseph Bhoré:** My Honourable friend is asking me to make inquiries as regards the intention of Japanese importers. How on earth am I to get information about the intention of Japanese importers?

**Mr. S. Satyamurti:** The word used is "propose". The question asks whether, as a matter of fact, any tiles from Japan are being imported at 50 per cent. of the Indian prices?

**The Honourable Sir Joseph Bhoré:** That is not the question. The question is whether they propose to do something and I can get no information as to what they propose to do.

**Prof. N. G. Ranga:** May I ask, Sir, if the Government have their representative stationed in Japan?

**The Honourable Sir Joseph Bhoré:** No, Sir; we have no representative stationed in Japan.

**ADVERTISEMENT OF THE POSTS OF THE ENTOMOLOGIST AND PHYSICO-CHEMIST FOR THE LAC RESEARCH INSTITUTE.**

254. **\*Mr. Ram Narayan Singh:** (a) Is it a fact that the posts of the entomologist and the physico-chemist for the Lac Research Institute were not advertised in India but only in England in 1929 and 1930, respectively, when the present incumbents were recruited?

(b) Is it a fact that even when those posts were advertised only in England, a few Indians with longer research experience in English Universities applied for them but were not considered?

(c) Is it a fact that the Government of India sanctioned a further renewal of contract for three years from 1932 and 1933 to these men? Is it a fact that the Lac Cess Committee did not advertise in India for these posts to see if better qualified men were then available?

(d) Is it a fact that the Lac Cess Committee have again recommended a further contract for two years from 1935 and 1936 without advertising for these posts and without any report on their work either by the Director of the Institute or the Research Sub-Committee of the Lac Cess Committee?

(e) Is it a fact that the only argument brought forward in the Committee for extending these contracts was that otherwise the continuity of research would be lost?

(f) Is it not a fact that in many research appointments under the Government of India the newly appointed officers continue the work of their predecessors from where the previous incumbents left?

(g) Is it not a fact that when these Officers go on long leave the continuity of work is not lost?

(h) Is it not a fact that during the interval between the resignation of one Entomologist and the appointment of his successor, the Assistant Entomologist acted for a period of one and a half years and that his work was considered satisfactory?

(i) Is it a fact that more than one European member of the Lac Cess Committee expressed the fear that if the posts were advertised, the present incumbents might have no chance of being selected?

(j) Are Government prepared to refuse to sanction these appointments unless the Lac Cess Committee advertises for these posts in India and makes a selection of the best of the available candidates? If not, why not?

**Mr. G. S. Bajpai:** (a) Yes.

(b) Government have no information. The appointments were made by the Indian Lac Association for Research and not by the Government of India.

(c) Yes. Government accepted the recommendation of the Indian Lac Cess Committee.

(d) to (g) and (j). The Indian Lac Cess Committee has decided to review the research programme of the Lac Research Institute and consider what investigations are required in future, the staff necessary to carry them out, suitable scales of pay and the method of recruitment of such staff. Pending this investigation the Committee does not desire changes in the staff and has recommended that the contracts of three officers be renewed for a further period of two years. The recommendations are now under the consideration of Government.

(h) The Assistant Entomologist acted for nearly a year, at the end of which the Indian Lac Association for Research considered it necessary to make other arrangements.

(i) Government do not receive a *verbatim* record of the Committee's proceedings.

#### BIOCHEMICAL WORK DONE IN THE LAC RESEARCH INSTITUTE.

255. **\*Mr. Ram Narayan Singh:** (a) Is it a fact that the biochemical work done in the Lac Research Institute is very little compared with the work on the manufacture of lac and its utilisation in industries, and consists mostly of a record of field observations?

(b) Have Government considered whether this work cannot be done by the biochemical assistants already trained in the Institute for the past ten years or so?

(c) Is it a fact that Government sanctioned the renewal of contract of the Biochemist for two years from December 1984? Did Government in sanctioning this, take into account the amount of biochemical work now being done at the Institute and also the need for such a highly paid Biochemist for carrying on this work?

(d) Is it a fact that Government promised to consider the desirability of continuing the biochemical work or delegation of the biochemical work to some other officer before according their sanction to the renewal of the Biochemist's contract? If so, what was the result of this consideration?

**Mr. G. S. Bajpai:** (a) and (b). The Honourable Member's attention is invited to the reply given to question No. 382, asked by Mr. K. C. Neogy on the 6th August, 1984.

(c) Yes. The Biochemist is also the Director of the Indian Lac Research Institute and is responsible for the administration and for the general direction of research work.

(d) Yes. The renewal of the Biochemist's contract has been sanctioned by the Government of India for a period of two years only during which period the Indian Lac Cess Committee will review the position in regard to the research programme of the Institute and the staff required to carry out that programme.

#### WORKS IN THE LAC RESEARCH INSTITUTE AND REPLACEMENT OF ITS DIRECTOR.

256. **\*Mr. Ram Narayan Singh:** (a) Is it a fact that the present work of the Lac Research Institute and the work under the Lac Cess Committee in England and America are mainly concerned with the industrial applications of lac? If so, is the Director, who is only a Bacteriologist-Biochemist, in a position to direct or co-ordinate such researches?

(b) Are Government prepared to consider whether in the interests of efficiency and economy the Biochemist-Director should not be replaced by an Industrial Chemist and Director?

**Mr. G. S. Bajpai:** (a) Attention is invited to the reply given to Mr. K. C. Neogy's question No. 382, asked on the 6th August, 1984.

(b) The point will be borne in mind when the position in regard to the research programme of the Indian Lac Research Institute is reviewed.

#### LEAVE RULES FOR THE EMPLOYEES OF THE LAC CESS COMMITTEE.

257. **\*Mr. Ram Narayan Singh:** (a) Is it a fact that the Lac Cess Rules lay down that the grant of leave to Officers and servants of the Lac Cess Committee are to be regulated as far as may be by the Fundamental and Supplementary Rules of the Government of India?

(b) Is it a fact that the Lac Cess Committee at its meeting of March 1984 recommended leave privileges for its officers, much in excess of what is allowed under the Fundamental and Supplementary Rules?

(c) In making this recommendation, did the Committee state that it was not practicable to apply Fundamental and Supplementary Rules as they stood? Did they also consider what would be the extra expenditure involved in thus recommending more generous leave privileges?

(d) Do Government, before arriving at a decision in the matter, propose to examine the recommendation in the light of the two considerations referred to in part (c) above?

(e) Is it a fact that whereas under the agreements with the Lac Association the European employees were entitled to six months' leave for six years of service and that whereas under the Fundamental and Supplementary Rules they would be entitled to three months' leave for every three years of service without accumulation, they would according to the recommendation of the Committee be entitled to 16 months' leave for six years?

**Mr. G. S. Bajpai:** (a) Yes.

(b), (c) and (e). The exact effect of the Committee's proposals as regards leave terms is being investigated.

(d) Yes.

#### INDIANISATION OF THE LAC RESEARCH INSTITUTE.

258. \***Mr. Ram Narayan Singh:** (a) Is it a fact that on the 27th November, 1933, Government promised to convey to the Lac Cess Committee "when they meet next" the desirability of Indianisation of the Institute?

(b) Did the Lac Cess Committee meet in March 1934 and consider the renewal of the Biochemist's contract?

(c) Is it a fact that Government did not convey to that meeting of the Lac Cess Committee the desirability of Indianisation as promised on the 27th November, 1933? If so, why did they not write to the Committee before March 1934?

(d) Is it a fact that Government did not ask the Lac Cess Committee when they met in November 1934, to consider the desirability of Indianisation, but merely asked them if they proposed to advertise in India for the posts of Biochemist, Entomologist and Physico-Chemist when their existing contracts expired?

(e) Was such a letter issued when the permanent Vice-Chairman was away on leave?

(f) Is it a fact that before the Lac Cess Committee could pass an opinion on the desirability of advertising for the Biochemist's post, they were presented with a *fait accompli* in the form of the sanction of Government for a further two years' contract for the Biochemist? If so, how do Government reconcile this action with their assurance to this House made on the 6th August, 1934, in reply to the supplementary questions by Messrs. Gava Prasad Singh and S. C. Mitra?

**Mr. G. S. Bajpai:** (a) and (b). Yes.

(c) It is regretted that the requisite letter did not issue before the 18th April, 1934.

(d) This was unnecessary.

(e) Does not arise.

(f) I would refer the Honourable Member to the answer I have given to part (d) of his question No. 255. Government's decision to renew the Director's contract was due to the obvious need of awaiting the result of the review of the Institute's activities which is contemplated and in no way conflicts with the undertaking given in November, 1933.

INDIANS EMPLOYED IN HIGHER GRADES IN THE HOME AND FINANCE DEPARTMENTS OF THE GOVERNMENT OF INDIA.

259. \*Mr. T. S. Avinashilingam Chettiar (a) Will Government please state the number of Indians employed in the higher grades in the Home and Finance Departments of the Government of India from the year 1925 onwards?

(b) With reference to the declared policy of the Parliament to provide for the increasing association of Indians in every branch of Indian administration, will Government please state how many more Indians are in these departments now than before?

The Honourable Sir Henry Craik: (a) and (b). I lay a statement on the table.

*Statement showing the number of Indian Officers employed in the Higher Posts in the Home and the Finance Departments of the Government of India from the year 1925 up to 1st February, 1936.*

Department.	Period.	Number.
Home Department	From 1925 to 19th April 1929	2
	From 19th April 1929 to 3rd April 1930	3
	From 4th April 1930 to 29th February 1932	3
	From 1st March 1932 to 14th November 1933	3
	From 15th November 1933 to 3rd December 1933	4
	From 3rd December 1933 to 13th March 1934	3
Finance Department	From 14th March 1934 onwards	2
	For the years 1925, 1932 and 1933	4
	For the years 1926, 1927 and 1928	6
	For the years 1929, 1930 and 1931	5
	From the year 1934 onwards	3

NOTE.—The figures include Indian officers employed as Assistant Secretaries. One post of Assistant Secretary in the Home and Finance Departments was abolished as a measure of retrenchment in 1933 and 1932 respectively, the number of posts of Assistant Secretary in these Departments now being 1 and 2 respectively.

Mr. T. S. Avinashilingam Chettiar: Is the number of Indians employed in the higher grades more or less than in 1925?

The Honourable Sir Henry Craik: The numbers are the same in the Home Department; in the Finance Department there is one less. It was 4 in 1925, but now it is 3.

Mr. S. Satyamurti: Is that "increasing association of Indians".

**Mr. T. S. Avinashilingam Chettiar:** What about the rest of the Departments? In the Finance, if it is less now, does it show an increasing association of Indian officers?

**Mr. President** (The Honourable Sir Abdur Rahim): The inference is clear for any Honourable Member to draw from the answer given.

**Mr. T. S. Avinashilingam Chettiar:** May I know the reason for the reduction?

**The Honourable Sir Henry Craik:** One post of Assistant Secretary was abolished as a measure of retrenchment.

**Mr. S. Satyamurti:** How does it happen that it was the post held by an Indian? Was it an accident?

**The Honourable Sir Henry Craik:** It was not an Indian post, but it was a post in the Department and it happened to be held by an Indian in 1925 and it has since been abolished.

**Mr. S. Satyamurti:** How does it happen that it resulted in one Indian being less in the Department?

**The Honourable Sir Henry Craik:** It was held by an Indian and since the post itself was abolished, there is one less.

**Mr. T. S. Avinashilingam Chettiar:** Has there been an increase in the number of Europeans in the Department?

**The Honourable Sir Henry Craik:** I do not think so.

#### RESULT OF THE IMPOSITION OF EXCISE DUTY ON THE DEVELOPMENT OF THE SUGAR INDUSTRY.

260. **\*Mr. T. S. Avinashilingam Chettiar:** (a) Will Government please state the result of the imposition of excise duty on sugar on the development of the sugar industry?

(b) How many mills registered for the production of sugar have been wound up after the levy of this duty?

**Mr. A. J. Raisman:** (a) I would refer the Honourable Member to my answer to part (a) of Mr. Bhuput Singh's question No. 276 in the last Simla Session of the Legislative Assembly. The sugar season of 1934-35 began only in November last and it is too early to give any further information on this point.

(b) The Sugar Technologist reports that he is not aware that any of the modern vacuum pan factories has been wound up after the levy of the excise duty, though some started work late and one has not yet been started. No statistics are available regarding open pan factories.

#### RESULT OF THE IMPOSITION OF EXCISE DUTY ON THE DEVELOPMENT OF THE MATCH INDUSTRY.

261. **\*Mr. T. S. Avinashilingam Chettiar:** (a) Will Government please state the result of the imposition of excise duty on the production of matches on the development of the match industry?

(b) How many match factories have been closed down since the levy of the excise duty on matches?

**Mr. A. J. Raisman:** (a) As soon as the duty was announced and before it was imposed, there was a very large increase in the production of matches and abnormally large stocks were issued from the factories. Mainly as a result of this large accumulation of stocks and partly also in order to take the steps necessitated by the introduction of the banderol system, the manufactories suspended working when the Act came into force. Normal working was resumed about November last. Reports recently received from the Local Governments indicate that so far as can be judged at this stage, the duty has had no appreciable effect on the development of the industry.

(b) The information so far received from the Local Governments shows that there has been a decline in the number of cottage establishments producing matches in Bengal and Madras, but that no factories have closed down since the levy of the excise. On the contrary, a number of new factories have come into existence and applications for several more are now under consideration.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether this excise duty applies to cottage industries which the Honourable Member says many of them have been closed down?

**Mr. A. J. Raisman:** The excise is also levied on matches produced in cottage industries, but there is a special rebate allowed to cottage factories.

**Mr. T. S. Avinashilingam Chettiar:** Can the Honourable Member give us an idea of what proportion of cottage produced matches have gone down?

**Mr. A. J. Raisman:** The position about cottage manufacture is that any individual may start or stop the manufacture. It is a fluctuating thing, it is not like a regular large scale factory for which we have detailed statistics.

**Mr. T. S. Avinashilingam Chettiar:** If excise is levied on them, Government must have an account of it. In that case, the Government must be in a position to give us the information.

**Mr. A. J. Raisman:** If the Honourable Member will put a specific question on paper regarding cottage production, I shall be happy to give the information. But by the wording of his question I understood that he meant "factories", because "closing down a factory" is hardly a phrase which is suitable for the cessation of production of matches in a cottage.

**MEDICAL CERTIFICATES OF FITNESS FROM THE EMPLOYEES OF THE RAILWAY CLEARING ACCOUNTS OFFICE.**

262. \***Syed Ghulam Bhik Nairang** (on behalf of Dr. Ziauddin Ahmad):  
(a) Is it a fact that the employees of the Railway Clearing Accounts Office are asked to get a medical certificate for their fitness?

(b) Are they compelled to get the certificate from the Medical Officer attached to the North Western Railway hospital?

(c) Is he authorised to charge fees? If so, what is the amount of the fee which he is authorised to charge?

(d) Are Government not prepared to accept the certificate of fitness from recognised medical practitioners?

**Mr. P. B. Rau:** (a) and (b). Yes; a medical certificate of fitness from a medical officer, specified for the purpose, is required in such circumstances from all Government employees.

(c) No.

(d) No.

**Lieut.-Colonel Sir Henry Gidney:** In the event of an employee being in a far off place from a railway medical officer, is it or is it not a fact that Government are prepared to accept the medical certificate of a medical officer other than a railway medical officer?

**Mr. P. B. Rau:** I am afraid my Honourable friend in his anxiety to put a supplementary question has not seen the original question. The question is not about a certificate of unfitness of the employee, but of fitness.

**Dr. T. S. S. Rajan:** Are the railway medical authorities better qualified than the average practitioners outside?

**Mr. P. B. Rau:** No question of qualification is involved.

**Dr. T. S. S. Rajan:** The question of fitness to give medical certificate depends mostly on qualification?

**Mr. P. B. Rau:** The railways employ certain medical officers specially for this purpose.

**Dr. T. S. S. Rajan:** The mere fact that Government employ medical officers is not a guarantee of sufficient qualification to give certificate?

**Mr. P. B. Rau:** Certainly it is.

#### CRITICISM BY THE GOVERNMENT ACTUARY OF THE FREE INSURANCE SOCIETIES BASED ON THE DIVIDING SCHEME.

263. **\*Mr. C. N. Muthuranga Mudaliar:** (a) Are Government aware that their Actuary has been strongly criticising and condemning, year after year, the existence of the so called free insurance societies based on the dividing scheme?

(b) Will Government be pleased to state whether it is a fact that the Government Actuary suggested to the All-India Railwaymen's Benefit Fund, Limited, Nagpur, to remove the clause guaranteeing minimum amount of benefits, in the rules relating to the Dividing Scheme of the Fund so as to enable it to be registered under the Indian Life Assurance Act?

(c) Do Government propose to penalise unactuarial benefit schemes which have already been criticised by the Government Actuary, All-India Congress Vigilance Committee, and many genuine insurance bodies?



(d) Are Government aware that the Government Actuary received representations from many hundreds of persons and organisations like the Madras and Southern Mahratta Railway Employees' Union, giving reasons against allowing All-India Railwaymen's Benefit Fund to be registered under the Indian Life Insurance Act? If so, will Government be pleased to lay a copy of such representations on the table, together with a statement as to the action taken thereon by them?

**The Honourable Sir Joseph Bhoré:** (a) Yes.

(b) No. There is no provision for the registration of life assurance companies under the Indian Life Assurance Companies Act.

(c) The question of the amendment of the existing insurance law in India is under the consideration of the Government of India.

(d) No. On the contrary, the Government Actuary received a representation from certain members of the Fund asking that the provisions of the Act should be made applicable to the Fund.

**Mr. N. M. Joshi:** As regards part (c), may I ask how any organisation or association is to be penalised except under the legislation for penalising terrorists and such organisations?

**The Honourable Sir Joseph Bhoré:** I never said that.

**Mr. N. M. Joshi:** May I know what was the reply of Government on that point?

**The Honourable Sir Joseph Bhoré:** I said:

"The question of the amendment of the existing insurance law in India is under the consideration of the Government of India."

**REGISTRATION OF THE ALL-INDIA RAILWAYMEN'S BENEFIT FUND, LIMITED, NAGPUR, UNDER THE INDIAN LIFE ASSURANCE ACT.**

264. **\*Mr. C. N. Muthuranga Mudalliar:** (a) Is it a fact that the All-India Railwaymen's Benefit Fund, Limited, Nagpur, has been permitted by the Actuary to the Government of India to be registered under the Indian Life Assurance Act, 1912?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state what amount of deposit with Government under the said Act has been made?

(c) Are Government aware that the deposit does not belong to the insurance members of the Fund but to those coming under the dividing scheme branch of the Company?

(d) Are Government aware that more than 99 per cent. of the members of this company come under unactuarial dividing scheme?

