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THE
LEGISLATIVE ASSEMBLY DEBATES

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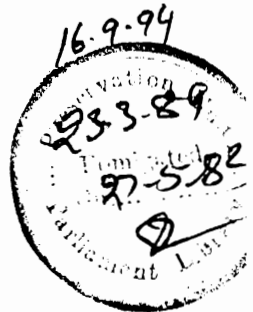
SIXTH SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1930



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1930



Legislative Assembly.

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THE HONOURABLE MR. V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB, M.L.A.

Panel of Chairmen :

PANDIT MADAN MOHAN MALAVIYA, M.L.A.

MR. M. A. JINNAH, M.L.A.

SIR DARCY LINDSAY, KT., C.B.E., M.L.A.

SIR ZULFIQAR ALI KHAN, KT., C.S.I., M.L.A.

Secretary :

MR. S. C. GUPTA, BAR.-AT-LAW.

Assistant of the Secretary :

RAI SAHIB D. DUTT.

Marshal :

CAPTAIN SURAJ SINGH BAHADUR, I.O.M.

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LEGISLATIVE ASSEMBLY.

Saturday, 22nd March, 1930.

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

MEMBER SWORN:

Mr. David George Mitchell, C.I.E., M.L.A. (Legislative Department: Nominated Official).

QUESTIONS AND ANSWERS.

QUALIFYING EXAMINATION FOR DEPARTMENTAL CANDIDATES HELD BY THE PUBLIC SERVICE COMMISSION.

763. *Mr. Abdul Latif Sahib Farookhi: (a) Is it a fact that the Public Service Commission, on taking over the recruitment of the clerical staff of the Government of India Secretariat and its attached and subordinate offices recommended a thorough revision of the existing system of recruitment and that, on the recommendations of the Commission, a Committee was constituted to examine the question on which all Departments were represented?

(b) Is it a fact that this Committee, among other things, recommended that, before the new system of recruitment was introduced, the existing members of the staff should be given an opportunity to qualify themselves for higher grades and that an examination for this purpose should be held on the same lines as the previous qualifying examinations held by the Staff Selection Board?

(c) Is it a fact that the examination recommended by the Committee of departmental representatives was held in November last?

(d) Is it a fact that the Commission, while calling for lists of candidates for the examination from departments, notified to the effect that the examination would be held on the same lines as the previous qualifying examinations?

(e) Is it a fact that, in the qualifying examination held by the Staff Selection Board, candidates were required to obtain certain percentages of total marks in the aggregate only and not in each paper of the written examination?

(f) Is it a fact that, even in the case of superior services examinations held by the Public Service Commission the results are based on the aggregate marks obtained by candidates?

(g) Is it a fact that, contrary to past practice, and notwithstanding their promises, the Public Service Commission prescribed percentages of marks varying between 40 to 70 per cent. to be obtained by candidates in each subject separately?

(h) What percentage of candidates was declared successful for each division?

(i) If the reply to part (g) above is in the affirmative, in how many cases were candidates obtaining more marks in the aggregate declared to have failed (1) for the first division, (2) for the second division, while those obtaining lesser marks were declared successful?

(j) Is it a fact that this was the last qualifying examination for departmental candidates and that those who have failed will have no prospects of promotion to higher grades except in rare cases in which the Commission may grant exemptions?

(k) If so, will the Public Service Commission be prepared to reconsider the results of the examination and declare more candidates as qualified, basing their results on the aggregate marks, qualifying limits being the same as were fixed for the examination held by the Staff Selection Board in 1920?

The Honourable Sir James Orerar: (a) Yes.

(b) The Conference recommended that one more opportunity of qualifying should be given but proposed that the standard adopted should be fairly high.

(c) Yes.

(d) The Commission stated that the subjects for the examination would be the same as in previous years but no standard of marking for securing success was notified.

(e) Yes.

(f) The Public Service Commission have power under several of the Regulations for the Superior Services to determine the qualifying mark in all or any of the subjects of examination.

(g) and (i). I have no information on these points.

(h) First Division 4 per cent.

Second Division 20 per cent.

Third Division 91 per cent.

(j) Yes.

(k) The Public Service Commission do not propose to reconsider the results of the examination as they think that it would be contrary to public interest to lower the standard required for qualifying.

CONVICTION OF SARDAR VALLABHBHAI PATEL.

764. *Pandit Madan Mohan Malaviya: (i) Will the Honourable the Home Member state:

(a) if in the information which the Bombay Government sent him in reply to my question under what section or sections Sardar Vallabhbhai Patel had been convicted and imprisoned, they had stated under what section the Sardar had been convicted and imprisoned;

(b) if so, why the Honourable the Home Member did not communicate the information to me in the letter which he was good enough to send me?

(ii) Is it a fact that:

(a) a notice having been issued to the Sardar under section 42 of the Bombay Police Act, he could only be convicted under section 68 of the said Act; and

(b) that the maximum punishment provided for disobeying an order under section 42 of the said Act is a fine, which may extend to Rs. 200 and no imprisonment?

(iii) Is it a fact that Sardar Vallabhbhai Patel has been convicted and imprisoned under section 71 of the said Act?

(iv) Do Government realise that the conviction of the Sardar under section 71 of the said Act and the sentence passed on him of imprisonment for three months and a fine of Rs. 500 are utterly illegal?

The Honourable Sir James Orerar: (i) (a) and (b). The information received on this point from the Government of Bombay reached me after I had written to the Honourable Member.

(ii) (a) and (b). As I explained in the course of the debate on the motion for adjournment, an order was served on Mr. Vallabhbhai Patel under section 42 of the Bombay District Police Act, but as he was about to act in contravention thereof, action was taken under section 54 of the Act. Disobedience to any direction under section 54 is punishable under section 71 of the Act.

(iii) Yes.

(iv) I can find no ground for such a view which is, however, a matter for judicial decision.