(e) Do Government encourage Companies transacting benefit funds on dividing basis among the poor classes by allowing registration under Indian Insurance Act?

**The Honourable Sir Joseph Bhoré:** (a) No. The All-India Railwaymen's Benefit Fund, Ltd., Nagpur, is subject to the provisions of the Indian Life Assurance Companies Act, 1912, by reason of the fact that it carries on life assurance business.

(b) The Fund has so far deposited Government securities of the face value of Rs. 50,000 with the Controller of the Currency, Calcutta.

(c) This part of the question is not understood, but I may mention that a deposit is payable under section 4 of the Act in respect of income derived from dividing business as well as income derived from endowment insurance business.

(d) Government have no information, but they have no reason to doubt the Honourable Member's statement.

(e) No.

#### DEVELOPMENT OF THE TUNGABHADRA PROJECT.

265. \*Prof. N. G. Ranga: (a) Are Government aware of the recommendations of successive Famine Commissions that the Tungabhadra Project ought to be taken up by Government as the most important Famine Relief measure so as to protect the ceded Districts from the ravages of famine?

(b) If the reply to part (a) be in the affirmative, what steps have so far been taken by Government to develop this project?

(c) How do Government explain the non-materialisation of this much needed Tungabhadra Project?

**The Honourable Sir Frank Noyce:** (a) I cannot agree that the recommendations of the successive Famine Commissions have been in the sense indicated by my Honourable friend, but I agree that it has long been recognised that the construction of a reservoir on the Tungabhadra would go far to solve the famine problem in the ceded districts.

(b) Various schemes have been investigated, and the whole question is still under consideration.

(c) The project is beset by political, engineering and financial difficulties.

**Prof. N. G. Ranga:** Is the Honourable Member aware of the reply given by the Madras Government to a question in the Madras Legislative Council last month that, because they had to undertake the Mettur project, they had to give up the development of the Tungabhadra project?

**The Honourable Sir Frank Noyce:** No, Sir; I am not aware of that.

**Mr. M. Ananthasayanam Ayyangar:** How long has the Tungabhadra project been under consideration?

**The Honourable Sir Frank Noyce:** To my knowledge for at least 30 years. I started my own service in the Bellary district at a time when the project was being investigated. Whether that was the first time it was investigated or not, I cannot say definitely.

**Mr. M. Ananthasayanam Ayyangar:** Is the Honourable Member personally satisfied that there is no need for that scheme?

**The Honourable Sir Frank Noyce:** No, Sir. On the contrary, I said that I agree that it has long been recognised that the construction of a reservoir on the Tungabhadra would go far to solve the famine problem in the ceded districts.

**Mr. M. Ananthasayanam Ayyangar:** If the Local Government have not been able to bring it into effect, will the Central Government finance the scheme?

**The Honourable Sir Frank Noyce:** I should doubt that. The question would more properly be addressed to the Finance Member, but I think he will want very strong reasons for the Government of India financing this project.

**Prof. N. G. Ranga:** Will the Honourable Member tell us how many districts are expected to be benefited if this Tungabhadra project is developed?

**The Honourable Sir Frank Noyce:** The Honourable Member probably knows better than I do. I am not aware of the exact scope of the new project. It would certainly help the districts of Bellary and Karnool and possibly also Cudappah and Anantapur. But I cannot possibly say off-hand.

DEVELOPMENT OF THE TUNGABHADRA PROJECT.

266. **\*Prof. N. G. Ranga:** (a) Will Government of India be pleased to state if they have received any report from the Madras Government about its recent negotiations with the Governments of Mysore and Hyderabad regarding the Tungabhadra Project?

(b) Is it not a fact that Government are in a better position than the Government of Madras to conduct the necessary negotiations with the concerned Governments of the Indian States regarding the allocation of water of and the financial responsibility etc., for the Tungabhadra Project?

(c) If so, are Government prepared to undertake to carry on such negotiations as are found necessary and desirable, on behalf of the Madras Government so as to expedite matters?

**The Honourable Sir Frank Noyce:** (a), (b) and (c). A reference has very recently been received from the Government of Madras regarding the utilization of the waters of the Tungabhadra river. I can only say at present that the whole question will receive very careful consideration.

**Mr. S. Satyamurti:** How long will Government take to decide this question, one way or the other? Thirty years is surely a very long period!

**The Honourable Sir Frank Noyce:** I am quite unable to say. I can only say that I saw a reference from the Madras Government for the first time yesterday evening and that it raises questions of extraordinary difficulty. As my Honourable friend probably knows, the Madras Government are not the only party concerned. There are also the Mysore and Hyderabad States, and negotiations with them may take a very considerable time.

**Prof. N. G. Ranga:** Will the Government of India be prepared to get into negotiations with these States?

**The Honourable Sir Frank Noyce:** I cannot say until the reference from the Madras Government which, as I said just now, was recently received and was seen by me only yesterday, has been examined.

**Prof. N. G. Ranga:** Is the Honourable Member aware that the Madras Government have been negotiating with these States for the last six years?

**The Honourable Sir Frank Noyce:** That is an indication of the difficulties encountered by the Madras Government.

**Prof. N. G. Ranga:** Does not that show that there is a great need for the Government of India to take a hand in these negotiations with these States?

**The Honourable Sir Frank Noyce:** That presumably is the reason why the Government of Madras have now referred the matter to the Government of India.

#### DEVELOPMENT OF THE TUNGABHADRA PROJECT.

267. **Prof. N. G. Ranga:** (a) Are Government aware of the outbreak since December, 1934, of a serious famine in all the districts of the ceded area?

(b) Will Government be pleased to state the expenditure incurred by both the Madras Governments and themselves upon famine relief in these ceded districts since the last Famine Commission submitted its report in favour of this Tungabhadra Project?

**The Honourable Sir Frank Noyce:** (a) Government are aware of agricultural distress in these districts.

(b) I regret that I am unable to supply this information.

**Prof. N. G. Ranga:** Will Government be pleased to supply us with that information by applying to the Madras Government?

**The Honourable Sir Frank Noyce:** I think the question would more properly be put in the Madras Legislative Council.

**Prof. N. G. Ranga:** Is the Honourable Member of the opinion that he cannot possibly get that information from the Madras Government?

**The Honourable Sir Frank Noyce:** I am prepared to examine the question again and see how far we can supply it.

**Mr. M. Ananthasayanam Ayyangar:** Whatever might have been spent by the Madras Government all these years, how much has been spent by this Government in this particular tract?

**The Honourable Sir Frank Noyce:** I should imagine none.

**CENTRAL BUREAU OF IRRIGATION CONSULTED BY PROVINCIAL GOVERNMENTS REGARDING THEIR IRRIGATION PROJECTS.**

268. \*Prof. N. G. Ranga: (a) Will Government be pleased to state if the Central Bureau of Irrigation had been consulted by any of the Provincial Governments regarding their irrigation projects, since its inception, and if so, by which provincial Governments and for what projects?

(b) What is the nature of the assistance rendered by the said Bureau for each one of the projects referred to it?

**The Honourable Sir Frank Noyce:** (a) and (b). The Central Bureau of Irrigation does not advise on irrigation projects. Its main objects are to ensure the free exchange of information and experience in irrigation and allied subjects between the engineer officers of the various provinces; to co-ordinate research in irrigation matters throughout India and to disseminate the results achieved; to convene at intervals general congresses at which selected irrigation matters may be discussed by officers from various provinces; and to establish contact with similar bureaux in other countries with a view to the exchange of publications and information. These objects necessitate among other things the maintenance of a comprehensive library of irrigation publications both Indian and foreign.

The Bureau also acts as the office of the Central Board of Irrigation.

**FAILURE OF CROPS IN CERTAIN PARTS OF INDIA DUE TO FROST AND ASSISTANCE FROM THE PEOPLES FAMINE TRUST.**

269. \*Prof. N. G. Ranga: (a) Are Government aware of the failure of crops in and around Agra District, parts of Guzerat, and Nasik District owing to the recent visitation of frost and in the ceded districts, Chittoor and Tinnevely in the Madras Presidency owing to the failure of monsoons last year?

(b) Have any of the Local Governments applied for any assistance? If so, which of them have applied and for what grants?

(c) If the reply to part (b) be in the affirmative, are Government prepared to make adequate grants to the Provincial Governments concerned from out of the Peoples Famine Trust?

**Mr. G. S. Bajpai:** (a) Government have seen no official reports except in regard to the ceded districts and Chittoor in the Madras Presidency. There owing to the failure of monsoons last year agricultural distress prevails.

(b) No.

(c) Does not arise.

**REPORT OF COMMITTEE APPOINTED TO ENQUIRE INTO THE COCOANUT INDUSTRY IN INDIA.**

270. \*Raja Sir Vasudeva Rajah: (a) Will Government be pleased to state whether they have received the report of the Sub-Committee appointed by the Imperial Council of Agricultural Research to make recommendations with reference to the Coconut Industry in India?

(b) Are Government aware that this problem is very acute in South India and that immediate steps are necessary to save the industry?

(c) Do Government propose to deal with the case expeditiously?

**Mr. G. S. Bajpai:** (a) Yes.

(b) and (c). The matter is under the consideration of Government who will endeavour to arrive at a decision as soon as possible.

#### IMPORTATION OF FOREIGN RICE INTO THE MADRAS PRESIDENCY.

271. \***Raja Sir Vasudeva Rajah:** (a) Will Government be pleased to state whether they have received any representations from the Government of Madras in regard to the importation of foreign rice into that Presidency and the effect it is having on the agricultural conditions in that Province?

(b) Will Government be pleased to state whether the Madras Government are in favour of putting a tariff duty on the importation of paddy and rice in order to give relief to the local agricultural industry?

**Mr. G. S. Bajpai:** (a) and (b). Yes.

**Raja Sir Vasudeva Rajah:** Are the representations confidential or can we have a copy of them?

**Mr. G. S. Bajpai:** I should like to say that just at present I am not prepared to disclose the representations.

#### ORGANISATIONS AND INSTITUTIONS DECLARED UNLAWFUL UNDER THE ORDINANCE AND OTHER ACTS.

272. \***Mr. Mohan Lal Saksena:** Will Government be pleased to state the names of all the organisations and institutions which have been declared unlawful under the ordinances or the common law since December, 1931, and from which ban has not yet been removed?

**The Honourable Sir Henry Craik:** With your permission, Sir, I propose to reply to questions Nos. 272 and 273 together.

I lay on the table a statement showing the number and character of the bodies from which the ban has not yet been withdrawn. Local Governments examine the question of the withdrawal of the ban from time to time and the Government of India are satisfied that they are strictly adhering to the policy indicated in the Government of India's communiqué of the 6th June, 1934, and are maintaining the ban in the case of such bodies as in their opinion are still a danger to the peace of the country.

Statement showing the number of Bodies from which the Ban has not been removed.

Serial No.	Province.	Number.	Character of the organisation.
1	Madras	1	Communist.
2	Bombay	260	5 are communist. The others which include the Hindustani Seva Dal are either revolutionary organizations or were specially formed for the breaking of laws, or are associations which do not form constituent parts of the Congress organization, being purely <i>ad hoc</i> organizations created for the purpose of carrying on the various activities of the civil disobedience movement.
3	Bengal	205	The above remarks apply except that there are no communist bodies involved. The organizations are in most cases terrorist in character.
4	United Provinces	Not known.	These organizations which include the Prem Maha Vidyalay, Brindaban, the Nau Jawan Bharat Sabha, the Hindustani Seva Dal, Youth Leagues and their branches were declared unlawful as they were definitely of a seditious, communist or revolutionary nature, and cannot be described as purely Congress organizations.  The Collector of Muttra, with the approval of the Local Government, filed a suit under Section 92 of the Civil Procedure Code with the object of introducing a new scheme of management for the Prem Maha Vidyalay, Brindaban and with a view to carrying out the wishes of the original donors of the endowment. At the same time, he also applied for the appointment of a receiver to take charge of and manage the property of the Vidyalay. The Sub-Judge, Muttra, dismissed the suit filed under Section 92, Civil Procedure Code, and also refused to appoint a receiver. An appeal against the order of the Sub-Judge is pending in the High Court.
5	Punjab	13	5 are purely communist bodies. The others which include the Hindustani Seva Dal are of the character referred to at item 2 above.
6	Burma	244	These are associations proscribed at the time of the rebellion and are confined to rebel districts. Their declared object was the non-payment of capitation tax and thathameda tax.
7	Bihar and Orissa	Nil.	
8	Central Provinces.	7	These organizations were <i>ad hoc</i> bodies generally started to carry out the activities of the Civil Disobedience movement.
9	Assam	Nil.	
10	N.-W. F. P.	Not known.	But they consist of (1) the N.-W. Frontier Province Jirga (Frontier Provincial Congress Committee), (2) all District and local Jirgas or Congress Committees subordinate thereto, (3) all Volunteer organizations connected with the above, whether known as Red Shirts or otherwise and (4) the Provincial Naujawan Bharat Sabha inclusive of all district and local branches thereof. These organizations are mainly of revolutionary character.
11	Coorg	} Nil.	
12	Delhi		
13	Ajmer-Merwara		

**Mr. Mohan Lal Saksena:** Is the Honourable Member aware that the Prem Maha Vidyalaya is a purely educational institution?

**The Honourable Sir Henry Craik:** No, Sir; I am not aware of that.

**Mr. Sri Prakasa:** Will the Honourable Member kindly make himself aware? Is it not a fact that many arbitrary proceedings are indulged in by Local Governments on false reports by the police?

**The Honourable Sir Henry Craik:** No, Sir.

**Mr. Mohan Lal Saksena:** Will the Honourable Member make inquiries in this matter?

**The Honourable Sir Henry Craik:** I have already made inquiries in the matter.

**Mr. Mohan Lal Saksena:** When?

**The Honourable Sir Henry Craik:** Some time ago. The latest reports are of very recent date.

**Mr. Sri Prakasa:** What was the result of that inquiry.

**The Honourable Sir Henry Craik:** The result is that this institution is far from being a purely educational institution.

**Mr. S. Satyamurti:** Apart from the report of the Local Government, may I know whether any inquiry was instituted by this Government to satisfy themselves that the Local Government was right in saying that this was not a purely educational institution?

**The Honourable Sir Henry Craik:** No, Sir, it is not required.

**Mr. Sri Prakasa:** As this institution has been closed for two years and a half, I want to know what the basis is of the Honourable Member's inference that it is not an educational institution? What other institution is it at the present moment?

**The Honourable Sir Henry Craik:** I do not think it has been closed for the last 2½ years. But, before it was closed, it was not only an educational institution, but it was also a revolutionary institution.

**Mr. President** (The Honourable Sir Abdur Rahim): Next question.

**Mr. Mohan Lal Saksena:** As a matter of fact, the Honourable Member has answered both the questions, and that is why we have been putting supplementary questions to both.

**The Honourable Sir Henry Craik:** The statement laid on the table contains the replies to both the questions.

**Mr. Sri Prakasa:** Will the Honourable the Home Member accept my statement that the police do give false information? Will he accept



this statement that an institution in Benares which was a purely educational institution for school children was declared unlawful by the Local Government as the Gandhi Ashram? Will he further accept my assurance that when I wrote to the District Magistrate on the subject informing him that it was a purely educational institution for little children, I got the reply that his information was that it was the Gandhi Ashram? Will he also further accept my statement that the Gandhi Ashram itself went on functioning merrily about two miles away from that place?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is really supplying information to the Honourable the Home Member.

**Mr. Sri Prakasa:** But in the form of questions.

**Mr. S. Satyamurti:** May I know what is the information on which the Government are satisfied that the Hindustani Seva Dal, which is part and parcel of the Indian National Congress, is a revolutionary body and a body on which the Government are not prepared to remove the ban?

**The Honourable Sir Henry Craik:** The information supplied is of a confidential nature and I cannot disclose it. But the information supplied is of recent date, very detailed, and it has completely satisfied me that it is not a purely Congress association and that it is a revolutionary body.

**Mr. Sri Prakasa:** How long are we going to be condemned and innocent institutions are going to be condemned on false confidential reports supplied to this Government?

**Mr. President** (The Honourable Sir Abdur Rahim): That is a question based on certain assumptions: if the Honourable Member can put the question without making assumption, he will be in order.

**Mr. Mohan Lal Saksena:** May I know what the Honourable Member means by a revolutionary institution?

**The Honourable Sir Henry Craik:** I mean an institution whose aim is revolution.

**Mr. Mohan Lal Saksena:** Does he mean that the institution advocates violence?

**The Honourable Sir Henry Craik:** In this case, yes.

**Mr. Mohan Lal Saksena:** Does he mean to suggest that according to his information the Hindustani Seva Dal advocates violence?

**The Honourable Sir Henry Craik:** Yes.

**Mr. S. Satyamurti:** May I know by whom the information was supplied to the Government and when?

**The Honourable Sir Henry Craik:** I have already stated that the information supplied is confidential: it was supplied by the Local Government at a comparatively recent date.

**Mr. S. Satyamurti:** In view of the fact that the Hindustani Seva Dal is an all-India institution, may I know whether all Local Governments in India have told the Government of India that it is a revolutionary organisation?

**The Honourable Sir Henry Craik:** I did not say it is revolutionary all over India. It is banned in certain provinces.

**Mr. President** (The Honourable Sir Abdur Rahim): Sufficient supplementary questions have been put on this.

**Mr. S. Satyamurti:** With very unsatisfactory answers!

**Mr. Akhil Chandra Datta:** May I ask one supplementary question?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair thinks sufficient questions have been put.

#### NON-REMOVAL OF BAN FROM THE ALL-INDIA HINDUSTANI SEVA DAL AND ITS BRANCHES AND THE PREM MAHA VIDYALAY, BRINDABAN.

†278. **\*Mr. Mohan Lal Saksena:** (a) Will Government please state the reasons for which the ban has not been removed from the All-India Hindustani Seva Dal and its branches and the Prem Maha Vidyalay, Brindaban?

(b) Are Government aware that the Hindustani Seva Dal was purely a volunteers' organisation and formed an integral part of the Indian National Congress? If so, does not the lifting of ban from the various Congress Committees automatically make their volunteer organisations lawful?

#### RECRUITMENT OF TELEPHONE OPERATORS.

274. **\*Pandit Sri Krishna Dutta Paliwal:** (a) Will Government be pleased to state the procedure laid down for the recruitment of candidates for the posts of telephone operators? What qualifications, if any, were required of such candidates in the years 1929—32?

(b) Will Government be pleased to state if competitive examinations were held for these posts in 1929 and 1930? If so, what was (i) the result of the examination, and (ii) the number of approved candidates?

(c) Were any candidates other than the approved candidates given officiating chances? If so, why?

**The Honourable Sir Frank Noyce:** (a) As regards the first part of the question, the present procedure is to recruit such candidates as have passed the Matriculation examination or its equivalent and have a good colloquial knowledge of English and of the prevailing local vernacular, preference being given, up to a certain extent, to female candidates possessing such qualifications. When female candidates possessing such qualifications are not available, the Head of a Circle can, at his discretion, exempt any female candidate from the educational qualification if

†For answer to this question see answer to question No. 272.

she is otherwise suitable in all respects. As regards the second part, during the years 1929—1982 no such definite orders regarding the qualifications of candidates were in force, and candidates were, therefore, selected by the appointing authorities at their own discretion.

(b) On the assumption that from the Honourable Member's subsequent questions Nos. 275 and 280 he is referring to examinations in the Agra Division, the reply to the first part of the question is in the negative. The second part of the question does not arise.

(c) Yes, in leave vacancies in the Agra Division to which, it is presumed, the Honourable Member is referring. This was because there was at the time no bar against employing unapproved candidates in such purely temporary vacancies.

**SECOND EXAMINATION HELD FOR RECRUITMENT OF TELEPHONE OPERATORS IN THE AGRA EXCHANGE.**

275. \*Pandit Sri Krishna Dutta Paliwal: (a) Will Government be pleased to lay on the table of this House, (i) the memo. of handing over charge by Mr. D'Cruze, in charge of the Agra Exchange till the end of February, 1983, and (ii) any report that might have been submitted by his successor, as to the inefficiency of the approved candidates mentioned therein?

(b) Will Government be pleased to state the reason or reasons for holding another examination just after a month of the beginning of the régime of the new officer? Was there any heavy demand for operators at that time?

**The Honourable Sir Frank Noyce:** (a) Government are not in possession of the documents asked for and do not consider that any useful purpose will be served by collecting them. Further, the Honourable Member's assumption that there were at the time approved candidates in the Agra Exchange is not correct.

(b) The Honourable Member is referred to parts (b) to (d) of the statement laid on the table of this House on the 13th March, 1984, in reply to parts (b) to (j) of Mr. Gaya Prasad Singh's unstarred question No. 293 on the 11th December, 1983.

**RELAXATION OF THE CONDITION OF PASSING THE MATRICULATION EXAMINATION FOR FEMALE TELEPHONE OPERATORS.**

276. \*Pandit Sri Krishna Dutta Paliwal: (a) Will Government be pleased to state if the condition of passing the Matriculation Examination has been relaxed in the case of the female telephone operators? If so, why?

(b) Is it a fact that exemptions from the aforesaid condition have been granted even in the cases of some male operators? If so, will Government please state the reason or reasons for the same?

**The Honourable Sir Frank Noyce:** (a) The Honourable Member is referred to the reply just given to his question No. 274. The reasons for the preferential treatment of female candidates are, that in the opinion of

Government females are specially suited for employment as telephone operators and that female candidates possessing the qualification of a pass in the Matriculation examination or its equivalent are not at present readily available.

(b) The reply to the first part of the question is that no such case has come to the notice of Government since the condition referred to was laid down. The second part of the question does not, therefore, arise.

#### COMMUNAL REPRESENTATION IN THE RECRUITMENT OF GIRL TELEPHONE OPERATORS.

277. \*Pandit Sri Krishna Dutta Paliwal: (a) Will Government be pleased to state if their order regarding communal representation in the services has been observed in the recruitment of girl telephone operators? If so, will Government please state the number of non-Anglo-Indian girls who have benefited by that order?

(b) Will Government be pleased to state if any attempt was made to secure the recruitment of Matriculate girls through the Education Department? If so, with what results? If not, why not?

**The Honourable Sir Frank Noyce:** (a) Government have no reason to suppose that their orders in question are not being observed in making recruitment to the cadre of telephone operators. As regards the second part, the information asked for is not readily available.

(b) As regards the first part of the question, it is assumed from the Honourable Member's preceding question No. 276 and part (a) of the present question that he is referring to recruitment to the cadre of telephone operators. If so, Government have no information. The remainder of the question does not arise.

#### COMMUNAL COMPOSITION OF TELEPHONE OPERATORS IN THE AGRA DIVISION.

278. \*Pandit Sri Krishna Dutta Paliwal: (a) What is the number of the approved candidates for the posts of telephone operators now in Agra Division?

(b) How do they stand as regards their communal composition?

(c) What is the communal composition of the permanent staff of the Division?

(d) Is it a fact that Anglo-Indians have got over-representation in this Division? If so, why?

**The Honourable Sir Frank Noyce:** (a) Sixteen.

(b) They comprise one Hindu, one Muslim and 14 Anglo-Indians.

(c) Hindus 41, Muslims seven, Sikhs two, Indian Christians five and Anglo-Indians 13: total 68.

(d) All the Anglo-Indians referred to in the reply to part (c) above are employed as telephone operators and the preponderance of that community in this branch is explained by the fact that preference is given to women in the recruitment of telephone operators and that female candidates from other communities are not at present available.

COMPLAINTS AGAINST TELEPHONE OPERATORS.

279. \*Pandit Sri Krishna Dutta Paliwal: (a) Will Government be pleased to state the number of complaints received from the public in the time of the approved candidates of 1929 and 1930, for the posts of telephone operators, who were allowed officiating chances?

(b) Will Government please state the number of complaints received in respect of the work of each individual and the nature of the complaints?

(c) Is it a fact that most of the complaints received were directed against the work of the non-Matriculates approved in 1929-30?

**The Honourable Sir Frank Noyce:** (a) to (c). Government have no information but the Honourable Member's assumption that the candidates in question were accepted as approved candidates is not correct.

RECRUITMENT OF MATRICULATE TELEPHONE OPERATORS IN THE AGRA DIVISION.

280. \*Pandit Sri Krishna Dutta Paliwal: (a) Is it a fact that Government introduced new rules regarding the recruitment of matriculate operators in July, 1933? If so, will Government be pleased to state what concession, if any, has been allowed to those approved candidates who passed the 1929-30 examinations and were given officiating chances by the Divisional Engineer of Telegraphs, Agra Division?

(b) Will Government be pleased to state if it is a fact that the names of several approved candidates who had passed the examination, and had also several times acted as telephone operators, have now been removed from the list of approved candidates?

(c) Is it also a fact that many of these candidates have been told that their services will no longer be required?

(d) Will Government be pleased to lay on the table of this House a copy of the letter No. E. 30/2/1, dated the 3rd April, 1932, from the Divisional Engineer of Telegraphs, Agra, to the D. A. E. P., Agra, asking for the Service Books of the approved candidates, who had been doing officiating chances? Are the service books asked for ready?

**The Honourable Sir Frank Noyce:** (a) As regards the first part of the question, the fact is substantially as stated by the Honourable Member, except that the new rules were introduced in 1934 and not in 1933. As regards the second part, the Honourable Member's assumption, that the candidates in question were accepted as approved candidates after subjecting them to an examination in 1929-1930, is not correct. On the occurrence of certain permanent vacancies in 1933 these candidates were examined. Only five, however, passed the test and orders appointing them were issued. The claims of the remaining candidates for appointment have been rejected.

(b) and (c). The Honourable Member is referred to the reply given to part (a) above.

(d) Government do not consider that any useful purpose will be served by laying on the table a copy of the Divisional Engineer's letter, as the candidates referred to had never been accepted as approved candidates.

**Mr. Sri Prakasa:** Will the Honourable Member state whether there is a bar against the employment of married women?

**The Honourable Sir Frank Noyce:** Not that I am aware of.

**Mr. Sri Prakasa:** Will Government kindly issue some regulation in order that married women may be barred?

**The Honourable Sir Frank Noyce:** No.

**Lieut.-Colonel Sir Henry Gidney:** Why?

**Mr. Sri Prakasa:** Do not Government feel, as the custodian of the well-being of the people, that the home suffers if married women are employed?

#### PROPERTIES OF DECEASED HINDUS IN THE KALAT TERRITORY.

281. **\*Mr. Lalchand Navalrai:** (a) Will Government be pleased to state if there is any law or rule prevailing in Nasirabad Tahsil of the British Baluchistan, prohibiting any particular community from purchasing agricultural land there?

(b) Is it a fact that Hindus are not being allowed to purchase agricultural property there? If so, why?

(c) Is it a fact that about 80 per cent. of land is lying fallow which Hindus are ready to purchase to develop agriculture?

(d) Are the rules framed in Sind for selling land to the highest bidder without distinction of caste or creed, in the Barrage areas applicable to this Tahsil also or not? If not, why not?

(e) Do Government in the interest of the development of agriculture, propose to adopt equitable and fair measures without putting a ban on any community in respect of the disposal of agricultural land in the aforesaid Tahsil?

**Mr. H. A. F. Metcalfe:** (a) and (b). It has always been the custom in Baluchistan for permanent alienation of land, to persons other than tribesmen, to be prohibited in the tribal areas. This *riwaj* or custom was re-expressed in the award of the *Shahi Jirga*, dated the 16th February, 1923, which clearly enunciated the principle that land in tribal areas should be reserved for the tribesmen. This principle was accepted by the Local Administration for the benefit of the indigenous inhabitants of the Province, and it applies equally to Nasirabad which is itself a tribal area. It follows that Hindus, who are not tribesmen of Baluchistan, are not permitted to purchase agricultural property in that sub-division.

(c) No. Cultivation has developed with unparalleled speed and 60 per cent. intensity of irrigation has already been achieved. Only 8,000 acres remain to be settled and they will be distributed before the next harvest.

(d) Rules framed in Sind do not apply to Nasirabad, which is a part of the province of Baluchistan.

(c) Government, after the fullest consideration, have already come to the conclusion that land in the perennial area in Nasirabad should be used for the settlement of Baluchistan tribesmen, whose requirements are indeed far greater than the small Nasirabad area can possibly meet.

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SHORT NOTICE QUESTION AND ANSWER.

OTTAWA TRADE AGREEMENT AND ITS RESULTS.

**Mr. Mathuradas Vissanji:** Will Government be pleased to state whether they are prepared to give this House an opportunity to discuss the Ottawa Trade Agreement and its results, and if so, when they will be in a position to do so?

**The Honourable Sir Joseph Bhore:** The Government of India are fully prepared to implement the undertaking given in the course of the debates on the Ottawa Trade Agreement that the Agreement and its results should be reviewed at the end of three years. They will, therefore, give an opportunity for a discussion on this subject in the course of the next Budget Session. Government, however, wish to make it clear that the information which can be placed before the House at that time will of necessity be incomplete, since full agricultural statistics will not be available until April or May.

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ELECTION OF THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that the following five Members have been elected to the Standing Committee on Pilgrimage to the Hedjaz, namely:

- (1) Mr. Ahmed Ebrahim Haroon Jaffer,
- (2) Mr. T. A. K. Sherwani,
- (3) Mr. M. A. Baqui,
- (4) Seth Haji Abdoola Haroon, and
- (5) Maulana Shaukat Ali.

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ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES AND LABOUR.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that Srijiut N. C. Bardaloi and Messrs. F. W. Hockenull and Muhammad Nauman have been elected to the Standing Committee for the Department of Industries and Labour.

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RESOLUTION RE REVISION OF THE TAXATION POLICY.

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume discussion of the Resolution of Dr. Ziauddin Ahmad. Sardar Mangal Singh, the Chair thinks, has finished.

**Sardar Mangal Singh** (East Punjab: Sikh): Yes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The amendment has been moved, is it not?

**Sardar Mangal Singh**: Yes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The amendment moved is:

"That at the end of the Resolution, the following be added:

'with a view to assess land revenue in the Centrally Administered Areas on the basis of income-tax'."

Then, there are two other amendments in the names of Mr. Ghansham Singh Gupta and Mr. Avinashilingam Chettiar to the same effect . . .

**Mr. Ghansham Singh Gupta** (Central Provinces, Hindi Divisions, Non-Muhammadian): Mine is not to the same effect, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The next amendment is by Prof. N. G. Ranga.

**Mr. Ghansham Singh Gupta**: May I submit, Sir, that my amendment is not to the same effect?

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Honourable Member mean No. 2?

**Mr. Ghansham Singh Gupta**: Yes, Sir. Because No. 1 does not talk about rents on agricultural holdings, it only speaks of land revenue and that it should be on the basis of income-tax. It gives or lays down a particular mode on which land revenue should be assessed. That is Sardar Mangal Singh's amendment. By my amendment I want to say that the Government should take immediate steps in revising their present taxation policy, particularly with respect to the assessment of land revenue and rents on agricultural holdings. I lay emphasis on that part of the taxation policy of the Government of India which relates not only to land revenue policy, but to rent policy in respect of agricultural holdings. Therefore, Sir, my amendment is different from the amendment of Sardar Mangal Singh. His amendment only touches the landlord, whereas my amendment relates to tenants.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair ruled the other day that the question of assessment of land revenue must be confined to the Centrally Administered Areas. The Chair does not know if the Honourable Member suggests that the question of assessment of land revenue and of rents stands on a different footing. The Resolution refers to the taxation policy of the Government. The Chair does not understand what the position of the Honourable Member is.

**Mr. Ghansham Singh Gupta**: Sir, my position is this. I bow to your ruling, but I most humbly submit that the question raised is of such importance that I would request the Chair to take into consideration certain further arguments. My submission is this, that the question of the land revenue policy can be discussed in this House inasmuch as it is a reserved subject, and in the reserved subject, according to Devolution Rule No. 13, the Governor General in Council has power of superintendence, direction and control . . .



**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has considered all that, and it has given its ruling so far as this is concerned. So the Chair takes it that the Honourable Member's amendment really covers the same ground as that of Sardar Mangal Singh, taking the Chair's ruling as it is.

**Mr. Ghansham Singh Gupta**: Even in the Administered Areas, Sir, I believe there are tenants, and their rents have to be considered.

**Mr. President** (The Honourable Sir Abdur Rahim): That is a matter for the landlord.

The next amendment is in the name of Prof. N. G. Ranga.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadian Rural): Sir, I beg to move the following amendment:

"That at the end of the Resolution, the following be added:

'with a view to so redistribute the incidence of taxation as to lower its burden upon the poorer classes of this country.'

In moving this, I wish to draw the attention of Honourable Members to the present inequality in the distribution of tax burden as between the rich and the well-to-do and the poor and the peasants. The Provincial Governments all over India are already obliged to depend for most of their incomes on excise and land revenue incomes. Seventy to eighty per cent. of their incomes are derived from land revenue and excise, and these revenues are derived mostly from workers who live in towns and peasants who mostly live in villages and are really not able to make both ends meet in these days of economic depression. And, when we come to the Central Government and central revenues, we find that as much as seventy per cent. of their revenues are derived from the ordinary masses in the country, the poor peasants and workers all over the country. Sir, there is an old time-worn axiom of Gladstone,—I think it was Mr. Gladstone who said it in the British Parliament,—that as between direct and indirect taxes, he would like to treat them as two maidens of equal beauty and purity and it was his duty to woo them equally passionately and also lovingly. Therefore, he suggested that the taxes should be so distributed that the burden of indirect taxes will not be more than the burden of direct taxes, but even this axiom has been contested on very many occasions by British politicians and statesmen, and the policy of progressively raising more and more taxes and levying tax burdens upon the richer classes in order to lower the burden of taxation upon the poor classes has been followed consistently for the last 15 to 20 years. Even today, the burden of taxation that is borne by the poorer classes of that country is not more than 83 and one third per cent., while on the other hand in this country it is twice as much, if not more. In England, it has come to be recognised that, as far as it is possible, no fresh burdens of taxation should be levied upon the poorer classes. Here no such understanding has been arrived at and no such policy has been followed, and, from year to year, we find that more and more taxes are being raised, more and more duties are being levied upon our agricultural classes and upon our rural as well as urban working classes. If we look into the Simon Commission Report, we find the special Commissioner drawing attention to some of the principal features of taxation and there he says

[Prof. N. G. Ranga.]

that one of the principal features of our taxation policy is the small yield from income-tax and the total exemption of agricultural incomes from income-tax and the absence of death duties. In England large revenues are being derived from death duties. From the income-tax also, larger incomes are being derived than even from the customs revenues. And agricultural incomes in that country are not exempt from income-tax and the land lords are paying their own share, while here we find the ordinary peasant, who is really unable to make both ends meet and who is unable to pay the interest charges on their rural indebtedness, is being over-taxed by the land revenue policy of the Provincial Governments. As I have shown the other day, the income derived by the various Provincial Governments, in different provinces from land revenue, has been increasing phenomenally by as much as seven crores of rupees in the last 12 to 15 years, and even now in the Madras Presidency land revenue is being enhanced in various districts by three annas in the rupee and only recently there was a discussion in the Madras Legislative Council protesting against the enhancement imposed upon South Canara and two Godavaris and Kistna districts.

The Honourable Member for Industries and Labour admitted yesterday that the unemployment problem in rural areas is really very much more serious than the industrial unemployment. What is the assistance they have received from the Government of India? The only help they have received is the imposition of ever increasing burdens of indirect taxation. Just now there was a mention made about the excise duty on matches. Who pays that duty? Who pays all these duties on cloth, steel and other things which are being introduced into this country. Most of these charges are borne by the ordinary masses, the poorer classes of this country. Only last year new excise duties were levied. Is it because the poorer classes in this country are prospering? Is it because the poorer classes in this country are able to earn very much more than has been possible for them previously? No, Sir. The Honourable Member for Industries and Labour admitted yesterday that the industries have been doing very well. Sir George Schuster, the predecessor of our Finance Member, admitted on the floor of this House in the discussion that took place on Mr. Joshi's Resolution on unemployment that our industries such as textiles and steel have been doing very well indeed. While the burden on the peasants has been increased, the taxes on the people who have been doing very well, who have been deriving huge profits and declaring fat dividends, have been lowered.

Then, again, there are the zamindars in this country, thousands and thousands of them. People are still very proud that they are zamindars simply because they are able to derive incomes from their tenants without having to work, without having anything to contribute to the agricultural prosperity, without having to contribute anything to the moral and material progress of the country. These people are deriving as much as 20 crores of rupees in this country as their annual income. Are they made to pay a pice? No. Not even a sou. Why is it? Does not the Government of India know that these people do not contribute any income-tax on their incomes? They know it. The Taxation Inquiry Committee has recommended the imposition of this tax. The Statutory Commission has deplored the fact that the income-tax on their incomes has not been raised. Even the Joint Parliamentary Committee says that it should be

raised by the Provincial Governments and by the Provincial Legislatures and not by the Central Government and the Central Legislature. Why? As I read in between the lines of the Joint Parliamentary Committee Report, they know it will be practically impossible in future for Provincial Governments to impose this tax upon zamindars who really will have political control in the provinces. As soon as you have Second Chambers in the Provinces, it will not be possible to raise any tax upon the zamindars. Why is it that the Central Government has been so very solicitous about zamindars? Why is it that the Central Government is so very solicitous about raising more and more burdens upon the peasant class from year to year and again and again and so consistent in their policy of not imposing even a pice of taxation on the incomes of these zamindars? I suggest that this Government has been pursuing a policy of winning the alliance of these zamindars by giving them this great bounty at the cost of the peasants.