RACIAL DISCRIMINATION BETWEEN THE INDIAN AND ANGLO-INDIAN APPRENTICES IN THE KHARAGPUR WORKSHOPS.

765. ***Mr. S. O. Mitra:** (a) Has the attention of Government been drawn to the article headed "Bound apprentices in Kharagpur Workshop" published at page 126 of the "Bengal Nagpur Railway Employees' Journal" of February 1930?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state whether the facts of racial discrimination mentioned therein are correct? If so, do Government propose to remove the racial distinction between the Indian and the Anglo-Indian apprentices in the Bengal Nagpur Railway Workshops?

(c) If the answer to part (a) be in the negative, do Government propose to inquire into the allegations contained in the article mentioned in part (a) above and to state whether the allegations are true, and if so, do they propose to remove them? If not, why not?

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

(b) and (c). I have called for a report from the Agent, Bengal Nagpur Railway and will communicate with the Honourable Member when it is received.

HILL SCHOOL ALLOWANCE FOR BENGAL NAGPUR RAILWAY EMPLOYEES.

766. ***Mr. S. C. Mitra:** (a) Has the attention of Government been drawn to the article "The Hill School Allowance" published at page 127 of the "Bengal Nagpur Railway Employees' Journal" of February 1980?

(b) If the answer to part (a) be in the affirmative, do Government propose to redress the grievances of the Indian employees mentioned therein?

(c) If the answer to part (a) be in the negative, do Government propose to inquire into the difficulties of the Indian employees in matters of the education of their children as alleged in the article referred to in part (a) above, and will they be pleased to state whether the hardships are true, and if so, do they propose to remove them by suitable hill school allowances like those granted to the Anglo-Indian employees? If not, why not?

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

(b) and (c). As the Honourable Member is no doubt already aware, the revised general policy formulated by the Government of India to govern the grant of assistance to railway employees of State-managed railways for the education of their children is free from racial discrimination, and provides for the grant of assistance, subject to certain restrictions, to the children of employees who are sent to hill schools. The detailed rules to give effect to the general policy are still under the consideration of Government and when they are issued, Company-managed Railways, including the Bengal Nagpur Railway, will be invited to revise their rules on the model of the rules prescribed for State-managed Railways.

NEW JAIL RULES.

767. ***Mr. S. C. Mitra:** (a) Is it a fact that a new set of jail rules has been framed by the Government of India for the classification of the different classes of prisoners?

(b) If so, will Government be pleased to state when they were recommended to be brought into force by the Local Governments?

(c) Is it a fact that those rules have not yet been enforced in the Bombay Jails as has been made public in connection with the incarceration of Sardar Vallabhbhai Patel in the Sabarmati Jail?

The Honourable Sir James Orerar: (a) New principles have been laid down by the Government of India. The rules themselves will be framed by Local Governments where necessary under section 60 of the Prisons Act.

(b) I would invite the Honourable Member's attention to the communiqué issued by the Government of India on the 19th February. The Honourable Member will observe that Local Governments were asked to give immediate practical effect to the changes proposed, so far as possible, pending the formal amendment of the rules.

(c) No, Sir. Sardar Vallabhbhai Patel has been allowed all the privileges of an A class prisoner.

ADJUSTMENT OF CUSTOMS DUTIES BETWEEN THE GOVERNMENT OF INDIA AND INDIAN STATES.

768. ***Rai Bahadur S. C. Dutta:** (a) Have Government any intention to appoint a committee to inquire into and report upon what equitable adjustments should be made as to the distribution of customs duties upon goods admitted into India and other monetary claims between the Government of India and the Native States?

(b) If so, do Government propose to include representatives of the Indian Legislature or other non-official Indians, in that committee, to act in conjunction with the official members representing the interests of British India?

Mr. E. B. Howell: (a) and (b). The Indian States Committee in their Report have recommended the appointment of an expert Committee to enquire into first the reasonable claims of the States or groups of States to a share in the Customs Revenue, and secondly the adequacy of their contribution to Imperial burdens. The action to be taken with regard to this recommendation has not yet been decided by the Government of India, and they are accordingly not at present in a position to make any statement.

PUBLICATION OF THE SIMON COMMISSION'S REPORT.

769. ***Rai Bahadur S. C. Dutta:** (a) Has the attention of the Government been drawn to the report in the Press that the Secretary of State for India informed the House of Commons that Sir John Simon intimated to him that the Report of their Commission will be submitted before Easter?

(b) Is the Press report a true one, and have Government any information as to when this Report will be presented?

(c) Will this Assembly get an opportunity to discuss this Report before it is dissolved? Will the other branch of the Indian Legislature get a similar opportunity? Will the existing Local Councils get a similar opportunity? Do Government propose to advise the Local Governments to that effect?

The Honourable Sir James Orerar: (a) and (b). Government have seen a Reuter's telegram reporting a statement by the Secretary of State that Sir John Simon has intimated that the Statutory Commission will be very glad to find themselves able to place their Report in the Secretary of State's hands for submission to the King soon after Easter. Government have no further information.

(c) I regret that I am unable to make any further statement at present.

RELATIONS OF THE GOVERNMENT OF INDIA WITH INDIAN STATES.

770. ***Rai Bahadur S. C. Dutta:** (a) Will this House get an opportunity to discuss the report of the Butler Committee as to the relations of the Government of India with the Indian States or those portions of the Report of the Simon Commission that may deal with that Report or those relations of the States with British India or the question of the federation of British Indian Provinces and the Native States?

(b) Do Government propose to remove the restrictions contained in that respect in rules 23 and 8 of the Indian Legislative Rules?

Mr. E. B. Howell: (a) The Government of India are not at present in a position to make any statement in the matter. There was no recommendation in the Butler Committee Report for any federation of British Indian Provinces and the Indian States.

(b) No.

Pandit Nilakantha Das: Are Government going to make the Butler Report available to the Members of this House?

Mr. E. B. Howell: It has been published.