Sir, the Taxation Inquiry Committee as well as the Statutory Commission have drawn pointed attention to the danger of having to depend to such a great extent upon these indirect taxes alone for the revenues of the Central Government. The Central Government itself is conscious of the fact that because of its reliance upon the indirect taxes alone—the taxes which are to be paid by the masses,—they have been faced with these growing deficits for the last three years. I do not know whether my Honourable friend, the Finance Member, is going to present a surplus Budget this year, but anyhow we have been suffering for the last so many years because we have been depending upon these indirect taxes for the major portion of our revenues for the Central Government.

Then, again, you look into the growth of the income-tax in the last three or four years and the corresponding and relative growth of the indirect taxes and the revenue derived therefrom during the same period. You will find that the total income of the Government of India from income-tax has been going down, while the total income from indirect taxes has been raised. This is a fact which the Finance Member cannot deny. He has not been able to impose any higher burdens upon the income-tax paying people, while he has been imposing more and more burdens upon the ordinary masses, the peasants and the workers. Who pays these import duties? There are import duties which are being paid by the masses and there are import duties which are paid by the higher classes. I suggest again that the richer classes are not being sufficiently taxed as they ought to be on all those commodities that they consume and that they are importing into this country. For instance, I would suggest that on motor cars and such other luxuries there should be more and more taxes raised. Then, death duties ought to be raised and super-tax also should be raised, but, on the other hand, they would not like to do that, and they would rather like to try to pinch the lower and middle classes. Sir, they heavily tax many of their own officers and others who derive a little more than a thousand rupees per annum. It is from these people that they would like to derive their income of a crore or ninety lakhs and odd. The Government know they need not be afraid of them; these classes are too timid to join the Civil Disobedience Movement or such other movement, to protest vigorously, to carry on a press propaganda, like, for instance, the European and Indian capitalists who have been carrying on their own propaganda for the last four or five years.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already spoken for fifteen minutes.

**Pro. N. G. Ranga:** I will conclude now, Sir. I, therefore, suggest, Sir, for the consideration of this House and also for the consideration of the Honourable the Finance Member, that since he is going to have an excellent opportunity of giving effect to the views of this House in the next Budget, that he is going to introduce into this House, he should not be very squeamish about the claims of the richer classes, about the claims of all those who manage to be vociferous and who are capable of making their voices felt upon the Treasury Benches, and I hope and trust that he will be duly mindful of the difficulties and tribulations of the poorer classes of this country, and that he will try so to work the engine of taxation as to safeguard the poorer classes from all the sufferings and troubles they are now obliged to go through because of the economic depression, as well as because of the present too over-costly system of administration and of the too-heavy burden of taxation, Central as well as Provincial.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That at the end of the Resolution, the following be added :

'with a view to so redistribute the incidence of taxation as to lower its burden upon the poorer classes of this country'."

Mr. Ananthasayanam Ayyangar has also an amendment.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I beg to move the following amendment:

"That at the end of the Resolution, the following be added :

'particularly, with respect to the assessment of income-tax on incomes below Rs. 2,000, and the excise duties on matches and sugar'."

Sir, with the leave of the House I would like to add:

"That a Committee be appointed of the Members of this House, aided by experts, to investigate into this matter and revise the taxation policy."

**The Honourable Sir James Grigg** (Finance Member): The Honourable Member seems to be moving an amendment, Sir, which is not on the paper as far as I can see. There is no "Committee of experts" so far as I know in any of the amendments.

**Mr. M. Ananthasayanam Ayyangar:** Then, I shall proceed with my amendment as it stands.

Now, Sir, since the Taxation Enquiry Committee Report of 1926, the economic conditions in this country have considerably changed; owing to the economic depression, prices have gone down and the purchasing power of the people has also gone down. Agriculture is not paying in the case of many articles of agricultural production. In fact, the bare cost of cultivation is also not realized. The capacity for starting new industries is very low. But, all the same, the taxes which have to be endured are heavy, and on the whole they are very burdensome to the people at large.

The rents were fixed when the prices of agricultural products were very high, that is, in the years 1915 and 1918, but they continue to be collected at the same rates unabated. The actual cost of the cultivation has not been taken into account and there has been no inquiry even with respect to the general cost of cultivation of crops. With respect no doubt to such crops as sugar-cane and cotton, the Agricultural Research Committee has made a report, but it is necessary that a similar research should be made and extended with respect to the other crops, and, in the light of such research, a scheme of taxation ought to be devised. The incidence of taxation on the agricultural community is high, but the lot of the poorer middle class people is not less hard as the taxation falling upon such middle class people is also heavy. I refer to the lot of clerks and others drawing between Rs. 80 and Rs. 160 a month, the Government and other subordinates, the poor, petty shop-keeper and the trading class. These are the poorer middle classes. The latter have, on account of the rise in prices some years ago, increased their standard of living, but suddenly they have to reduce their standard of living abnormally, even by half owing to reduced profits. And such people are now taxed by reducing the minimum from Rs. 2,000 to Rs. 1,000.

Sir, the Honourable the Finance Member, in introducing the Finance Bill for the year 1931, said that the minimum was lowered as an emergency measure, but in spite of the fact, Sir, that year after year complaints have repeatedly been made on the floor of this House to raise the minimum, that minimum has not been increased. I submit for the consideration of this House that it is only after many years of service that a clerk, say, with a big family, rises in his grade and gets Rs. 80 and above, and as regards the petty merchant, it is only in dribbles that he receives his income which may ultimately rise to Rs. 1,000 or Rs. 2,000 at the end of the year, and there are many cases where such a man has to borrow even for the payment of income-tax. The fact of the continual drain of gold from this country abroad is ample proof of that so that in many cases such persons on account of inability to pay taxes have been obliged to sell their gold. Under those circumstances, I would submit that it is impossible now-a-days to keep up to the same standard of life in the case of persons who earn modest salaries or make an income between Rs. 1,000 and Rs. 2,000. It is absolutely necessary for us all to consider as to whether the minimum should not be increased from Rs. 1,000 to Rs. 2,000. Sir, this suggestion is not an abnormal or improper suggestion. I would request this House to note and remember that a similar provision is made in the English Statutes. There the exemptible minimum is £130. Even if a person receives £700 per year, the exemption in respect of the £130 is allowed. Further, allowances are made for wife and children and such allowances in fact are increased according to the number of children that a man has and allowances are made for other relatives also who have to be maintained in a particular house. Now it is proverbial, Sir, that a joint Hindu family entails a lot of expenditure; there are a number of members of such family who have to be maintained by one man who alone earns a living and that such a man has to maintain the whole family the members of which is large. Younger brothers have to be maintained, and educated, sisters have to be married, widowed relations have to be maintained, with their issues. Under these circumstances, the lot of a man earning between Rs. 80 and Rs. 160 is very hard and the margin, if any, of saving, is very very

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small. This being the case, Sir, is it too much to expect that that minimum at least should be exempted from taxation? Further, there is a graded system of taxation in England. I would, therefore, suggest that, with respect to incomes below Rs. 2,000 at least, the policy of taxation should be revised. Then with regard to the amendment regarding the excise on matches and sugar, I would submit for the consideration of this House that the excise duty that is imposed neither saves the industries concerned nor saves the consumer. Even now we are having large quantities of sugar imported into this country from foreign countries. Thus, for the eight months ending with November, 1934, we find that 164,700 tons have been imported of the value of Rs. 1,57,07,034. I would submit for the consideration of this House as to whether the excise duty should not be withdrawn until we drive out from this country every particle of foreign sugar that is being imported. Further, it is not helpful to reduce the price of sugar that is sold in this country. Proper steps have to be taken by the Government for fixing fair prices for the sale of sugar in this country. That alone will be useful. The excise duty now stands in the way of selling sugar at a cheap price. Sir, match production is also an equally important industry and the excise duty on matches has contributed to the influx or import of large quantities of foreign matches into this country. During the last eight months ending with November, 1934, matches to the extent of 29,000 gross have been imported into this country from Sweden, Japan and other countries in the world. I would submit, that if the excise duty is removed, the local match industry would certainly capture the market in India. Further, this excise duty, in my opinion, is interfering with the cottage industries in matches and sugar. I, therefore, submit that the excise duty on matches and sugar should be removed and the policy regarding the income-tax on incomes below Rs. 2,000 should also be revised.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That at the end of the Resolution, the following be added:

'particularly, with respect to the assessment of income-tax on incomes below Rs. 2,000, and the excise duties on matches and sugar.'

**Mr. N. B. Mukerje** (Bengal: Nominated Official): Mr. President, so far as I can remember the speech of the Honourable the Mover of the Resolution, he wants, firstly, to have the export duty revised, secondly, to have the income-tax principle, as he calls it, revised, thirdly, to have the protective duties revised, and, fourthly, that there should be an import duty on all foreign goods.

About the export duty, his idea was that because certain exports of certain goods have been falling of late, it was a proof positive that the export duty was bad, and, therefore, it should be given up altogether. Sir, we must remember that we cannot think of any community apart from the State. The good of the community and that of the State are so interdependent that we can never think of them separately. Administration requires money—which has to be found for the good of the State and these duties are necessary. If we have to find out the cause as to why the export of a certain commodity has fallen down of late, we have first to see whether the commodity, which we wanted to export, was a surplus.

commodity and was not required in the country for local consumption, whether there was any demand for that commodity in the foreign countries and whether it was due to the export duty imposed on that commodity that its price became so high in the foreign markets that it failed to compete with goods of similar description from other countries. Unless we do that we are not in a position to say that because a particular export failed or went down, it was due to the export duty. So far we have no figures before us to show why the export of particular goods has fallen and why the prices of certain commodities have gone down.

Coming to the income-tax, the Honourable the Mover of the Resolution wanted to have it revised, but, so far as I can remember his speech, there was nothing there to show on what lines he wants this to be revised. One thing that I could gather from his speech was that because the collection by the Income-tax Department did not come up to the calculation or expectations of the Member in charge of it, the income-tax principle was wrong. Well, Sir, anyone who has any idea of the collection of income-tax ought to know that that is not the correct inference to make. We must remember that the assessee of the Income-tax Department are not always people with a fixed income like the Government officers with fixed salaries which are taxed at the source. There are such persons as private individuals, private business-men, limited companies and firms about whose income the Department has to depend on the returns they submit and the account they maintain. We have heard of a story that a man applied for the post of an accountant and he was asked whether he knew what double entry was. He replied: "Well, Sir, in the last post I held I kept thruple entries—one for my master, the Company, the other for the auditors and the income-tax-walas and the third for the debtors from whom we collected our own dues." Such often is the case. It is a fact, Sir, that human nature is such that we think more of the personal than of the impersonal. A school boy who would never think of stealing a top of his playmate will probably be the first to raid the orchard next door for the pleasure of plucking the fruits there. . . .

**An Honourable Member:** These are only stories.

**Mr. N. E. Mukerje:** These are facts, if my friend recalls his school days. A gentleman who will never think of cheating a man, in the sense of depriving him of his just dues, will have no qualms of conscience to forget a particular item of his income or miscalculation on the right side,—I mean his profitable side, the sum total of his income. The difficulty in this world is that we always refuse to pay anything unless we have an immediate return for it. Which person, may I ask, will have any hesitation, provided he has got funds, to purchase a Rolls Royce car for Rs. 50,000 instead of being satisfied with a Ford car which is equally as useful? The moment he puts down his Rs. 50,000, he gets his Rolls Royce car. But, unfortunately, in the case of the income-tax he does not get anything in return straight on his hands. One of the Movers of the amendments on the opposite Bench—I am sorry I did not catch his name—said that he wanted the people with an income of Rs. 2,000 to be exempted. Sir, no matter how low we make the rate and no matter whom we exempt, so long as we have got to pay, it will be objected to. This is not, however, the case where you get the return straight down for what you pay. As regards the exemption of people whose income is below Rs. 2,000, we have to take into consideration the necessities of the

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State. For the sake of administration, to make it work, this income-tax is necessary. If you exempt a certain class of people, you will find that you have to make up the total money required in any case which will mean an increase in the rate for others. The result will be that other people will have to pay more than they are paying now. One may very much feel for the poor people whose income is less and one may feel very less for the rich man, because his income is very much more, but we must remember that with the increase of income we have also an increase in the expenditure. I know of a man who rose from the position of a clerk on Rs. 40 to that of an officer on Rs. 3,000 and yet found himself equally poor, for with the rise in the income his expenses also went up. . . .

**Mr. Ghansham Singh Gupta:** Is that an argument to reduce the pay to the minimum?

**Mr. N. R. Mukerje:** Sir, when I say that with the increase of the income a man's expenditure also increases, my friend wants the income to be cut down! Sir, one thing is very peculiar in this world. Our expenditure increases by leaps and bounds, but our wants do not decrease in the same proportion. Once we have got into the habit of living well, it becomes very hard for us to live cheaply. Apart from that, and coming back again to the question of the income-tax, it is very fallacious to say, as it is difficult to agree with my friend who moved the Resolution, that because the income-tax actually collected was not up to the mark or up to the expectation of the Member in charge, the income-tax principle was wrong.

Coming to the next point about the protective duty, I am not sure exactly what my Honourable friend meant by protective duty, but closely following that he spoke of raising the price of agricultural produce. First of all I cannot make out how Government can raise the price of agricultural produce or, for the matter of it, raise the price of any commodity? The market price of all commodities must depend upon trade conditions and the relative price of other commodities. You cannot inflate the price by artificial means unless you wish to put a duty on that, which I am sure my Honourable friend never contemplated. Sir, by the expression, to raise the prices of agricultural produce, I think, he meant the prices of food stuffs; but, Sir, that will never be an unmixed blessing. If the price of foodstuffs is raised by any artificial means, the first danger would be that the producer will rush out to sell everything he has got because he would get a higher price; but, in the end, he will have to go back to the market to purchase the necessities of his life and that at a far higher price than that at which he sold them, because the man who purchased them of him must have his own profit when selling the same. There are the potters who have to purchase their foodstuffs; they will raise the price of their pottery to find the money for their purchases. Similarly, the barber will raise his fees because he has to purchase the necessities for his life, similarly, also the cloth merchant will raise the price of his cloth and this process will go on down to the hewers of wood who will have to raise the price of fuel because they have to purchase their necessities of life. It would be thus equally necessary for all other people to raise the price of their produce and their wages along with the raising of the price of the agricultural produce. The agriculturist, even if his agricultural produce has risen in price, will have to pay



more for his pottery because he cannot eat his rice unboiled; he will require fuel for his kitchen, he will require the services of the barber and will require cloth, and all these people, as I said, will raise the price of their services and produce. So, Sir, for a few annas of profit, made by the sale of his agricultural products, he will be involving himself in manifold difficulties in paying for the bare necessities of his life. Therefore, the question of raising the price of agricultural produce does not hold water.

We now come to the other point, namely, imposing a duty on imported foreign goods. No nation can get on without the benefit of goods from other countries. When we think of our own goods, our own foodstuffs, we have also to think of foreign goods. There are foreign goods which we cannot but welcome into this country, at least for some time yet to come. For instance, we require medical and surgical things, petrol and instruments for constructing machineries. We cannot do without machineries. Just now we are not self-sufficient in these lines. All these things have to come from foreign countries. If we tax foreign goods then, as has just been said by an Honourable Member on the other side, we will be taxing the consumers in this country, for if we put an import duty, the articles will be sold at a higher price and the consumer will have to bear the burden. Then, again, we cannot levy such a heavy import duty so as to throttle a particular foreign industry. We must remember that if India should do away with export duty in order to afford facility for our goods being exported to foreign lands, then those countries, to which we export our goods, will retaliate and levy equally heavy import duties on our goods sent to those countries. The whole thing works like a clock, which is composed of various wheels. We take out one wheel and the whole clock stops. We cannot think of our own benefit without thinking of the benefit to others. As it is, I have been speaking about the removal of the export duty as proposed by the Honourable the Mover of the Resolution. What does that mean? That means we want to send out our things to other countries. Am I to understand that the foreigners are all fools and that we alone are wise in this world? We must remember that there is such a thing as retaliation. Therefore, to say in one general sweep, that we must put an import duty so as to throttle foreign goods, to the benefit of our own country, is an absurdity, it is not practical politics. It is not economic in the long run. Thinking of taxing the other man will in the end be taxing our ourselves.

Then, Sir, my Honourable friend, Sardar Mangal Singh, moved an amendment that the revenue policy should be based on income-tax. We all know that revenue is always calculated on the productive power of the land. It is never put down in a haphazard way. The produce of the land is actually reaped, threshed and sold in the market and then the exact productive power of the land is worked out. A margin is allowed for the variations in the market, the cost of production, the cost of seeds, and so on, and then the rent is fixed which is always on the productive power of the land. My Honourable friend wants that the land revenue should be on the principle of income-tax, which means it will be according to the loss or profit of the individual, and that is exactly what he suggested. But my Honourable friend, when he suggested this, overlooked one great fallacy; and it is this. Suppose two lands of the same class with the same productive power are in the possession of two different cultivators, one lazy and the other an honest hardworking cultivator,

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will it be a fair and just valuation if for the same kind of land with the same productive power one man is taxed less than the other because one man is careless, and, therefore, must be given the benefit of paying less for the same kind of land as the other man holds? Then again there are people who have got a few dependants and there are others who have got large number of dependants, the expense of the former is much less than that of the latter. If all these things have to be taken into account, and that possibly at every change in the tenancy, it will be impossible for the department to raise any income, because the cost of collection will out-weigh the actual collection.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only one minute more.

**Mr. N. E. Mukerje**: I think it is not at all a practical policy to say that land revenue should be based on the principles of income-tax. So far as I can see, I do not think this proposal will be at all a practical one. If we want to improve the system of taxation, we can do it by discussing the rates and other things with the Department concerned, but to make a general sweeping proposal that the whole policy should be revised without indicating exactly as to how it can be revised, is, to say the least, not at all practical.

**Mr. M. S. Aney** (Berar Representative): Sir, I desire to invite the attention of the House to one or two important points in the taxation policy of the Government which, to my mind, constitute the gravest defect from a constitutional point of view. The taxes which are imposed are generally classified into two ways, direct and indirect. I am particularly trying to explain the method by which a great many indirect taxes are imposed. Honourable Members of this House are, I believe, generally aware of the fact that a considerable proportion of the revenues raised in this country, for the Central as well as the Provincial Governments, is raised indirectly and only a small portion of the revenue is raised by direct taxation. So, whenever we are considering the question and the principles of the policy of taxation, we must not allow these indirect taxes that are imposed and by means of which a considerable revenue is raised to go unnoticed and untouched in the discussion. As regards these indirect taxes, the general position is this. These taxes are generally levied not by the legislatures but by certain executive authorities under the rule-making powers. In fact, in the imposition of those taxes, the general principle, which is recognised as one of the essential principles of a democratic system of Government, namely, no taxation without representation, is altogether ignored. I may just give one or two illustrations to explain my point. Take, for instance, the Court-fees Act. That is an Act of the Central Legislature, and, therefore, I am taking that illustration. In that Act, there is a Schedule which is adopted by the Legislature. That Schedule lays down certain fees to be recovered for filing petitions and filing suits, and so on, and so forth. Yet, at the same time, there is a clause in that Act which empowers the Local Government to frame rules, and under that rule-making power all sorts of fees in the name of various processes and other things are prescribed. In fixing those fees, the Local Government never approaches the Legislature. That is a power which is given to the

Local Government and the Local Government does it in consultation with the High Courts or the Judicial Commissioners' Courts. Take another Act, for example, the Forest Act. We have laid down certain principles under the Forest Act, but as regards the whole revenue that is raised by the Forest Department, the Chief Conservators, who are in charge of the forests in the different Provinces, are solely responsible for prescribing the fees, charges and dues,—that is the language used in describing these non-legislative taxes,—and a large amount of revenue is raised. At no stage it is thought necessary to put those rules before the Legislatures of those Provinces.

**Mr. A. J. Raisman** (Government of India: Nominated Official): May I interrupt the Honourable Member for a moment? He is talking about indirect taxes which are entirely provincial sources of revenue. The main indirect taxation of the Central scheme is customs duties every one of which is voted by this House.

**Mr. M. S. Aney**: I am aware of what my Honourable friend has just said. I admit that indirect taxes themselves are of two kinds. I am aware of the fact that the customs duties come up here for our vote. But there are others which do not come up for the vote. I am referring to the latter. I have already said that all these taxes are levied under the Acts passed by the Central Legislature. These are the powers conferred by the Central Legislature upon Provincial Governments and the Provincial Governments are realising these taxes in pursuance of the powers conferred by this Legislature. And, therefore, when we are considering the question of revising the taxation policy, we must go into the very policy which is laid down by this Legislature and which the Provincial Governments are following. I am, therefore, entirely in order in raising a discussion on taxes which are raised by the Provincial Governments under the rule-making powers conferred by this Legislature upon them. This Legislature has got a right to modify those Acts and change them and alter the policy which is laid down therein. Although I concede that there are certain indirect taxes which come up for vote in this House, particularly those which form the bulk of the revenues of the Central Government, I justifiably maintain that there are also certain other taxes which are permitted by the Central Legislature to be levied in that indirect way, and they also constitute the bulk of the revenues on which the Government of this country is run. If we are going to revise the entire taxation policy in this country, comprising as it does the revenues raised in the provinces as well as in the Central Government, I am, Sir, entirely in order and I am perfectly justified in drawing attention to this fact that a considerable amount of revenue is being raised without the popular representatives being ever consulted on that point. This is, in my opinion, one of the gravest constitutional defects of the present taxation policy. The general principle, as I have stated, was that there shall be no taxation without representation. Here, at least, I have categorically referred to certain cases, and, I am sure, that these cases can be multiplied, as this rule-making power is given under almost every important Act and under this power some kind of provision is already made to enable the authorities to impose duties or cesses or charges and so on.

Sir, in revising this taxation policy, I want this House also to take note of this fact that, as far as possible, this system of allowing revenues

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to be raised indirectly without consulting the Legislatures of the Provinces or the Central Legislature must be done away with. It may be said, how can we manage to bring it about? I think that it can be managed very easily. Even if the rule-making power is there, it may be laid down that no rules will become laws or shall have the force of laws unless they are formally laid on the table of the provincial Legislature and an opportunity given to the members of that Legislature to move amendments or pass their opinion upon those rules. Some such thing can be done. It was mainly for this reason that I wanted to intervene in this debate, because, I think, it was a very important point in connection with the present taxation policy of the Government.

There is also another point which I wish to touch upon. As regards income-tax, it is well known that agricultural income is generally exempted from the operation of that Act. Most of those who live on the land and grow cotton are fully aware of what I am going to say, but there may be many Members who are not probably aware of the procedure which I am just mentioning. If I grow cotton in my field and sell it in the market and get the value of it, that income is not taxed. But, if in order to get a better price for that cotton, I go and get it ginned and sell it in the market, immediately that ginned cotton becomes a commodity on the income of which the Income-tax Department claims the right of assessing the tax. It ceases to be an agricultural produce because I wanted to have it cleaned and sold it in order to have a better price. This difficulty was duly noticed by the Central Cotton Committee, and I am told,—of course I have not read it myself but I am reliably informed,—that the Central Cotton Committee brought that fact to the notice of the Central Government also in order that they should revise the income-tax policy in such a way as to exempt, as an agricultural produce, not merely the raw cotton, but also the ginned cotton of a *bona fide* agriculturist, who is not engaging in the cotton business or cotton trade but simply selling his own commodity in a more refined form, from the operation of the Income-tax Act. Up to this time no steps have been taken and I do not know what the Honourable the Finance Member has to say on that point later on, but I want to bring the fact to his notice also as it is an important point which he may very well take into consideration. If the policy of Government is, that the Indian agriculturist should get the full value of his produce, Government must give him all the facilities, and I believe that those facilities shall certainly include his right to take recourse to and make use of those processes by which he can make his article better and more saleable. That must be allowed as one of the necessary parts of the agricultural operations in order that the agriculturist may get the proper value of his commodity.

Then, I wish to turn to one other point which my Honourable friend there has just touched upon in discussing the question of land revenue. He referred to the amendment of my Honourable friend, Sardar Mangal Singh, and tried to show that there was a great deal of confusion in the ideas of those persons who wish this policy of land revenue to be revised and he seemed to think that the very idea is absurd. Now I want to explain to the House what exactly is meant by those who urge the reform of the present land revenue policy. What my Honourable friend, Sardar

Mangul Singh, and many others who are of the same opinion want to emphasise is that the present policy of assessment which is based upon certain principles does not try to ascertain what is the exact economic profit to the cultivator. The Government, no doubt, tries to know the price of the produce and the average productivity of the land, and knowing the productivity of the land what they do is this. They say that certain quantity of grain is the average yield and multiply it by the average price which they arrive at by taking the price level of the commodity for a period of 20 or 25 years. That is the way in which they go; and on the basis of the average they calculate the value of the produce. They take that value and also make certain deductions for necessary expenses which they think have to be taken into account. After that they come to what they consider to be the landlord's rent and on the basis of that rent they fix the revenue of the land for a certain period. What we want them to do is to modify this method. What do we do for the sake of finding out the income of a particular factory or of a particular business? You take into account the capital sunk by the man and the annual interest accruing thereon, and you also take into account the capital expenditure and the periodic and the current expenditures both. You also take into account the depreciation costs of the various things and then after making all these deductions come to a certain ratio of profit which is known as the economic profit of that business, and on the basis of that profit you assess the income-tax. We also want the Government, in assessing a particular piece of land, to take into account the various expenses, periodical and current, which the agriculturist has to incur. For example, supposing he requires a pair of bullocks, you must find out the longevity of the pair ordinarily: you must have some standard as you have in the case of railways where you say that the life of a certain thing is so many years and you take that into account and you have a regular depreciation fund by which you know every year how much you are losing. Similarly in assessing the net income of a piece of land you must know that a pair of bullocks is required and you must know what is the normal life of a pair of bullocks to give efficient service: you must divide the value of that pair by the number of years you take as their life, add that as an annual expenditure by way of depreciation, and, in that way, you have to take into account some 20 items if not more. If you take all that into consideration and make the necessary deductions from the gross produce, you will be able to find that the economic profit from the land is much less than what the Settlement Officer has been pleased to fix for the purpose of his assessment. The present land revenue would have to be reduced not by half but possibly even by three-fourths. According to my calculation it is a losing proposition and not a proposition of profit at all. I am prepared to argue with any expert of the land revenue department here or any one who may think himself an expert: I am prepared to discuss with him across the table if there is sufficient time: and I can show him that if you take all these items into consideration, the present land revenue is not one which the Government are getting out of any profits of cultivation but out of the vital necessities of the cultivator. He is paying the dues by denying himself the right of what he is entitled to get as a mere worker and labourer in the field: his wages are never calculated if he himself happens to be a cultivator. All these things have to be taken into consideration before one can arrive at an economic profit; and it is only when you do so then you can be said to assess the land revenue on the principle on which income-tax is levied: whether the Government are

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really following those principles in the imposition of income-tax or not I am not discussing at present: but it is assured that they are proceeding on those principles and I want the Government to apply those very processes and principles strictly and honestly in assessing the land revenue. If my Honourable friend over there has carefully followed me, I think he will not come to the conclusion that the amendment which my Honourable friend, Sardar Mangal Singh, has moved is absurd or something unthinkable.

**Major Nawab Ahmad Nawaz Khan** (Nominated Non-Official): May I inform the Honourable Member that all these things are taken into full consideration by the Assessment Officer and the Commissioner and the Financial Commissioner if you will kindly read the settlement books?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot argue by way of interruption.

**Mr. M. S. Aney**: I can only assure my Honourable friend there that I am not speaking without having studied those books. I have discussed these points with the Settlement Officers of my Provincial Government, and I believe that I have convinced at least some of the Settlement Officers there that they have yet to understand a good deal of these things. However, I am not here to indulge in strong language: my only object is this: there is a point which the Government can very well take into consideration in considering this question of land revenue. These are the main points which I wanted to invite the attention of the House to, and, I believe, the House will see that there is something very important in connection with this Resolution and that the Government will give due consideration to the various points which have been raised in this debate.

**Pandit Nilakantha Das** (Orissa Division: Non-Muhammadan): Sir, this Resolution demands a revision of the taxation policy of the Government. To this there are added two amendments—one is that the land revenue policy is to be revised on the basis of income-tax, and other is that the burden of taxation should be transferred from the poor to the rich . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Land revenue policy must be confined to the Centrally Administered Areas: the amendment does not cover the provinces.

**Pandit Nilakantha Das**: But it can be brought in as illustration. This is a long standing question. In 1924, this House demanded an economic inquiry committee, and the idea was to revise the policy of taxation by the Government after the economic condition of the people had been properly ascertained. But, instead of an economic inquiry, we got a taxation inquiry, and the committee, under their terms of reference, could not enter into the basis of the thing, i.e., the economic condition of the people. Still, as far as they could, they considered the policy of taxation, and proposed some measures, superficial though they were. Some of those measures, nevertheless, were desirable, so far as they went.

As to this land revenue, I deplore, in the first instance, the history of land assessment in this land. Some Honourable Members have said that land revenue is a direct tax. It is neither a tax, nor, perhaps, direct. Rent is not a tax, properly so called. It may appear direct. But I do not consider that it is entirely so: nor if we look to the spirit of the Taxation Inquiry Committee's Report, have they considered it a direct tax. In the eastern provinces of India, the history of the land revenue is rather very painful. There was a time when land revenue was being farmed out and all sorts of *abwabs* or illegal taxes were levied. Everything that the man who had made the highest bid could realise, he realised from the tenants, and he gave a certain fixed amount . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would remind the Honourable Member that he must confine himself to the question of assessment in the Centrally Administered Areas: only by way of illustration can he refer to other cases.

**Pandit Nilakantha Das:** My point is that it is not entirely a direct tax, and, to that extent, it has a bearing on the question of the entire taxation policy. I am not speaking anything about the revision of the Bengal land revenue system or the Orissa system. I simply say that it is not entirely a direct tax: it is not being assessed and taken by the Government from the ryot, and, therefore, it is not completely a direct tax. The ryot pays many things more than the Government demand. Whatever that may be, they proposed in the Taxation Inquiry Committee's Report that some flat rate should be assessed on the annual value of the land. It is not, as Mr. Mukerje said, that it should be taxing the immorality or the laziness of the cultivator . . . .

**Mr. N. B. Mukerje:** Sir, I did not pry into the morality of anyone.

**Pandit Nilakantha Das:** Exactly this expression he did not use, but this was the purport of what he said, I think. But it does not matter in the least, if he meant that or not. But as my Honourable friend, Mr. Aney, explained, everything in a system must come to a dead average, or normal, and no difficulty will arise if a cultivator is lazy or active. Again, there should be no misapprehension when it is said that the principle of income-tax should be applied to land tax.

By this we mean that uneconomic holdings should be left out of taxation. In levying income-tax, you fix a limit up to, say, Rs. 1,000 or Rs. 2,000 as the minimum taxable income. But the poor man, who has got a small holding and a number of children to support, is being taxed today to the tune of his very stocks and bullocks . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Does that happen in the Centrally Administered Areas?

**Pandit Nilakantha Das:** It happens everywhere, it happens even in Ajmer-Merwara; it is the same case everywhere, and, under the present depression, the position has been further accentuated to such an extent that the gross income of a man is not sufficient even to pay the land revenue in many places. Sir, I submit that the policy of taxation should be based on a more reasonable appreciation of the real situation.

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There is always a distinction between direct and indirect taxes. Whether land revenue is a direct tax or whether even income-tax is a direct tax is a separate issue. But direct tax is always definite. It makes the receiver of the tax careful and the giver watchful. In indirect tax, the man does not know how he is taxed. He does not even know that he is taxed at all, and that is particularly so in India, because such direct tax is collected from the consumer and tax-payer indirectly—from the consumer as an additional price of the articles he purchases, and sometimes from the tax-payer to recoup the loss of the State revenue due to high customs. Though even in this case the tax-payer pays it directly, it is a bye-product, so to say, of a policy of indirect taxation. In any case, customs duty is an indirect tax and so also is excise. These taxes are paid by people, and they don't know that they are paying. In India, specially, these people are uneducated and disorganized and though they are paying an utterly unbearable burden of indirect tax today, they are callous and helplessly looking on in their starvation.

In direct tax, again, you can plan some economic advancement of the nation, whereas in indirect tax, you always retard the progress and advancement, and specially in India, this has been a calamity since 1924, that is to say, soon after the Taxation Inquiry Committee recommended some improvements. In 1927, we wanted indirect tax under the garb of protection. It had actually begun in 1924-25, but mildly. Our late illustrious Pandit Motilal Nehru (Cheers from the Congress Party Benches) then remarked in some other connection that it was the thin end of the wedge, but I say that in killing the economic resources of the nation, it was really the thin end of the wedge, and the wedge has been driven deeper and deeper, and the deepest in Ottawa, and today where are we? This is all due to our policy of taxation. What has happened? Almost everywhere we hear, whenever there is a question of indirect tax, it is a protective duty, and over and above that, it is a preferential protection. What has happened? Whenever the question of protection is raised, revenue considerations are brought in. Revenue and protection never go hand in hand in any State. Considerations of State revenues should have nothing whatever to do with protection. Even when I had the honour to appear as a witness before the last Steel Tariff Board, I said that if they wanted to protect some of the products of our industries, they should give bounties, and the nation would be ready to pay the necessary amount by direct tax, the nation would know that they pay for the protection of such and such industries. They then raised the question of State revenue, as if the State coffers were in their charge. I put that question directly then, and there was no reply to it.

Again, Sir, in the last Indo-British Trade Agreement we were discussing, the burden of it was the same, *i.e.*, the revenue considerations of the State. The revenue consideration is there first and last, protection or no protection. Therefore, under this garb of protection, the State wants to make indirect revenue and thereby practically kill the national resources of the country . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has got only two minutes more.



**Pandit Nilakantha Das:** Yes, Sir, I shall conclude now. After we have come to protect our industries, what has happened? Our consumption has fallen and fallen very fast. Now, we cannot get revenue unless we give more and more protection in tariffs. Thus we shall go on till perhaps the end of our national resources.

But the fall in consumption is laid at the door of world trade depression. What does it mean? Is it all due to world depression? India is a sub-continent, and we have got a vast home market. Our rulers have been here for the last 150 years. The protection by tariff is ten years old. But how many new productions have there been in India for the supply of our home markets? There is no expansion of home market, and the consumption of articles from outside is reduced day after day, so much so, that iron and steel which were consumed to the extent of 12,00,000 tons are now sold to the extent only of less than 6,00,000 tons. We say that ten years ago, our country was supplying about 20 per cent. of the iron and steel requirements, but now it is supplying 72 per cent. I don't remember the exact percentage, perhaps it was supplying 30 per cent. and now it is supplying 72 per cent. This percentage does not show that we have developed our industries. It shows that, on account of the heavy protective duties, foreign articles are not purchased in the country. Not only that, Sir, our consumers are not able to purchase their daily necessities, and if we examine our list of protective tariffs,—I have no time now, but I shall take another occasion to show in detail—almost all the articles protected are either necessities of life or means of production, such as oils, yarn, pig iron, iron alloys, etc., etc. Therefore, by putting protective duties we are simply killing the economic resources of the nation day by day, and making the consumer, who is the poorest in the country, unknowingly pay, what he cannot pay.

**Sardar Sant Singh** (West Punjab: Sikh): May I know if my Honourable friend is against the policy of discriminating protection?

**Pandit Nilakantha Das:** I am not, but I am against the policy of protection as such. I am in favour of protection by bounties where necessary. I am against protection by tariff walls. If you discriminate anything for protection by tariff at all, you will have to consider very carefully the implications of the measure so far as it affects the national economy, and hence protection out of money made by direct tax should be the general rule.

Protection by indirect tax, again, creates another difficulty. By this our national sentiment is being exploited, and vested interests rise up in our own country. That is the worst part of it. We ourselves, knowingly and unknowingly, sometimes, are led to support this ruinous policy, the nation-killing policy of protecting our industries by high tariff walls. So, I say that, in our revision of the taxation policy, we should always make it a point that we shall collect our taxes directly from the people, and indirect taxes, if they are to be levied, are to be levied for revenue purposes mostly . . . .