Pandit Nilakantha Das: It has not been circulated to Members of this House?

Mr. E. B. Howell: Will the Honourable Member give notice of that question?

Pandit Nilakantha Das: Are Government prepared to circulate that Report among the Members of this House?

Mr. E. B. Howell: I have said I want notice of that question.

Diwan Ohaman Lall: Do Government take it that Members of this House are not interested in this matter?

Nawab Sir Sahibzada Abdul Qaiyum: Do you mean that every Report should be circulated to Members of this House?

Mr. Gaya Prasad Singh: How much time does the Honourable Member want by way of notice? There are not 10 days left in this Session.

TRANSFER OF SUPERINTENDENTS AND INSPECTORS OF POST OFFICES.

771. ***Pandit Nilakantha Das:** (a) Is it a fact that the Superintendents and Inspectors of Post Offices are transferred every three years? If so, why?

(b) Is it a fact that the gazetted Postmasters of the grade of Rs. 350—650, have got power like the Postal Superintendents?

(c) If the reply to part (b) be in the affirmative, will Government please state why the gazetted Postmasters are also not transferred after three years like the Postal Superintendents?

Mr. H. A. Sams: (a), (b) and (c). I would refer the Honourable Member to my reply on the 12th of March, 1930, to starred question No. 540 asked by Mr. S. C. Mitra.

With respect to (a) I would add that it is considered advisable in the interests of administration that such transfers should ordinarily be made.

REDUCTION OF STAFF OF THE BEADON STREET TOWN SUB-POST OFFICE, CALCUTTA.

772. ***Pandit Nilakantha Das:** (a) Has the attention of the Government been drawn to an article "Reduction of staff of the Beadon Street T. S. O., Calcutta" published in the November issue of *Labour* of 1929?

(b) Are Government prepared to inquire into the allegations made therein?

(c) Will Government be pleased to place on the table a statement showing the hours of attendance and departure of clerks of that office for one month from any date of February 1980?

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

(b) No. The matter is a local one and the Provincial Postal and Railway Mail Service Association of the Bengal and Assam Circle can take it up with the Postmaster-General, Bengal and Assam Circle, if they wish to do so.

(c) A statement showing the hours of attendance of the clerks will be supplied to the Honourable Member. A statement of the hours of departure cannot be supplied as no record is kept of the time at which each clerk actually leaves office.

PASSES FOR INSPECTORS, RAILWAY MAIL SERVICE.

773. ***Pandit Nilakantha Das:** (a) Is it a fact that Inspectors of Railway Mail Service are classed as second class officers like Inspectors of Post Offices?

(b) Is it a fact that both Inspectors of Railway Mail Service and Inspectors of Post Offices were formerly supplied with second class railway passes?

(c) Is it a fact that neither Inspectors of Post Offices nor Inspectors, Railway Mail Service are now-a-days supplied with railway passes, but that whereas the former are allowed to purchase second class railway tickets the latter are required to travel in mail vans only with Railway Mail Service sorters?

(d) Is it a fact that Inspectors, Railway Mail Service, are generally required to perform longer railway journeys than sorters?

(e) Is it a fact that Inspectors, Railway Mail Service, are required to convey special bags for H. E. the Viceroy and Commander-in-Chief and are sometimes required to travel by railway for over twenty-four hours?

(f) Is it a fact that most of the mail vans on the metre gauge lines are not provided with latrines?

(g) Is it a fact that Inspectors, Railway Mail Service, are sometimes required to travel in mail vans on metre gauge lines for nearly 24 hours?

(h) Was it not a part of the duties of Inspectors, Railway Mail Service to pay surprise visits to mail vans to supervise the work of sorters?

(i) Is it not a fact that since the withdrawal of the railway passes Inspectors, Railway Mail Service are no longer able to pay surprise visits to mail vans?

Mr. H. A. Sams: (a) Yes.

(b) Yes.

(c) The duties of the Inspectors of Post Offices and those of the Inspectors, Railway Mail Service, differ. The latter are still supplied with railway passes for travel in mail vans the work in which it is their duty

to inspect. The Inspectors of Post Offices are not supplied with railway passes and are allowed to purchase tickets as their duties are not on the railway.

(d) No, not generally.

(e) Yes, occasionally.

(f) Yes, but endeavours are already being made to supply these conveniences where they do not now exist.

(g) No, not continuously for 24 hours.

(h) Yes, it is still a part of their regular duty to pay surprise visits to mail vans.

(i) As mentioned in reply to part (c) of this question the railway passes have not been withdrawn from the Inspectors, Railway Mail Service. Inspectors of Railway Mail Service can and do pay surprise visits to the mail vans to inspect the work.

PASSES FOR INSPECTORS, RAILWAY MAIL SERVICE.

774. *Pandit Nilakantha Das: (a) Is it a fact that Superintendents, Railway Mail Service travel in first class compartments when carrying out their half-yearly inspection, but when they depute their Headquarter Inspectors for the same work the latter have to travel in mail vans?

(b) Do Government propose to re-introduce the old system of supplying railway passes to Inspectors, Railway Mail Service or in the alternative to authorise them to purchase second class railway tickets when travelling by railway? If not, why not?

Mr. H. A. Sams: (a) It is not clear to what inspections the Honourable Member refers. While performing the inspections of running sections, the Superintendents, Railway Mail Service, and the Inspectors, Railway Mail Service, alike must necessarily travel in mail vans. In case of the inspections of stationary offices the Superintendent is not necessarily required to travel by Mail van and has discretion to permit the Headquarters Inspector to purchase a ticket when he travels direct to Mail offices for the purpose of inspection without examining intermediate sections.

(b) It has been arranged that Inspectors of the Railway Mail Service should be supplied with passes for travel in mail vans. Inspectors of the Railway Mail Service are also permitted to purchase tickets in special circumstances under the orders of the Heads of Circles or of Superintendents of the Railway Mail Service. These measures adequately meet the situation at the present time and the Government are not prepared to extend the latitude now allowed to Heads of Circles or Superintendents for the purchase of tickets for all Railway journeys irrespective of their object.

STATEMENTS PROMISED IN REPLY TO CERTAIN QUESTIONS.

775. *Pandit Nilakantha Das: (a) Will the Honourable Member in charge of Railways and Commerce be pleased to lay on the table of the House the statement he promised in reply to my questions Nos. 857 to 860 and 816, 818, 819, 821 and also 820 of the last (1929) Simla Session of this Assembly?

(b) Will the Honourable Member also lay on the table the report promised by the then Financial Commissioner for Railways, Mr. P. R. Rau, in reply to my question No. 861 of the last (1929) Simla Session of this Assembly?

(c) In this connection will the Honourable Member state what is actually going to be done with regard to the Inquiry Committee and my memorandum on the subject submitted and accepted in principle by the Railway Advisory Committee in its sitting in Simla (1929, Autumn)?

The Honourable Sir George Rainy: I lay on the table the replies to the Honourable Member's previous questions. Copies of these are being sent to him. He will, I think, find that they deal with practically all the points raised by him in the memorandum referred to in part (c) of his question. But I should explain that we have only recently obtained complete information to answer his questions and I will have the memorandum again examined to see if there are any outstanding points.

Question No. 357.

(a) Is it a fact that the Universal Sleepers are contemplated in the patents Nos. 11231, 11232 and 11233 of 1926, granted to Messrs. R. D. T. Alexander, Henry William Joyce and David Leslie?

(b) Is it a fact that the three patentees referred to in part (a) above are and were Civil Engineers in the employ of the Bengal Nagpur Railway—Mr. R. D. T. Alexander—the Chief Engineer and other two assistants of the Bengal Nagpur Railway?

(c) Is it a fact that those Civil Engineers the patentees—have arranged with Henry Williams, Ltd., and Burn and Co., for the manufacture and the supply of those Universal sleepers?

(d) Has the firm Henry Williams, Ltd., any connection with the patentee, Henry William Joyce?

(e) Is it a fact that the Universal type of steel sleepers are exclusively manufactured and supplied by Messrs. Henry Williams Ltd.?

Answer.

(a) and (b) Yes.

(c) The sleepers are manufactured by Burn and Company, not by Henry Williams Ltd.

(d) No.

(e) No. No steel sleeper of Universal type is known to the Railway Board. The Universal sleeper is made of cast iron and is not manufactured by Messrs. Henry Williams and Sons.

It is a fact, however, that certain types of steel sleepers are or have been exclusively manufactured and supplied by Messrs. Henry Williams (India) Ltd.

Question No. 358.

(a) Is it a fact that the Bengal Nagpur Railway, as per a private contract, supplies so called condemned steel sleepers to Henry Williams Ltd. who in turn after making some slight alterations supply back these very sleepers to the Bengal Nagpur Railway as Universal steel sleepers? If so, what is the price per ton paid to Henry Williams

Ltd., for these additions and alterations in the so-called condemned sleepers? What is the price per ton of the so-called condemned sleepers as well as the price per ton of the Universal sleepers made therefrom? What is the quantity of these steel sleepers supplied year after year by Henry Williams Ltd.? How many years had the so-called condemned sleepers been used before they were supplied to Henry Williams Ltd. to be made into Universal Steel sleepers?

(b) Was the price f.o.r. destination or f.o.r. manufacturing firm? What is the price f.o.r. destination in each case compared with the price of Railway Board sleepers?

Answer.

(a) Messrs. Henry Williams, India Ltd. have supplied in the past to the Bengal Nagpur Railway two kinds of steel sleepers in which the metal from condemned steel sleepers is utilised. The first kind consists of a steel trough with two steel saddle plates under the rail seat. The troughs are made of new steel but the saddle plates are made from condemned sleepers. Each condemned sleeper provides metal for five to six saddle plates.

The price of such sleepers paid to the firm has been Rs. 10 per sleeper, exclusive of the cost of the metal for saddle plates, worth four annas per sleeper, making the total cost of the sleeper Rs. 10-4-0.

(2) Another form of steel sleeper has been made up by Messrs. Henry Williams & Sons, for the Bengal Nagpur Railway, from material recovered from condemned steel sleepers. The condemned steel sleepers have generally failed under the rail seat while the portion of trough between the rails is still in good condition. The worn out portions of the sleepers were cut off and from the sound material left, one reconstructed sleeper was obtained from every two condemned sleepers by rivetting the two pieces together. The price paid to the firm for cutting up and reshaping, rivetting, fixing saddles and providing fastenings, was Rs. 8 per sleeper. The value of the steel from the condemned sleepers supplied to the contractors varies from 10 annas to Rs. 1-8-0 per new sleeper.

(3) The quantity of saddle type sleepers supplied year by year is as follows :

1926-27	66,000 sleepers manufactured from materials obtained from condemned sleepers.
1927-28	84,000 sleepers manufactured from materials obtained from condemned sleepers.
1928-29	8,95,000 sleepers improved patent pea pod type with saddles made from metal obtained from condemned sleepers.
1929-30	3,00,000 sleepers improved patent pea pod type new steel used throughout.

(4) The condemned sleepers have been in use for 40 to 42 years before being sent to Messrs. Henry Williams, India, Ltd. for conversion.

(b) The price paid was f.o.r. contractor's works. The price of the Railway Board's steel sleepers recently has been about Rs. 10 f.o.r. Indian Port. The saddle type sleeper is claimed to be stronger than the other types and actual tests in the Government Test House, Alipur, prove this to be a fact.

Question No. 569.

(a) Is it a fact that Universal cast iron sleepers are supplied exclusively by the combine of Messrs. Burn and Co. and Bengal Iron Ltd.? What is the quantity purchased year after year from them and for what price? What is the price as compared with Railway Board sleepers? Are tenders called for for the Universal type cast iron sleepers?