**Mr. N. M. Joshi** (Nominated Non-Official): On luxuries only?

**Pandit Nilakantha Das:** Yes, mostly on luxuries, as they are done in European countries and not on necessities of life, nor on the means of production. That should be the outlook in our taxation policy, and, as

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to all other details, we have got our Finance Bill and Budgets. We shall discuss them in detail then. Here we are concerned with the main policy, and that is broadly this.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Mr. President, there is bound to be an air of unreality in all that we say or do here, for we are faced with an executive, unresponsive and irresponsible, an executive which is sure of its giant's strength and is always willing and eager to use that strength like a giant. In the course of these debates, we have had three Members of the Executive Council standing up one after another to defy the Legislature. (A Voice: "Shame, shame.") You will remember, Sir, that the Home Member, whose voice is usually low, due no doubt to the relaxing climate of Delhi, spoke in a voice that almost resembled that of his native seas, when, in defying the wishes of the Legislature on the question of the Khudai Khidmatgars, he said almost in these words: "Do what you like, we are responsible to our own convenience and our own comfort. We are not going to do what you want us to do." Then there was the Law Member, Sir, who, at the end of the debate on the Joint Parliamentary Committee's Report, said words amounting to this, namely: "All this is nonsense. We are going to do what we like. We have made up our minds." And, not satisfied with all that, there was another Member, Member for Industries and Labour, who said: "If you decide anything against us, there is another Chamber that will set that right." That was yesterday. I must confess, Sir, I have, in my life never experienced such oppression of mind as I have done during the last three weeks that I have been here. Still, I feel that it is the duty of all of us here not to allow any opportunity to go by when we can say to the Government: "We do not like you. Whatever you do, you do on your own responsibility. You are not going to be allowed to say to the world, as you have been doing so long, that what you do is with the willing consent and the ready co-operation of the Legislatures". So far as this side of the House is concerned, I think that is the one and the only purpose for which we are here. At least I am here for that purpose; and I am sure every person in this House, with the white cap of liberty on his head, is here for that purpose and that purpose alone. (Applause.) In the matter of the policy of taxation and in the matter of anything else that the Government are going to do against the interests of our people, we are going to say: "no".

Sir, what is this policy of taxation? So far as I have been able to make out, with my limited knowledge and my limited vision, the only purpose of the existence of any Government is the welfare and the well-being of the people. But what is the object of this Government? The object of this Government, as has been declared on the floor of this House, as has been declared on the floors of other Legislatures of the land, and by the spokesmen of this Government from platforms outside the Legislatures, the only object of this Government is to protect themselves, and

the next object is to see that every Government servant, from the constable to the Governor General, is kept in the utmost possible ease and comfort. And, according to them, what is the object for which the people exist? It is to pay their taxes without complaining even if they have to sell their household effects for that purpose. The object for which the people exist is that they should suffer all wrongs without protest, because misery, Sir, must always hide its head in silence, as was said by a great French writer, otherwise it becomes sedition; and that when preventable diseases sweep the land, when avoidable famines come over us, they should die in silence and if possible they should utter with their dying lips: "Long Live the Bureaucracy". This is what the people exist for. The Government of this country are not for the people, the people are for the Government; and that is the policy that underlies the existing system of taxation as well. Government ask themselves: "How can we make ourselves strong? How can we keep these people under subjection for ever?" (A Voice: "And fighting among themselves.") And they know from the lessons of history and from their own study of political science that if you want to keep a people down, you have only to tax them heavily. That is what the Government are doing in this country. Tax them so much that they may not be able to raise their heads. (A Voice: "Crush them.") Crush them, as my friend says, in every possible way. And not satisfied with all that they have been doing so far, they have for some time past levied an income-tax on incomes of even one thousand. Sir, if you speak to any person in authority, he says: "What do you need any money for? All the money is needed for us, for our wives and children, for our comfort, for our travelling to and fro between 'home' and India; you do not need any money; so let us have all your money, and we shall see that you live in perpetual peace, the peace of the grave." (Hear, hear.) Do you know, Sir, how these income-taxes are levied? An income-tax gentleman—and they are all gentlemen—goes about the town, sees many petty shops—in Benares, we have a number of panwallas, as you perhaps know—and he says, "Well, your income must be one thousand", and asks his clerk to put him down for one thousand, and put that man down for one thousand and put the other man for one thousand. I am not exaggerating. If any one says: "My income is not one thousand at all", the answer is: "Prove that it is not". Sir, it is not for the income-tax man to prove that this man's income is Rs. 1,000, it is for that man to prove that it is not! And if he produces evidence, the income-tax officer says that that evidence is rubbish.

**Major Nawab Ahmad Nawaz Khan:** Sir, does the Honourable Member mean to say . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order.

**Mr. Sri Prakasa:** And this is so not only in the Income-tax Department; it is so in every Department of the Government. The whole of your system of administration, your system of jails, your system of magistracy, your system of judiciary, is based on this. What are your sections of criminal law which require a man to show cause why he should not be bound over? It should be for the Government to prove that a man deserves to be bound over and not for the poor man himself to prove that he should not be bound over. And, Sir, if you ever find yourself in jail—(Laughter)—that is not a contingency which we can dismiss with

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a laugh, for a most distinguished predecessor of yours, after adorning that Chair, did find himself in jail—you will see there many many innocent men. Most of them are there because they are poor. Their only crime is poverty. They have been bound over under section 109 of the Criminal Procedure Code, because they could not show cause to the Magistrate, who had already made up his mind, that they should not be bound over. This sort of thing goes on everywhere, and it seems to me that this Government have declared poverty itself as a crime and will not do anything to relieve that poverty. So far as we on this side of the House are concerned, we are not going to be brow-beaten into acquiescence by the sort of speeches and answers to questions that the Honourable Members opposite give. It may be that the Law Member is thoroughly convinced that we are free-booters of the worst type and pocket all the subscriptions that we are able to collect. It may be that he is quite convinced that he and his brethren work for the country without motor cars, without salaries, without comforts . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair must tell the Honourable Member that he should really confine himself to the Resolution and the amendment on the order paper.

**Mr. Sri Prakasa:** May I, with all respect, say, Sir, that it is the policy of taxation that enables the Government to collect taxes from us in order to pay those gentlemen opposite, and, in that policy of taxation is included, if I may say so, with all respect, every single pie that this Government waste or spend on themselves or on useless officers that they appoint in large numbers. We say that this country, if it had only a more reasonable Government, a Government that was really interested in the people and anxious to help them, could yield more taxation for nation-building purposes. But this Government only raise their taxes to increase their brood, the Bureaucracy. All the objection that we have to taxation is that we do not want our money to be wasted on useless men. If the Budget is examined carefully, it will be seen that threefourths of that money is wasted. I can quite understand the sinister smiles on the faces of some gentlemen opposite. They say: "We have the power and we are going to do what we like. You may go on swearing till you are blue in the face, but nothing is going to happen to us." I know that. In the impudence of power, they know that what they want will be done. But my contention is that the whole policy of taxation should be revised, and, along with that, we should have a great scheme for the proper education of the people of every class, so that all may live for each and each for all and none may live wholly for himself. If that policy is adopted, we shall on this side of the House find more money for the Government. But the Government must be prepared to cut their own salaries and to see that there is no income which exceeds, say, at the most a thousand rupees a month. Everyone who is in receipt of an income of more than Rs. 1,000 a month should be asked to pay the excess amount to the Government as a tax and all that money should be spent for purposes of nation-building, for the spread of education, sanitation and the like. But, Sir, what is all the money raised by taxation spent for now? It is spent on the Army and Secret Services and Heaven alone knows on what else. But we want that money for our own people. Therefore, I strongly support the Resolution that has been moved by my

honoured friend, Dr. Ziauddin Ahmad, that the policy of taxation of this Government should be revised from top to toe, and if I were allowed to add a rider to it, I would say that the policy of spending that money should also be revised, so that we may have a Government which are conformable to the wishes of the people and working for the good of that people: not a people existing for the Government but the Government existing for the people.

**Dr. F. X. DeSouza** (Nominated Non-Official): Mr. President, I often wonder whether the debates in this House on principles of taxation have more than a mere academic value. Admirable principles of taxation and finance are enunciated by Honourable Members, and the Treasury Benches profess lip sympathy with those principles. They ask for a little more light and appoint a Commission of Inquiry which goes round the country for a year or two at the tax-payer's expense and publish a report at the end of a couple of years.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

But by that time everything has been forgotten and the report remains in the pigeon-hole of the Secretariat and nothing further is heard about it and the Government goes on as merrily as ever with its former policy. I am tempted to make these observations by what happened with regard to the Taxation Inquiry Committee of 1926. That Inquiry Committee was initiated by Sir Basil Blackett in consequence of a debate which was conducted in this House, and one of the strongest recommendations of that Committee was contained in the following words:

"The burden of taxation on the poorer classes corrected with reference to the price index has increased owing to the customs duty on articles of universal consumption, especially sugar, cotton goods, matches, machinery and raw materials."

And they recommended an immediate reduction of duty on conventional necessities, such as, sugar, kerosene oil and matches. How has this recommendation which was made in the year 1926 been carried out by the Government? We all know how it has been carried out. During the five years of the regime of the last Finance Member, the policy was not of discriminating protection, but that of indiscriminate protection on everyone of those articles to which exception had been taken by the Taxation Inquiry Committee. It is no exaggeration to say that Sir George Schuster has left a legacy, a *damnosa hereditas*, of 30 crores of rupees in the shape of the additional taxation on the masses of this country. In his last Budget speech he said:

"The soundest way to raise new revenue was to increase the indirect taxation levied on the necessities of life because the mass of the population were evidently well able to bear the slight additions to their expenditure which this would impose."

That is the picture as drawn by the Honourable Sir George Schuster when he was the Finance Member. Now, look at the other picture drawn in the same Budget discussion by my Honourable friend, Sir Leslie Hudson, the leader of the European Group in this Assembly, whom

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nobody could charge with being a nationalist. Certainly he does not look like one. This is what he said:

"To provide sufficient for their actual needs, the people had to sell such articles as brass utensils and galvanised iron sheeting which had obviously formed part of their household goods and of their houses. There seems to have been two distinct stages in the struggle of the past two years; the first in which all articles of gold and jewellery were converted into cash and the second where articles of lesser value but somewhat in the nature of luxuries, so far as these poor people are concerned, were exchanged for cheaper goods, brass and aluminium vessels being exchanged for earthen ware. The third and what may be considered the final stage before acute distress is visible is now being experienced, where people are obliged to actually break up their houses and to sell the surplus wood and metal, these being the only articles of a marketable value left to them over and above their absolute necessities."

This picture as drawn by my Honourable friend, Sir Leslie Hudson, furnishes a striking contrast to the picture drawn by the spokesman of the Government of India. The latter picture shows such complete detachment from the masses of the population as is only possible in the Himalayan heights of Simla. But we who live and move and have our being in the agricultural villages and are daily in touch with rural opinion in the country, we know that the description given by Sir Leslie Hudson is the correct description of the condition of the masses in this country. In noting the contrast between these two pictures, one is reminded of what happened in the early stages of the great Revolution in France when a surging mob of famished people surrounded the Palace of the Tuileries and when the Queen asked the courtiers why the people were crying outside, the courtiers answered, "Madam, they are asking for bread". Innocently the Queen replied: "If they cannot get bread, why don't they eat cake?". This, Sir, seems to be the attitude of the Government of India (Hear, hear), with regard to the cry of the population. Sir, we are passing through a period of unexampled agricultural depression. The resources of the masses—80 per cent. of the population of this country consist of agricultural masses—are crippled beyond measure. Far from the Government assisting the agricultural population, they look helplessly, placidly on. They allow foreign rice to be dumped into the Madras Presidency to an extent which has never been known before.

**The Honourable Sir James Grigg:** Would that not put a tax on the poor?

**Dr. F. X. DeSouza:** I will come to that point later on.

**Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban):** Order, order. No side conversations, please.

**Dr. F. X. DeSouza:** They look helplessly on. Well, Sir, compare this policy of the Government of India which is not responsible to the people of India with the policy of the national Government in England. What did Mr. Baldwin, the father of what I may call modern protection in a free trade country like England, do? He was keen on safeguarding the British industries and rightly so. How does he get about it? He got about it by placating first the farmer, the landlord, and, above all, his

own constituents, the apple growers of Worcester. I do not want to weary the House and I have no time to describe the various measures which he adopted to benefit his constituents, because he knew that he was responsible to them and if they were displeased, he would have no seat in Parliament. Besides placating the apple growers of Worcester by various methods, he went out of his way to placate the farmers in England and as a compensation for the repeal of the corn laws, he allowed a subsidy of one pound per acre of arable land all over the country to be paid out of the protective duties levied on industries to which he gave protection. (Hear, hear.) That, Sir, is the method which a national Government, responsible to the people of the country, would follow. But our Government goes on bleeding those who are suffering from collapse caused by the unexampled depression. Sir, a policy of this kind will never do, it will never pay. As was pointed out the other day in an extremely interesting letter contributed to the *London Times* by Sir Frederic Sykes, lately the Governor of Bombay, it is necessary before levying heavy protection duties and before imposing indirect taxation on the masses of this country, it is necessary to increase their purchasing power. That should be the condition precedent to all indirect taxation. That should be the condition subject to which all further protective duties should be levied. Even Sir George Schuster, in spite of the gospel he had enunciated in the earlier part of his regime, just before he left, sounded a note of warning to the industrial magnates and manufacturers. He said . . . . .

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member has two minutes more.

**Dr. F. X. DeSouza:** I will finish soon, Sir. Sir George Schuster warned the industrial leaders that their huge profits were likely to bring upon their heads a general storm of wrath from the people at large. "To make protection stink in the nostrils", that was the expression used by Sir George Schuster, in his last Budget speech and that expression has stuck in my memory. I, therefore, ask the present Finance Member most respectfully but most earnestly, before he levies further protective duties, to take steps to improve the purchasing power of the masses. I have no time to develop that line of argument, but I can merely say that the purchasing power of the masses can be improved on the lines suggested by Sir Frank Noyce yesterday, and, that is, by sanctioning of loans for public utility works throughout the land and thus let money circulate in the hands of people. Whenever protective duties are proposed in future I understand that there is already on the tapis a demand by the sugar manufacturers to increase the protection on sugar from 15 annas to Rs. 10 a cwt. I respectfully ask, if they are inclined to tax sugar any further, they should take measures to see that the Tariff Board goes into the question—for the matter will be referred to the Tariff Board—the Tariff Board should go into the question of internal organisation of the industry so that better management may ensure that there is no waste of the taxpayer's money and the danger of foreign competition is also minimised. That is all I have to say. My last word is that before further adding to the protective duties already imposed, Government should do all in their power to increase the purchasing power of the masses.

**Mr. D. K. Lahiri Chaudhury** (Bengal: Landholders): Mr. Deputy President, at the outset I take this opportunity of offering you  
 3 P.M. my sincere congratulations on your being elected unopposed to the office of Deputy President. (Applause.) Now, coming to the original motion which reads as follows, namely, "to revise the present taxation policy" so far as I understood from this Resolution, before I listened to the speech of my Honourable friend, Dr. Ziauddin Ahmad, it was that every taxation should be revised or should be distributed in a proportionate way. My time is short and so I cannot develop the full argument on that particular point. But at this stage I want to draw the attention of the House to the learned speech that was delivered by the Leader of the House at the Round Table Conference in connection with the revision and redistribution of the taxation policy; and, in that connection, I can say with confidence that if it is the idea of this Resolution to revise the present taxation policy, I should give my whole-hearted support to it. I want specially to draw the attention of this House to the particular question of jute and income-tax, because my gallant friend, the Leader of the House, fought tooth and nail in the Round Table Conference for the duty on jute to be given entirely to Bengal. I thoroughly agree with that view and also that the income-tax should be given to Bengal. I should be the first man to support this kind of Resolution, but, to my disappointment, I find in the amendments of Sardar Mangal Singh and others which want to assess the land revenue, and that is what inspired me to stand on my legs as one of those who come here as a representative of the poor landlords. (Laughter.) They are poor, because they are in an unfortunate position, they have to serve their country to the best of their ability and they also have to try to please the Government to carry on this inward administration; that is the condition of the unfortunate landlords. In Bengal, I can say with perfect frankness and sincerity that most of the landlords are so much taxed that they are on the verge of debts up to their necks.

**Mr. S. Satyamurti:** You don't look it! (Laughter.)

**Mr. D. K. Lahiri Chaudhury:** I can inform my Honourable friend that although I don't wear a Gandhi cap, this *chaddar* of mine is hand-spun and hand-woven. I can say with confidence that generally every landlord pursues a policy of buying country-made things. And I strongly object to the principle of going against protection of national industries which, I think, is the life-blood of this country. If, in the name of this Resolution, efforts are made to stop protection of the national industries, which are in danger of being perished by competition with foreign industries, it will be a suicidal policy. I think every one will object to the raising of taxation to a stage which will bring bankruptcy to the poor masses, and I do not lack in sympathy with those poor people who are so heavily taxed in this country. But, at the same time, I also feel that our national industries should be saved and genuine protection should be given. I may take the example of the sugar industry. On the one hand, you are giving protective duties, and, on the other hand, you are imposing excise duties. That is not a policy of giving protection. If Government want to protect a national industry, they should come with a clean hand and give genuine protection to the industry. They should also revise this taxation policy. I strongly support the point made by Mr. Sri Prakasa about the top-heavy administration and the extravagant expenses of Government. I thoroughly agree with him there.



**Mr. R. S. Sarma** (Nominated Non-Official): A very useful speech!

**Mr. D. K. Lahiri Chaudhury**: I think so. It is useful to you who have come here by nomination.

Now, Sir, I want to draw the attention of the House to the speech of my Honourable friend, Prof. Ranga. It is rather painful to me to differ from him. He says that 70 to 80 per cent. of the income derived from the provinces are from land revenue and excise, and by that land revenue they are taxing the poor people. First of all, I should draw the Honourable Member's attention to the fact that land revenue is not paid by the agriculturists. It is paid by the landlords.

**Several Honourable Members**: From your pockets?

**Mr. D. K. Lahiri Chaudhury**: Another argument is advanced that agricultural income should be taxed. I entirely agree that the income which is derived by the rich people should be taxed. I am prepared to pay income-tax, and, as a matter of fact, every landlord pays income-tax too.

**Several Honourable Members**: No, they don't.

**Mr. D. K. Lahiri Chaudhury**: They pay it in this form that if, on any land, there are huts or bazars and they derive any income out of that, they pay income-tax. If I understand that income derived from land to be agricultural income, then I think we pay tax in the form of cess. Cess is income on the rent and rent is paid by the agricultural people. And to what extent do they pay? I can speak about Bengal which I know better than other people, and I do not know much about other provinces. There the tenant pays cess, not from his income, but from the rent he pays to the landlord, at the most two pice a rupee, whereas the landlord pays from his gross collection to the extent of 30 to 50 per cent. in certain cases including revenue. At the same time, I may say that the condition of the tenants is such that they are even unable to pay this amount of cess out of their income owing to this economic and financial distress. And I take pride in the fact that under the Bengal Tenancy Act, our tenants at least can keep in abeyance three years' rent together which may be mentioned as their assets. I can also say that the landlords are feeding the middle class people to the extent of three crores and a half, if not more. You may ask me how. The landlords pay to the extent of 30 to 50 per cent. of their income as revenue and cess. Then, 30 per cent. they also pay as their collection charges and maintenance costs which feeds these middle class people. And if three crores is the revenue in Bengal, I think three crores at least, if not more, also goes to the pockets of the middle class people. If permanent settlement is wiped out, I think the middle classes will be wiped out, and I believe that the middle class people are the backbone of Indian nationalism. If you want to keep up the spirit of nationalism, you must maintain the middle class people who are the buffer between the agriculturists and the landlords. Now, I will touch upon the question of death duties which was referred to by my Honourable friend, Prof. Ranga. He compared the English landlords with the Indian landlords. But I will ask him whether in England the existing land revenue system exists or not. It is not so and they never pay revenue. Under the feudal system, they never pay revenue. They pay income-tax and death duties. We landlords can say this that if the same system were repeated here in India, every landlord in India will prefer that particular system.