(b) Is the price f.o.r. destination or f.o.r. manufacturing firm? What is the price calculated as f.o.r. destination in each case compared with the price of the Railway Board sleepers there?

Answer.

(a) Universal type cast iron sleepers are supplied exclusively by Messrs. Burn & Co., Ltd. The quantities purchased year by year and prices paid are as follows :

		Rs.	s.	p.
1925-26	. . . . .	300 @ 14	4	0 each.
		500 @ 19	0	0 "
1926-27	. . . . .	11,000 @ 10	9	0 "
1927-28	. . . . .	10,200 @ 9	15	0 "
		4,400 @ 10	9	0 "
		17,300 @ 11	4	0 "
1928-29	. . . . .	1,100 @ 9	2	0 "
1928-29	. . . . .	93,800 @ 9	0	0 "
		8,800 @ 10	0	0 "
		164,900 @ 10	2	0 "
1929-30	. . . . .	97,000 @ 10	2	0 "

The prices paid for cast-iron sleepers purchased by State Railways have been as follows :-

1924-25	. . . . .	Lines' sleepers	Rs. 15'3	per sleeper at site.
1926-27	. . . . .	S. M. type sleepers	Rs. 11'25	per sleeper, at site.
		N. W. R. type sleepers	Rs. 13'5	per sleeper, at site.	
		Lines' sleepers	Rs. 14'5 to Rs. 15'2	per sleeper at site.	
1927-28	. . . . .	L. K. and T. S. C. type sleepers	Rs. 10'26 to Rs. 11'81	per sleeper at site.
1928-29	S. M. type sleeper	Rs. 10'5 to Rs. 12'00	per sleeper at site, L. K., T. S. C., etc., Rs. 8'94 to Rs. 12'15	per sleeper at site.

The present prices are from Rs. 8-8-0 to Rs. 9-8-0 per sleeper at works.

The Bengal Nagpur Railway have not called for tenders for other types of cast iron sleepers to compare with Messrs. Burn & Co.'s Universal type in the past, but they have been instructed to do so in the future.

(b) The price is f.o.r. manufacturing firm. The price f.o.r. destination in each case depends on the distance of the destination from the works. The cost of carriage would be about the same as for the Railway Board's sleepers, as the weights are practically the same. It should be explained that the Universal type cast iron sleeper is designed for use with more than one size of rail, whereas the Railway Board types have not hitherto been made so that the same sleeper will take more than one size of rail.

Question No. 360.

(a) Is it a fact that the Controller of Stores is entrusted generally with all sales of scrap and purchase of stores in the Bengal Nagpur Railway?

(b) Is it also a fact that the supply of condemned steel sleepers to Henry Williams and the purchase of cast iron and steel Universal sleepers are entrusted not to the Controller of Stores but exclusively to the Chief Engineer, Bengal Nagpur Railway, Mr. R. D. T. Alexander, one of the partners of the patentees of these sleepers?

Answer.

(a) Yes.

(b) No. Orders for both cast iron and steel sleepers are in all cases placed by the Controller of Stores or by the Agent. The condemned steel sleepers supplied to Henry Williams Ltd. for use in making saddle type sleepers are not sold to them, but only the cost of conversion is allowed to them. The whole of the metal in the condemned sleeper is not used for making saddle plates. Metal not fit for such use remains the property of the Bengal Nagpur Railway and is sold as scrap by the Controller of Stores.

Question No. 361.

(a) What business of the Bengal Nagpur Railway is entrusted to Hoare Miller and Co.?

(b) Are tenders called for for the supplies entrusted to Hoare Miller and Co. if any? Has Hoare Miller and Co. any connection with R. Miller Esqr., Chairman of the Home Board of the Bengal Nagpur Railway.

(c) What is the extent of the business entrusted to Hoare Miller and Co. by the Bengal Nagpur Railway.

Answer.

(a) & (c). The Calcutta Steam Navigation Co. of which Messrs. Hoare Miller & Co. are the Agents have two agreements with the Bengal Nagpur Railway :

(i) for taking delivery of landing, transporting and handling Railway material and stores consigned to the Bengal Nagpur Railway at the port of Calcutta. Messrs. Hoare Miller and Co. act as Agents of the Railway in Calcutta for the forwarding of all such material and stores to the Railway. This arrangement has been in force since 1886.

(ii) for acting as Agents of the Bengal Nagpur Railway in Calcutta for the receipt and despatch of goods and passenger traffic to and from Armenian Ghat from and to stations on the Railway. This arrangement has been continuous since 1901.

(b) As no supplies are entrusted to Messrs. Hoare Miller & Co. the question does not arise. Mr. Robert Miller, Chairman of the Board of Directors of the B. N. Ry. Co. is not and never has been an officer of Messrs. Hoare Miller and Co. operating in India. He is a Director of Messrs. Hoare Miller and Co., London.

Question No. 816.

With reference to the statement promised by the Hon'ble Sir George Rainy in reply to my starred questions Nos. 357 to 360 this session, will Government please state :

(a) What is the quantity of the so-called condemned steel sleepers supplied to Henry Williams (India) Ltd., up to date by the Bengal Nagpur Railway?

(b) What is the quantity of the universal steel sleepers (i.e., steel sleepers referred to in the patents quoted in question No. 357) received by the Bengal Nagpur Railway from Henry Williams (India) Ltd., in return up to date after making the alterations referred to in my starred question No. 358?

(c) What is the quantity of those patented steel sleepers purchased from Henry Williams (India) Ltd. by the Bengal Nagpur Railway up to date besides the quantity referred to in part (b)? What is the price of these sleepers?

(d) Were the above patented sleepers used by the Bengal Nagpur Railway before Henry Williams (India) Ltd. came into existence? If so, from where were they got and which were the firms who supplied them and how were they purchased, by public tender or by private arrangement?

(e) Are any other Railways using these sleepers? If so, which are they, and what quantity (and at how much cost) have they used up to date? Were they purchased by means of public tender or not?

Answer.

(a) The number of condemned steel sleepers supplied to Messrs. Henry Williams (India), Ltd., is approximately 6.18 lakhs.

(b) The patent numbers quoted in question No. 357 do not refer to steel sleepers manufactured by Messrs. Henry Williams, Ltd. The remainder of the question, therefore does not arise.

(c) Please see the reply given to question 358 (a) above.

(d) The answer to the first part of the question is in the negative and the second part does not arise.

(e) Full information is not available but steel sleepers of the saddle type were supplied to the East Indian Railway for trial. They were not purchased by public tender as no other firms make such sleepers.

Question No. 818.

With reference to the statement promised by the Honourable Sir George Rainy to my starred questions Nos. 357—360 this session, will Government please give the following information?

- (a) Do the extracts quoted by me in my supplementary question from the Report of the Accountant-General, Railways (page 31, para. 65) refer to Henry Williams, Ltd.?
- (b) Is it a fact that the land referred to in part (a) was enclosed with a boundary wall and provided with a Railway siding just after the formation of Henry Williams (India) Ltd. and was rented out to them on a nominal rent?
- (c) What was the cost of the boundary wall and the Railway siding and with the cost and interest therein added to the loss on rent already calculated by the A. G. Railways [referred to in part (a)] what is the total loss to the Bengal Nagpur Railway?
- (d) Were any siding charges realised from Henry Williams (India) Ltd.? Is the lease on land a long lease? If so, for how many years, and with whose sanction it was entered into?

Answer.

- (a) Yes.
- (b) No. The facts are as follows:

The old brickfield land at Shalimar with an area of 27 acres was served by a siding constructed and extended as required between 1906 and 1925. Prior to 1925, part of this area was reclaimed and leased out on temporary leases to various firms. In 1925 Henry Williams (India) Limited obtained a lease of 6½ acres on the same terms as those on which leases had been given to other firms; the part of the siding within the area leased to Henry Williams (India) Ltd. was re-arranged and extended, and the use of the siding was then given to the firm on Assisted Sidings terms identical with those granted to all industrial undertakings served by the railway.

Orders were passed in 1919 to enclose the whole of the old brickfield land with the boundary wall mentioned by the Honourable Member, because the area was subject to encroachment and constant supervision had been found to be required to avoid occupancy rights arising. An estimate was prepared in 1921, but the work was postponed until 1925 when the most urgent part of the wall, namely, the portion along the north and east boundaries was sanctioned. The total length of the boundary wall then sanctioned and built was 2,500 ft. of which only 800 ft. coincides with the north and east boundaries of Henry Williams (India) Limited's lease. The west and south boundaries of the area leased to Henry Williams (India) Limited have still no wall, but are enclosed by a fence erected by the firm at its own expense. The building of a boundary wall was not undertaken with regard to the interests of any of the various lessees of the land, but was part of a considered programme dating from 1919 for making railway land at Shalimar free from encroachment. The rent charged to Henry Williams (India) Limited was an economic rent and not a nominal rent, being a lump sum of Rs. 110 per month *plus* taxes. This is equivalent to 8 annas per thousand sq. feet. The rent assessed by the Howrah Municipality for neighbouring land adjoining these boundaries varies from 4 annas per thousand sq. feet for vacant land to 12 annas per 1,000 sq. feet for superior residential sites; and the land leased to Henry Williams (India) Limited was and still is partly covered by tanks and none of it is fit for residential or building sites. The part covered by tanks was assessed at 2 annas per thousand sq. feet and the filled part at 12 annas per thousand sq. feet.

(c) The cost of the part of the boundary wall adjoining the land leased by Messrs. Henry Williams (India) Limited was Rs. 6,800. The cost of the Assisted Sidings laid within the area leased to Messrs. Henry Williams (India) Limited was approximately Rs. 19,000 of which the Railway portion under Assisted Siding terms was Rs. 16,000.

As explained earlier a fair economic rent was charged so the remainder of this question does not arise.

(d) Yes. Siding charges are realized in accordance with the rates publicly notified in Bengal Nagpur Railway "Goods Pamphlet Part I". The lease of the land conforms to the rules of the railway for the temporary occupation of land by merchants as a Traffic facility and is terminable on 10 days' notice. The Agent of the Railway within whose powers it lies concluded the lease.

Question No. 819.

Is it a fact (i) that the firm of Messrs. Henry Williams (India) Limited is a private limited liability company of which the total paid up capital (preference and ordinary shares together) is only Rs. 3,16,500; (ii) that the firm has issued other ordinary shares valued at Rs. 5,38,000 as fully paid up for considerations otherwise than in cash; (iii) that Messrs. L. Greenham, Agent (now retired), Bengal Nagpur Railway, Henry William Joyce, Charles Williams Anderson, F. N. Slane, R. M. Hughes—all engineers of the Bengal Nagpur Railway together with other members of their family (namely Miss Enid Joyce, Mr. Eric Joyce—Minors and Jane Elizabeth Anderson) have been connected with the firm; and (iv) that big contracts worth crores of rupees have been and are being placed with them by the Bengal Nagpur Railway from the date of the formation of the firm, by private agreement without calling for tenders?

Answer.

(i), (ii) & (iii). The company was incorporated as a private limited liability company on the 16th March, 1922, with an authorised capital of Rs. 20,00,000 divided into 10,000 preference and 10,000 ordinary shares of Rs. 100 each. The signatories to the Memorandum of Association were Mr. Owen, R. Williams, of 21 Old Court House Street, Calcutta, Engineer, and Mr. G. C. R. Taylor, Solicitor and a partner of the firm of Kesteven, Gooding & Co. Solicitors of 26 Dalhousie Square, Calcutta.

The figures mentioned in the question with regard to the paid up capital and the number of shares issued as fully paid up otherwise than in cash are correct.