**Prof. N. G. Ranga:** I can inform my Honourable friend that the landlords in England are more heavily taxed than landlords here in India.

**Mr. D. K. Lahiri Chaudhury:** I respectfully differ from my Honourable friend's observation, because if you take the *per capita* income in India and in England, you will find that the landlords here contribute the same amount, or probably more, than those in England. We have to pay revenue, we have to pay cess, income-tax and other taxes if possible. I have no time to develop that argument, otherwise, it would have been quite possible for me to give my Honourable friend figures as to the amount of taxes we pay.

Then, one of my Honourable friends was saying something about subscriptions. I can say with all the emphasis at my command that all the charitable institutions in Bengal are mostly run by the charity of these landlords. From one point of view, therefore, it will be suicidal if we revise the taxation in such a way as to do away with the protection of our national industries. Another objection is this: if you look to the interests of the agriculturists, then, certainly, we must adjust our taxes in such a way that the poor agriculturist may not be further taxed. But I say that before we revise taxation, we must, first of all, cut down this top-heavy administration which is ruinous to this country. I would draw attention to an observation made by Mahatma Gandhi when he first negotiated for an agreed solution with the Government in the year 1931: he compared the salaries of Government servants in India with those in England by the ratio of the *per capita* income in both countries, and compared the Premier's pay there with the pay of the Viceroy and Governor General here. The *per capita* income in India is very poor and cannot afford to pay for the costly luxuries of the establishment of the Governor General. From that point of view, the policy of taxation should be revised. But I can never be a party to such revision if it is going to be on a policy of withdrawing the protection given to national industries. With these words, I oppose all the amendments. If the Resolution is moved merely with a view to revising the taxation policy, then I welcome it.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadian Urban): Sir, a sound tax-system is the proper basis of a sound system of administration. Considered from that standpoint, Government should welcome the debate on the present Resolution. Two views are held with regard to taxation. The first view is that taxation is a necessary evil, and the second that taxation is a necessary good. Both these views are correct according to circumstances. The first view holds good in a country which is subject to another country, where the people have no control over the expenditure of their revenues, where the resources raised in the country are, in great part, sent out of the country without any equivalent direct return, and where the people have not been educated to understand the interests of the community as a whole. The second view, which I may regard as the enlightened view, prevails in a country which is free, which has full control over the expenditure of its own revenues, where the people are in a flourishing condition, and where the citizens have been educated as to their duties towards the whole community. It is clear that in India taxation is regarded as a necessary evil in the present circumstances, and that is why so much has been said about the enormous burden of the tax-system of the country. Now, everybody who has studied the question with an impartial mind knows that the present level of taxation does press very heavily on the poorer classes of the country. Besides, the amount of expenditure which is incurred is not at all well balanced.

The question of distribution of the burden of taxation is as important as the total amount of taxation in the country. During the early years of British rule in India the tax-system was very partial in its incidence, and it was not till after the Sepoy Mutiny that an income-tax was levied for the first time, and, even then, in the teeth of opposition which came mainly from the European community. Income-tax is regarded as the best of all taxes, because here we can apply the test of ability to pay to the fullest extent. Although in later years the partiality of the tax-system of India became less pronounced, yet it was still very unfair towards the poorer classes of the community. During the last five years, the world-wide economic depression has pressed very heavily on the poorer people of this country. That is why a revision of the tax policy of the Government is demanded.

Now, on what lines should this revision take place? One of my Honourable friends has moved an amendment to the effect that the land revenue policy should be revised. I have full sympathy with the object of this amendment. This question was discussed by the Taxation Inquiry Committee about ten years ago; but unfortunately, while the Committee made various recommendations with regard to a proper distribution of the burden of taxation, they evaded this question, mainly because, I believe, they were frightened by the magnitude of the problem. The total amount of land revenue collected from the whole of India is about 37 crores of rupees. If that part of it which is due to irrigation be excluded, the land revenue would amount to something like 31 or 32 crores of rupees. The question which faced the Taxation Inquiry Committee was how to fill the gap if a different system of land-tax were to be adopted. I admit that the problem is a very difficult one; but even difficult problems have to be solved. The proceeds of land revenue have increased largely since the establishment of the direct administration of the Crown, but the customs revenue has increased even to a much greater extent. The customs revenue which, in the first year of direct British administration, was only a little over a crore of rupees is now 50 crores. As has been pointed out by several Honourable Members, the customs duties press rather heavily upon the poorer sections of the population, because the principle of ability to pay has very little application in the case of this tax. Now, even if we are unable to completely revise the system of land revenue, I think we should adopt certain measures to alleviate the distress of the cultivators. One of these relief measures would be to exclude from the purview of the land revenue those holdings which are uneconomic. It is true that a good many of the holdings are uneconomic, and the collection of land revenue will greatly suffer; but this gap will have to be filled by levying taxes on shoulders other than those of the cultivators, who are better able to bear this burden. During the economic depression which has lasted now for five years, very little has been done by the Government to alleviate the distress of the cultivators, but in all other countries large sums of money have been spent in order to relieve distress and bring about normal conditions. I hope and trust that an enlightened policy will now be followed with regard to the land revenue system, and that the other items of revenue will also be closely examined in order that the distribution of the burden of taxation may not be unfair to the poorer classes of the country.

**Captain Rao Bahadur Chaudhri Lal Chand** (Nominated Non-Official):  
 Sir, the Honourable Member from Allahabad,—I am sorry I don't see him here in his seat now.—

**Mr. Mohan Lal Saksena** (Lucknow Division: Non-Muhammadan Rural): I am here to reply on his behalf.

**Captain Rao Bahadur Chaudhri Lal Chand:** He has unnecessarily imported heat into this discussion. He has also introduced politics in this matter . . . .

**Mr. Mohan Lal Saksena:** It is a life and death question for many.

**Captain Rao Bahadur Chaudhri Lal Chand:** You will see presently that it is equally so for me as well. Sir, there is not an Honourable Member here, on either side, who does not in his heart of hearts wish that taxes should be lightened. There is perfect unanimity on this point. My friend, Mr. Sham Lal, over there, complained to me the other day about the heavy income-tax. My friend, Captain Sher Muhammad Khan, related a similar story and said he was paying land revenue on his land, income-tax on his pension, and yet his house in his village on his own land has also been taxed, and he has to pay a house-tax as well, although, as is usual with him, he did not pay it punctually and so he will have to pay it up with a penalty. (Laughter.)

Now, Sir, I wish to address only one word more to my friend from Allahabad, and it is this, that government has to be carried on and peace has to be maintained . . . . .

**Mr. Mohan Lal Saksena** People die unnoticed and uncared for, and yet you say that government has to be carried on.

**Captain Rao Bahadur Chaudhri Lal Chand:** Yes, that system under which there will be no police, no magistrates and no jails, has yet to be evolved . . . . .

**An Honourable Member:** And no Nominated Members. (Laughter.)

**Captain Rao Bahadur Chaudhri Lal Chand:** Then we will walk to the other side. Now, Sir, my friend complained against action being taken by Government under section 109, Criminal Procedure Code, against certain persons who are rotting in jails. I have also some experience of those people . . . . .

**Mr. M. S. Aney:** Do you mean experience of rotting in jails?

**Captain Rao Bahadur Chaudhri Lal Chand:** Yes, please. If all those people are let loose today, my friend opposite will be in danger as I look upon him as a capitalist.

Sir, the subject is a wide one, and on the general aspect of the question, there seems to be no difference of opinion. If we make an estimate of middle classes, land revenue is generally levied upon people who reside in villages and who are peasant proprietors, whereas income-tax is realised from those who are engaged in trade and commerce, i.e., shopkeepers. Now, my submission is, and as has been so ably pointed out by my friend, Sardar Mangal Singh, over there, there is iniquitous distinction between the two methods of taxation, and if we compare the lot of these two classes, we cannot come to any other conclusion

than that this differential treatment is more favourable to the monied people and the commercial classes and is highly prejudicial to the interests of the agriculturists whom all of us profess to love.

Sir, in the speeches that have been made, I have been trying to find out, if anybody would attempt to define what the taxation policy of the Government of India was. Up to this time, that has not been defined. I have tried to find it out from records, but it has not been laid down anywhere, and from my personal experience, both in the Provincial Council as also here, extending over 20 years, I have caught at one or two principles which underlie this policy. The first principle, to me it seems, is that the paying capacity of an assessee is not generally considered in assessing taxes, and sometimes taxes may be inversely proportional to the paying capacity of the assessee, and, secondly, in realising taxes, coercive measures are generally to be resorted to in the case of the poorer classes, and the rich always escape.

Now, for the purpose of illustrating these two principles, I will take my friend, Sardar Mangal Singh's amendment. There we are comparing the two taxes, *viz.*, income-tax and land revenue.

Firstly, in income-tax there is a minimum limit. At present it is one thousand rupees. If we ask the Honourable the Finance Member why he has exempted people whose income is less than a thousand rupees, his reply will be that "bread and butter" should not be taxed, and this exemption is for bread and butter. Now, income below one thousand has been exempted for the bread and butter of these people. I ask him, in all humility, how much bread and butter is left when assessing the poor agriculturists or the peasant proprietors and small landholders? (Hear, Hear.) Here, on every inch of land, land revenue has been assessed and no margin has been left for bread and butter. For this purpose, in the Land Revenue Act, land has been defined as land which is reserved for agricultural purposes or for purposes subservient to agriculture, meaning thereby that land which is occupied by factories and the like is not subject to land revenue. The Honourable Mr. Nilakantha Das said—of course I do not question his wide studies, but I refer to one of his remarks—that land revenue was not a tax. Probably he meant, that it was a rent and that the Crown was the owner of the land and, therefore, we had no cause for complaint. It would mean that the Crown charged the landowners for the occupations and for the use of the land that belonged to the Crown. May I ask him one simple question? When did the Crown sell the lands on which houses and shops in Chandni Chowk of Delhi have been built? There is no land revenue to be charged on them, as land revenue is charged on land which is used for agriculture. Now, I would go further and say, that the profession of agriculture itself has been taxed. Here, for the sake of argument, I would suppose that I possess two acres of land in the suburbs of Delhi. It is *barani* land, and I have to pay two or three rupees every year as land revenue. My income from that land is hardly 50 or 60 rupees at the most. I put up a small brick kiln on the site and the income from that land goes up and I get Rs. 1,999. Suppose the margin is Rs. 2,000 as has been suggested by my friends. Now, the revenue officer comes and says: "You are not using it for agriculture. You are not using it for anything subservient to agriculture. So you are exempt. Then the Income-tax Officer, comes and says: "Let me have a look at your *bahis*". I show him my accounts. He says: "Your income is less than Rs. 2,000.

[Captain Rao Bahadur Chaudhri Lal Chand.]

"So you are exempt." At a time when I was earning only Rs. 50 from that land, I had to pay two or three rupees every year but when my income has gone up there is no taxation. This shows that the profession of agriculture has been taxed, and is being taxed and the differentiation between the two, land revenue and income-tax, is iniquitous and unjust.

In the second place, as regards income-tax, there is the graded system of assessment. With poorer people, the rate per rupee is less than in the case of the richer people. The rate goes up as the income increases. That is very fair. But what about the landlords? I possess only five acres and I have to pay eight annas per *bigha* or Rs. 4 per acre. My friend, the Honourable Mr. Chaudhury, who poses as an advocate of the agriculturists, also although he may be otherwise as bad as a moneylender, comes forward. He possesses 500 million acres, yet the rate per acre on which he is assessed is the same. Justice demands that there should be a graded system of assessment as has been suggested by my friend, Sardar Mangal Singh.

Thirdly, in the case of land revenue, we have to pay local rate for local services, for instance, maintenance of hospitals, maintenance of schools, village roads and all that which go to form the income of the District Board.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has only two minutes more.

**Captain Rao Bahadur Chaudhri Lal Chand:** Yet, in the case of income-tax, no local rate is to be paid by them.

Similarly, in the case of realisation, in the case of income-tax if my arrears are Rs. 200, only movable property to the extent of Rs. 200, and not more, can be attached, whereas, in the other case, the whole of my holding, be it 2,000 acres or 5,000 acres, could be attached and sold for an arrear of Rs. 2. (*An Honourable Member:* "Including grain and cattle?") Yes. (*An Honourable Member:* "Therefore?") Therefore this system of realisation is bad. The Honourable Mr. Mukerje has tried to justify land revenue system by saying: "Well, one farmer is lazy, another farmer is alert, why should we tax the alert more because he makes more income?" Does not the same argument apply to Government servants, shop-keepers and every one else? One man remains a clerk all his life. Another man gets Rs. 5,000 a month.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Agriculturists do not get the full benefit of the bounties we have been paying to the industries. There is a Tariff Board for industries. There is no equivalent thing for agriculturists. I do not grudge that and it is said that it is in the interests of the country. Let us go to one of these factories. What do we find? In the name of Swadeshi, these people have been earning millions and instead of cheapening their goods, they increase the salary of the managers. They add to the number of motor cars in this factory.

**Mr. M. Asaf Ali** (Delhi: General): That is not true.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has exhausted his time limit. The Chair will give him one minute more to conclude his speech.

**Captain Rao Bahadur Chaudhri Lal Chand**: I know the Honourable the Finance Member has a very sympathetic heart.

**An Honourable Member**: How do you know?

**Captain Rao Bahadur Chaudhri Lal Chand**: I would, therefore, request him to compare the lot of the two classes and pay a visit to the villages round about Delhi and then he will know under what conditions those people are living and what margin he is leaving for their bread and butter. If he does that, I hope it will not be easy for him to add to any tax that falls upon the poor villager.

**Munshi Iswar Saran** (Benares and Gorakhpur Divisions: Non-Mohammadan Rural): Mr. President, I shall make only one remark about the observations which have been made by the previous speaker, Captain Lal Chand. I say so in perfect friendliness that he ought to study a little more of politics before he begins talking about how government has to be carried on and how peace and order has to be maintained. He ought to know that what my Honourable friend, Mr. Sri Prakasa, had in mind was the Government of the people by the people and for the people. (Hear, hear.) I shall leave it at that. I suppose my Honourable friend, Captain Lal Chand, for reasons best known to himself, has had to make a remark of that character in regard to a man who happens to have the misfortune of being a Member of the Congress Party.

Now, as far as this question is concerned, I submit to you that the area which is opened up before us is so vast that nobody, howsoever able and well-informed, can hope to do any justice to it within the space of time allowed to a speaker. It is, therefore, necessary to make a few observations of a general character for the enlightenment—I use that word in no offensive sense—of the Honourable the Finance Member and of the Government of India, because it may perhaps be useful for Government to know what attitude this Party is going to adopt in regard to the Budget which is to come up before us shortly. Sir, it is a great mistake to imagine that we are at the moment concerned with the question of land revenue *versus* income-tax, and so on. We are not concerned with all that here. We are concerned with certain broad principles which have to be enunciated and which, we hope, Government will keep in mind at the time of the preparation of the next Budget.

There is another submission which I wish to make and it is this. It is impossible to settle satisfactorily the taxation policy unless and until you consider along with it the policy of expenditure. Both are so intimately connected that you cannot separate the one from the other. Now, there is no doubt, Mr. President, that as long as this enormous expenditure is incurred, among others, for civil administration, and as long as this enormous expenditure is incurred for defence, so long it is impossible, I submit to you with all confidence, for the taxation policy to be either reasonable or to be just. As regards the military expenditure,

[Munshi Iswar Saran.]

I hope the Honourable the Finance Member, if he has had the time to look into past records, must have found that his predecessors fought the Army Department so that that Department might not have all its own way. Now, what is going to happen in the future? The Finance Department of the Government of India, Sir, will have nothing to do with the Army. Even the Army Finance and the Army Accounts Departments will be taken out of the control of the Finance Member of the future. It is not necessary, Mr. President, to go into any facts and figures. It is admitted on all hands that this burden of military expenditure is intolerable and that something has to be done in order to bring it within reasonable limits.

I hope Honourable Members have read the summary of a letter, written by Sir Francis Freemantle, which appeared in the papers today. He wrote that letter to the *Times*. What he says is that the poverty of the masses is unthinkable and that their nutrition is diminishing. In other words, he has corroborated what we have been saying all along, namely, that the condition of the masses is most deplorable and that something has got to be done. Honourable Members opposite talk about revolution, Mr. President! What I submit to you with great respect is that you may or may not have a political revolution, but you will have a revolution of hunger in this country if things go on as they are going on today. (Hear, hear.) There are millions of men, Sir, who literally know what hunger is but who do not know what its satisfaction means.

Now, I entirely agree with my Honourable friend, Professor Ranga, when he says that the real crux of the matter is that the Finance Department of the Government of India should so regulate its taxation that the poor should be very lightly taxed and that, if taxes must be raised, then this burden should fall chiefly on those who are best able to bear it. This is the one point which I shall ask the Honourable the Finance Member with great earnestness to bear in mind.—that the future policy should be such that the poor people, who count not by millions but by billions upon billions, should have enough to eat and should be able to clothe themselves. This is the most important thing. As for differences that there might be in regard to matters of detail, well, they can somehow be settled.

The second thing which I wish to ask the Honourable the Finance Member to bear in mind is that we are not concerned here with the academic discussion of free trade *versus* protection. There is no man here who will not recognize that a very great deal can be said on both sides. But he must remember this. Having regard to the peculiar conditions existing in India today, as far as we on this side of the House are concerned, we are perfectly clear in our own minds that protection is necessary for the infant industries such as there are in this country at the moment. Nothing will induce us to depart from that principle for some time to come. When our industries are in a better condition, when our industries are in such a condition that they can enter into a fair competition with other industries, then there will be time enough to consider the question of free trade *versus* protection.

Then, there is another matter to which I wish to invite the attention of the Honourable the Finance Member and it is this. He should see, that taxes are not levied on those articles which increase the burden on the poor. Now, take one instance, the salt tax. Sir, I have been a



very humble member of the profession of law and I know that arguments can be advanced in support of any proposition and when, combined with knowledge, you have power, you can make white appear black or black appear white. You should not tax such things as salt and kerosene and so on. The tax on these articles serves as a very heavy burden on poor people with meagre incomes or no incomes at all.