Prior to the registration of the company Messrs. Henry Williams Ltd. of Railway Appliances works Darlington, operated direct in India as Signal engineers and Merchants, and Henry Williams (India) Limited, was formed to purchase their goodwill consisting of certain Indian Letters Patents, provisional Patents and Registered Designs as well as stocks of signalling equipment permanent way fittings chain lamps, etc., in Bombay and Calcutta. The purchase price of Rs. 5,38,000 was by an agreement met by the allotment to the Vendor Company of 5,380 shares of Rs. 100 each credited as fully paid up.

The persons named in the Question are some of the shareholders of the company, with the exceptions of F. N. Slane and Jane Elizabeth Anderson whose names do not appear in the company's list of shareholders.

(iv) Messrs. Henry Williams Limited supply all classes of permanent way and other railway materials including points and crossings signal material and steel sleepers. Public tenders are invariably called for except in the case of proprietary articles.

The total value of orders placed by the Bengal Nagpur Railway Company with Henry Williams (India) Limited in the past is approximately Rs. 175 lakhs. It has not been possible to divide this amount into contracts for which public tenders were or were not called but it is estimated that the proportion is about 30 to 145.

Question No. 820.

(a) What are the quantities and the value of the railway orders placed by the Bengal Nagpur Railway and other railways, if any, up to date for various articles with, (1) Henry Williams (India) Ltd., and (2) Henry Williams (Darlington) Limited, with details as to how much in value was on tenders and how much was by private arrangement?

(b) What, if any, is the connection between Henry Williams (India) Limited and Henry Williams (Darlington) Limited?

(c) What, if any, is the connection between officers of the Bengal Nagpur Railway and Henry Williams (Darlington) Limited as well as Henry Williams (India) Limited?

(d) What has been the loss, if any, to the Bengal Nagpur Railway on account of the private orders referred to in part (a)?

Answer.

(a) Please see the reply to question No. 819 (iv) above, for the value of Railway orders placed by the Bengal Nagpur Railway. Information relating to other railways is not available.

(b) The Managing Director of both the firms is the same person and the firm in England are the principals of the Indian firm.

(c) The Agent, Bengal Nagpur Railway, reports that so far as he is aware no officer now serving on the B. N. Railway has any connection of any kind with the two firms mentioned.

(d) A comparison between the rates paid for cast iron and steel trough sleepers by the Bengal Nagpur Railway to Messrs. Henry Williams (India) Limited, and to Messrs. Burn & Co. with the rates paid for cast iron and steel sleepers purchased by State Railways, shows that the difference in rates is very little, and as it is recognised that in some respects the sleepers obtained by the Bengal Nagpur Railway possess advantages not possessed by the other sleepers, it does not appear that any loss has been incurred by the Bengal Nagpur Railway. As an instance of the advantages possessed by the type of sleepers purchased by the B. N. Railway, the Universal type cast iron sleeper can be used with the existing rail weighing 85 lbs. and when this rail has to be replaced in the near future the same sleeper will fit the 90 lb. rail which will be used to replace the 85 lb. rail. The Railway Board does not approve of the system of placing orders for proprietary articles without calling for tenders as has been the practice on the B. N. Railway in the past and orders have now been issued that they should not do so in the future.

Question No. 821.

(a) Who will be responsible for the losses in rent boundary wall, railway siding and purchases referred to in my previous questions?

(b) Will the loss be recoverable? If so, how and to what extent?

Answer.

(a) and (b). As no losses are involved, the question does not arise.

DEMAND BY A GOVERNMENT SERVANT FOR AN INQUIRY ON HIS DISMISSAL, DISCHARGE OR REMOVAL.

776. *Mr. Muhammad Ismail Khan: (a) Will Government be pleased to state whether there are any departmental rules which entitle a Government servant to demand an inquiry when he is dismissed, discharged or removed?

(b) If the reply to part (a) is in the affirmative, will Government be pleased to state whether this rule applies to all the provinces including the North-West Frontier Province?

The Honourable Sir James Orer: (a) and (b). There are definite rules regulating the conduct of departmental inquiries. So far as Governor's Provinces are concerned, the matter is governed by rule XIV of the Civil Services (Governors' Provinces) Classification Rules. As regards officers serving directly under the Government of India, including those in the North-West Frontier Province, the position is that there are executive instructions the provisions of which are similar to those contained in rule XIV of the Classification Rules referred to. These instructions have statutory force.

OFFICIALS EMPLOYED IN THE INDIAN POST OFFICES.

777. *Mr. Abdul Latif Sahib Farookhi: Will Government be pleased to state:

- (a) The number of officials employed in April, 1919, and now in the Indian Post Offices in each of the following grades:
- (1) Runners;
 - (2) Lower grade staff, i.e., officials below the rank of postmen except runners;
 - (3) Postmen;
 - (4) Officials above the rank of postmen and below clerks;
 - (5) Clerks;
 - (6) Selection grade officials; and
 - (7) Gazetted Officers.
- (b) The number of Officials employed in April 1919, and now in the above said seven grades in the Madras Presidency only; and
- (c) The number of Officials employed in April 1919, and now in the above said seven grades in the Madras City only?

Mr. H. A. Sams: (a) and (b). A statement, containing the information required, so far as it is available, is being supplied to the Honourable Member.

(c) Inquiries are being made and the information will be furnished to the Honourable Member in due course.

REVISION OF PAY FOR POSTAL EMPLOYEES.

778. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state whether any revision of pay was sanctioned for the Postal employees just preceding the general revision sanctioned on the recommendation of the Postal Inquiry Committee?

(b) If so, what was the amount allotted for it?

(c) Is it a fact that the postmen and the lower grade staff were not given the benefit of that revision?

(d) If the answer to part (c) is in the affirmative, what were the reasons for not revising the pay of the postmen and the lower-grade staff?

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

(b) About Rs. 17 lakhs per annum.

(c) Yes.