In conclusion, I wish to suggest to the House that we have to keep clear of all these matters of detail, important though they are, because we cannot at this stage decide finally what attitude we should adopt as regards land revenue and income-tax, and so on. What we have got to do is to stick fast to one main principle and it is this,—that the taxation policy of Government should be such that the poor people who are suffering indescribably today may have some ray of hope, and their lot may be improved so that they may be able to live the life of human beings. If you do not have such a policy and if you seek shelter behind arguments, then you may have a costly army, you may have a gorgeous system of administration, but the people for whom you profess to work will remain sunk in the very depths of poverty and degradation. (Applause.).

**Mr. Suryya Kumar Som** (Dacca Division: Non-Muhammadan Rural):

Sir, I am not going into this question of the policy which underlies the system of taxation in India, because it is vicious in its origin, and it is going on for decades on the same principle, that is, the people who settle this policy and fix the taxes do not know the country and are not responsible to the people in the least. Under the circumstances, one cannot expect that in fixing taxes this Bureaucracy will consider what class of people will be affected by it in the country. At the same time, they have neither the capacity nor the mind to go into that question. Sir, it is useless, so long as we continue to be dependent as we are, to go into the question of the policy which will guide them. That is certain. Another thing that is equally certain is that extravagance and a liberal policy of taxation cannot go together. In fact, they go ill together. I would like to tell the House that it is no use discussing about the taxation and its policy unless you can stop this extravagance. Everywhere—in these buildings, establishments and the pay of the Government servants, both civil and military, and such other things, you see extravagance in full swing. If they are to spend the money in this way, they must have it. They may have to steal or borrow, but they must have the money. Therefore, our first duty at the time when the Budget will come before us should be to check this extravagance to a certain extent. If we can do it, then we can legitimately ask them that the Government do not require so much money. But the way in which the Government are going on with their expenditure does not hold out any hope that taxation can be lessened in any way. Sir, I am, of course, an old man; I have seen many stages of extravagance in administration in my own life—I am now 63 years of age. I saw a briefless pleader appointed a Munsif on Rs. 150 to begin with. Then, this first appointment was increased to Rs. 200, and now he is working in the grade of Rs. 250 to Rs. 750. The Retrenchment Committee has now brought down his grade to Rs. 600. Then, some of them are made Sessions Judges and my friends have retired from the grade of Rs. 1,600. Sir, the effect of all this has been very injurious to the society. It has created a class of people quite different from the ordinary middle class. They have got

[Mr. Suryya Kumar Som.]

their peculiar culture and they have got their own principles of life. They are a class of people that has sprung up just like the Anglo-Indians. (Laughter.) Of course, I do not mean any Anglo-Indian friends any offence. In fact, I condemn the attitude of my own countrymen more than I do the Anglo-Indians. These Indians have left the villages and have built their houses in big towns. The villages, being abandoned, are coming to ruins. However, that may be, if the Government expenditure goes on increasing, how can you expect that the Government can tax the people sympathetically? Can you expect that? I may tell the Government that the country has come to its last stage of taxation and I do not think it can bear any more of it. If you increase the taxation further, the result will be that you will have to put people in the jail or sell their property, but you will not be able to realise the taxes. Sir, with these observations on the policy of taxation, I confine myself to three instances which have led to the discussion.

Take, for instance, the sugar industry, which is of recent growth in India. Before 1932, when the protective duty was levied on foreign sugar, there were very few mills, and, in 1932, on the recommendation of the Sugar Tariff Board, a high tariff was put on the Java and other foreign sugar. That encouraged the industry to such an extent that you have now over 130 mills in the whole of India. When Government, however, saw that this industry was developing and making some profit, they at once came down on it with an inconsistent proposal of taxation with a view to earning more revenue. Now, I put it to the House, how inconsistent it is that in 1932 you yourself granted Rs. 6-10-6 in the shape of a countervailing duty for the development of the struggling sugar industry and then in 1934 you imposed an excise duty of Rs. 1-2-0 (I am speaking from memory). If you saw that the sugar industry was flourishing beyond all expectation, then you ought to have curtailed the countervailing duty, but that you will not do because the taxation in the shape of excise duty brings more money into your pocket. Sir, I am concerned with some sugar mills, and I am told that if this excise duty is not withdrawn, the sugar industry, which has sunk lakhs and lakhs for each mill—I think it costs more than ten lakhs of rupees to put up a mill . . . .

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural): The investment on the whole sugar industry is 20 crores of rupees.

**Mr. Suryya Kumar Som:** I was giving the amount spent on each mill. I have already told you that there are over 130 mills in India and you can multiply this number by the amount which each mill costs—the sugar industry will have to face a great danger. Then, Sir, we find that this excise duty on sugar will not only cause injury to the sugar industry alone, but will indirectly affect the very masses for whom you are so solicitous. These poor people will be affected in this way. To manufacture a maund of sugar, I purchase sugarcane at six annas per maund. Now, in order to pay the excise duty, I will have to save some money in the cost of production keeping in view the competitive price; naturally I will try to pay the sugarcane grower less than six annas unless I am prepared not to make any profit. I tell you that the millowner will maintain his profit, but it will be at the expense of the poor cultivators. Therefore, I appeal to the Government to see that the encouragement which they gave to the sugar industry, two years ago, should be continued

and they should give it at least 15 years more uninterrupted to learn its technique and to be in a position to run the mills in competition with foreign mills by knowing all the technicalities of the trade. After this, when you find that the industry can maintain itself, in spite of paying some excise duty, then you can think of putting some additional tax on it.

Now, about the match industry. The House knows that in Bengal we have the largest number of small match factories. It was **4 P.M.** the first in India to begin this industry. Most of these industries have been hit very hard by this duty, in fact so hard that some have gone and many will go into liquidation unless the duty is withdrawn. This match industry is not of very ancient growth, it has developed to a great extent within the last ten years and it has had to fight against competition from Japan and other foreign countries. At a time when it was making its way by and by—the number of match factories increased—when suddenly came this excise duty which, so far as I know, is about 100 per cent. and this has a very bad effect on the match industry. I would appeal to the Government to consider what the right principle of taxation should be. I maintain, Sir, taxation should touch less and less the poor and it should not injure the industry of the country. These two principles, I think must be borne in mind always. If you touch the match and the sugar industry at the present stage, by way of excise duty, I have already pointed out that you are only going to injure the respective industries.

Then, Sir, about income-tax. Of course, it is only the poor people and the middle class who feel the pinch of this income-tax on Rs. 1,000. Honourable Members may well imagine the difficulty of a man with seven or eight children and whose income is Rs. 1,000 per annum, having to educate his children and meet all other expenses and also pay the income-tax. I appeal to the Government to give up this taxing of Rs. 1,000 annual income. Income-tax, I admit, Sir, is an equitable tax, but I submit, you should tax a man only after allowing him to meet the necessities of his life. I submit this limit of income-tax should not be less than Rs. 2,000; in fact it should be Rs. 4,000 per annum. But, Sir, as I have already said, unless the Government can control their expenditure, there is no hope of our appeal being heard. In conclusion, I appeal to the Treasury Benches that if they do not see their way to control their expenditure and impose tax on a more equitable principle, they should not forget to consider at least this side of the question and save these poor middle class people from the burden of income-tax.

**The Honourable Sir James Grigg:** Sir, I have two great difficulties in replying to the debate this afternoon. The first is that the magic date of February 28 is still in the future and that must place a certain limitation upon my tongue, and the second is that a very large part of the debate has been occupied with a subject which, in the main, is a provincial matter. It is perfectly true that the same question arises in the Centrally Administered Areas, but the main part of the debate seems to have been concerned with Land Revenue in its general aspect and not merely in the aspect with which it is concerned in the Province of Coorg and in the Province of Ajmer-Merwara. One speaker, in point of fact, drew the whole of his illustrations in the matter of land revenue from the Province of Madras, but I do not intend to traverse your ruling in the slightest degree, in the very few remarks I wish to make on this subject, and I shall confine myself solely to the Centrally Administered Areas.

**Mr. M. S. Aney:** May I remind the Honourable Member that the present land revenue system in the Berars is solely the work of the Central Government and not the Local Government.

**The Honourable Sir James Grigg:** Perhaps I might get this question of land revenue out of the way to start with. An Honourable Member from the Punjab wanted land revenue graduated in accordance with the ability to pay. Personally I doubt whether this will ever be achieved in its entirety or as a matter of practical politics, mainly because in land revenue there must always be a considerable element of rent. I would, however, remind Honourable Members that under the new Constitution it will be within the capacity of those authorities, who are responsible for the administration of land revenue in the Centrally Administered Areas—I hasten to place myself in order—to supplement their land revenue system by a tax on agricultural incomes and it is not for me to say that they will not in course of time decide to lean rather more on the leg of agricultural income-tax and rather less on the leg which is in the nature of a rent charge.

A debate like this must always have a certain air of the academic—unreality, was the word used by an Honourable Member opposite. Some of us on this side—I certainly—felt that his speech did not add very much to the reality with which the debate was invested and it seemed to be merely a political oration which would be much more suited outside than in an academic discussion of taxation. There is, of course, an obvious reason for a debate on taxation at the present time having a certain air of the academic about it and that is because our revenue system is still in the straight waist coat in which it has been placed by a combination of general economic collapse and very high import duties. Any widespread revision of our taxation system must of necessity be in a downward direction, for otherwise there would be no incentive upon any large body of opinion to support it—for the only object of revising a taxation system is to lower its burden. Therefore, at a time when there is very little money to spare for the two reasons I have mentioned, the debate must necessarily have a certain air of unreality. There is another thing which contributes to the academic nature of the discussion and that is that we are on the eve of constitutional changes, in other words, we are at a time when the Provinces are beginning to acquire a certain interest in our Central Revenues and are watching jealously any proposals for diminishing them.

Sir, it would be a convenience, for me at any rate, if I were allowed to deal with the debate under the same heads as the Honourable the Mover of the Resolution dealt with them. His first head was export duties and, as far as I can remember, his general proposition was that all export duties are bad unless they fall upon monopolies. I think that, as a general proposition, is one that we can accept, subject to a word of warning that in this imperfect world no monopolies are absolute and that too high a tax on monopolies may lead to the process of substitution. As regards the existing export duties, I should have thought, again in an academic way, that those on rice and skins were of an uneconomic character. But they yield more than half a crore of revenue and that takes us back to my general point. The yield of the export duty on jute is about 3½ crores and that certainly has become a vested interest for Bengal, Bihar and Assam. And, anyhow, jute is probably one of the most favourable subjects you can have for an export duty.

My Honourable friend, Dr. Ziauddin, then went on to deal with income-tax, and I am bound to say that in some of his assertions there I could not follow him. He said that income-tax was too heavy, which as a general proposition one can accept as true and almost self-evident, and further that the heavy incidence of it was resulting in diminishing returns. Certainly the income-tax ought to be reduced but I doubt very much whether it has reached the stage of diminishing returns. Indeed for a tax on profits the law of diminishing returns operates much later than any other kind of taxation. Usually it does not really begin to operate until the tax-payers feel the burden so intolerable or feel that the system is so unfair that they resort to legal or illegal methods of avoidance. Whether that process is in operation to any serious extent in India is a matter of opinion, and I personally have not yet had time to come to any very concrete conclusions on the matter. But, as I said at the last Simla Session, the Government of India do intend to conduct an exhaustive review of the income-tax system in the not very distant future and certainly the question whether avoidance has been resorted to so as to induce the operation of the law of diminishing returns is one of the things which will have to be very carefully looked at.

The learned Mover then went on to deal with postal rates; and here I am sorry I must part company with him completely. He dealt with postal rates as if they were a tax. Postal rates are certainly not a tax unless they produce a large surplus which is brought into the exchequer for the support of the general revenues. That is certainly not the case with Posts and Telegraphs at the moment. They are still showing a loss; and, therefore, postal rates must, in the present circumstances, be regarded as a payment for services rendered and not as a tax. And the only question at issue there is whether the service is being rendered at the cheapest possible price consistent with efficiency; and that, as Members of the House are very well aware, is a matter to which my Honourable friend on my left has devoted a good deal of his attention for the last few years, and he has, in fact, increased the efficiency and lowered the expenditure of the Posts and Telegraphs Department to a very marked degree.

Then, Sir, we go on to what must be the most controversial part of any debate, academic or otherwise, on taxation, and that is the subject of import duties. I first take protective duties, or rather protection because the learned Doctor did not only confine his attention to protective duties but to quotas and prohibitions. I entirely disagree with him on the subject of prohibitions, for I think that a protective duty is a less objectionable way of following the object which it is sought to secure. After all, the prohibition of imports is very little more than an import duty of an infinite amount, and, quite obviously, the economic loss caused by protection is the higher the higher the duty is put and if the duty is infinite the loss will be very heavy indeed. So that, as I say, I personally prefer protective duties to import prohibitions and quotas. Not that I like even protective duties very much. At the best, protective duties are only regrettable necessities, the means to a desirable end; but, at the worst, they are or can become a restraint on international trade, a bolstering up of inefficiency and an exploitation of the consumer, in other words, the poor. We have had a good deal of discussion this afternoon as to whether protective duties or import duties generally do fall upon the poor. Quite a number of Honourable Members opposite said that they did and I agree

[Sir James Grigg.]  
with them. But that is a little change of view point from the Leader of the Opposition's extremely acid remark the other day about the cant of anybody presuming or daring to refer to the word "consumer" in any debate on trade and fiscal policy. I am bound to say I prefer the later views of the Congress Party in this matter. In point of fact, this does illustrate the incurable dilemma in which the Congress Party are in this matter. Their nationalism leads them to want to build up Indian industries, at all costs, as quickly as possible. But their representation of the people and their roots in the villages make them want to hold themselves out to be the protectors of the poor and they really have got to make up their minds on which leg to stand in this matter.

**Mr. S. Satyamurti:** We stand on both legs. (Laughter.)

**The Honourable Sir James Grigg:** Just so; but one is longer than the other. (Laughter.)

The same dilemma appears in the speech of my Honourable friend behind me, Dr. DeSouza. He declaimed bitterly about the burden on the poor of protective duties and then went on to belabour Government for their intolerable inactivity in not placing any import duty on rice coming into Madras. I wonder whether that would be a burden on the poor.

Perhaps in order to avoid any misconceptions as to my own position in the matter, let me say that I do not attempt to draw any very particular moral from all this except that in our protective policy we ought to keep ever before our minds the conditions laid down in the Fiscal Commission's Report and particularly to bear increasingly in mind the burden on the poor which protective duties inevitably involve. That is admitted universally. The question is whether the price is worth while and I think we have got to satisfy ourselves quite definitely that the price is worth while before we embark on protective duties.

**Mr. S. Satyamurti:** Yes, certainly.

**The Honourable Sir James Grigg:** This growing measure of agreement between me and the Party opposite is portentous.

Then perhaps I may go back to the learned Mover's speech and deal with his final category, which was import duties for revenue purposes, and here I am in very large measure of agreement with him. There is no doubt that our revenue tariff is too high and there is no doubt that it is too all-embracing, and much too complicated. It is a hindrance to trade and a burden on the consumer. My Honourable friend, Mr. James, pointed out, in a debate in the last Budget Session, that it certainly ought to be overhauled and I entirely agree with him. I was a little saddened in the last Simla Session, however, to hear him say that no half-measures would do and that we have got to overhaul it completely and thoroughly and that it was no good making a start with half-measures. However, I dare say, he is right; but if he is right, the necessary corollary is that we have got to wait for a general revision of the tariff until the revenue position is more prosperous.

**Prof. N. G. Ranga:** There should be revision of salaries also.

**The Honourable Sir James Grigg:** All that remains now, I think, is to deal with one or two points of detail which have arisen during the course of the debate. The Honourable Member who represents the landowners of Bengal took rather a different view to anybody else. A free paraphrase of his speech might be given thus: "What is all this stuff about the poor: what about the poor landlord?" I am bound to say that I could not follow him in his conclusions about the tax system.

**Mr. D. K. Lahiri Chaudhury:** My point was to object to agricultural income being taxed.

**The Honourable Sir James Grigg:** I see the Honourable Member objects to income-tax altogether. . . .

**Mr. D. K. Lahiri Chaudhury:** Not at all: I objected to the proposal for taxes on agricultural income.

**The Honourable Sir James Grigg:** But there are none today: why object to them?

**Mr. D. K. Lahiri Chaudhury:** No, Sir, there is no tax on agricultural income in the strict sense, but if the Honourable Member looks at the amendment of Sardar Mangal Singh, he will see that it seeks to assess land revenue on the basis of income-tax which I strongly oppose.

**The Honourable Sir James Grigg:** I am sorry; I thought he was belabouring the Government. It is only the Mover of the amendment who is being belaboured. Another Honourable Member from Bengal—I was not very clear about his point of view except that he seemed to me rather like the prisoner in the dock who, when asked if he wished to challenge any of the jury, said that he objected to the whole lot of them. So my Honourable friend objected to all taxes indiscriminately. Another Member raised a point about the match and sugar excises and complained that neither of these excises had saved the industry or saved the consumer. But they were not intended to: they were intended to raise revenue and to get back a little of the money which had been destroyed by the very high protection of those industries. I never heard of taxation being intended in the interests of the consumer.

I think I have now dealt with all the points which arose during the debate. Let me end up by saying that I think the debate has been valuable. I think it has disclosed a very much wider measure of agreement than one would have thought possible. I think it has been, possibly with one exception, conducted in an extremely reasonable spirit, and I hope that the interchange of views which has taken place will, in due course, not be without fruit. Certainly as regards the actual Resolution, the Government do not propose to divide on it; and as regards the amendments, if the Movers of them wish to challenge a division, Government do not propose to take any part in those divisions.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would put Professor Ranga's amendment first: The question is:

"That at the end of the Resolution, the following be added:

'with a view to so redistribute the incidence of taxation as to lower its burden upon the poorer classes of this country.'

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): Mr. Ayyangar's amendment comes next. The question is:

"That at the end of the Resolution, the following be added:

'particularly, with respect to the assessment of income-tax on incomes below Rs. 2,000, and the excise duties on matches and sugar.'

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): Sardar Mangal Singh's amendment comes next. The question is:

"That at the end of the Resolution, the following be added:

'with a view to assess land revenue in the Centrally Administered Areas on the basis of income-tax.'

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is that the following Resolution, as amended, be accepted:

"That this Assembly recommends to the Governor General in Council to take immediate steps for revising their present taxation policy with a view to so redistribute the incidence of taxation as to lower its burden upon the poorer classes of this country, particularly, with respect to the assessment of income-tax on incomes below Rs. 2,000, and the excise duties on matches and sugar, and with a view to assess land revenue in the Centrally Administered Areas on the basis of income-tax."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Monday, the 18th February, 1935.