(d) The reasons for the revision in question were that owing to the inadequacy of the initial rates of pay and the slowness of promotion it was found difficult to recruit men of suitable education for the clerical cadre. No such difficulties were experienced in the recruitment of postmen and lower grade staff and a revision of their rates of pay was not therefore then considered necessary.

POSTAL INQUIRY COMMITTEE AND ITS RECOMMENDATIONS.

779. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state when the Postal Inquiry Committee was formed and what was the interval between its function and the date of giving effect to its recommendations?

(b) What were the establishment charges incurred in 1919, *i.e.*, prior to the appointment of the Postal Inquiry Committee and the amount spent on each of the following seven grades?

- (1) Runners;
- (2) Lower grade staff, *i.e.*, officials below the rank of postmen except runners;
- (3) Postmen;
- (4) Officials above the rank of postmen and below clerks;
- (5) Clerks;
- (6) Selection grade officials; and
- (7) Gazetted Officers.

(c) What were the establishment charges incurred in 1920 in respect of each of the above said seven ranks as a result of the Committee's recommendations?

(d) Will Government be pleased to state whether, apart from the revision sanctioned in the year 1918, and the revision made as a result of the recommendation of the Inquiry Committee, any other revision of pay was sanctioned by Government to any of the officials in any of the above seven ranks between 1919 and 1929, and if so, the amount incurred and the amount spent on each rank?

The Honourable Sir Bhupendra Nath Mitra: (a) The Postal Committee assembled in Simla in April, 1920, but retrospective effect was given from the 1st December, 1919, to the recommendations of that Committee.

(b) and (c). If the Honourable Member will refer to pages 25, 34 to 48, and 72 of the Committee's Report, he will find the information which he requires. The conditions of service and pay of the gazetted staff were not included in the terms of reference of the Committee.

(d) During the years 1926-27, 1927-28, and 1928-29, improved scales of pay for non-gazetted subordinates generally of the Posts and Telegraphs Department were introduced. It would not be possible without making investigations involving an undue amount of labour to give details of cost in respect of each class of officials.

GRANT OF INCREMENTS OF PAY FOR PAST SERVICE TO POSTMEN.

780. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state whether postmen and the clerks are included in the superior service of the Department?

(b) Is it a fact that, in granting increments to clerks, the full period of their temporary service or officiating service was subsequently taken into account and pay revised?

(c) Was the above concession allowed to the postmen, and if so, when and from what starting point?

(d) If the postmen on permanent service on the date of revision of 1919 have not been given that benefit, what steps do Government propose to take in the matter to redress the grievances of the postmen?

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

(b) Yes, subject to certain conditions and restrictions.

(c) No. The concession granted to postmen was of a different nature. They were allowed to count for increments not only their permanent service as postmen, but also one-third of all other service in the Department, whether permanent or temporary.

(d) Government do not propose to take any further action after the lapse of ten years nor, in view of the substantial concession granted to postmen as explained in my reply to part (c) above, do they consider that the postmen have any grievance.

APPOINTMENT OF POSTMEN AS LOWER DIVISION CLERKS.

781. ***Mr. Abdul Latif Sahib Farookhi:** (a) Will Government be pleased to state whether they have given effect to the scheme of appointing postmen as lower division clerks? If so, in which year?

(b) How many postmen have hitherto been appointed to that cadre in each Circle till now?

(c) Is it a fact that some of the Superintendents in the Madras Presidency have reported to the Postmaster General that there are no competent postmen in their division to be promoted to that cadre?

(d) If so, from which of the Divisional Superintendents were such reports received?

Mr. H. A. Sams: (a) Yes. Towards the end of 1929.

(b) to (d). The information is being collected and will be furnished to the Honourable Member in due course.

PROMOTION OF POSTAL RUNNERS.

782. ***Mr. Abdul Latif Sahib Farookhi:** Will Government be pleased to state:

- (1) Whether vacancies in the rank of lower grade staff and postmen are filled up by direct recruitment or by promotion of runners and lower grade staff respectively, and if by promotion whether the vacancies are filled up by the seniormost officials in the respective ranks?
- (2) Whether appointments of sorting postmen, overseer postmen, cash overseers, head postmen and Departmental Branch Postmasters, etc., are reserved for postmen only?
- (3) Whether the above appointments are made according to seniority in service?
- (4) Whether Government are aware of the fact that runners who enter the Postal Department on Rs. 18 per mensem generally retire on Rs. 20 or Rs. 25 and do not reach even the postmen cadre?

- (5) Whether Government are prepared to consider the question of so refixing the pay of the four grades, i.e., runners, lower grade staff, postmen and sorting postmen as to enable a runner who enters the Department on Rs. 13 per mensem to retire on a decent pension after his service of 80 years?

Mr. H. A. Sams: (1) It is presumed that by "lower grade staff" the Honourable Member refers to the inferior staff in post offices, viz., packers, mail peons, etc. These officials are ordinarily recruited direct, but where suitable runners are available they can be employed in these capacities.

As regards postmen, vacancies in this grade are filled by promotion of inferior servants of the Department possessing the necessary qualifications, and, when qualified men are not available, by direct recruitment. The promotion is made by selection from qualified candidates, seniority being taken into account only when other qualifications are practically equal.

(2) Yes.

(3) The appointments are made by selection, seniority being regarded only where other qualifications are practically equal.

(4) Government are not aware of the fact that runners generally retire on Rs. 20 or Rs. 25. It is a fact that runners are seldom promoted to the grade of postman, because the majority of runners are entirely illiterate and therefore unfit to work as postmen.

(5) Properly qualified runners are not debarred from promotion to the postman cadre or beyond, and Government see no reason to refix the scales of pay of the four classes of officials referred to by the Honourable Member, which were revised as recently as May 1928.

Mr. Abdul Latif Sahib Farookhi: Have any runners been given the post of postmen?

Mr. H. A. Sams: I cannot say, Sir, without investigation.

HOUSE RENT ALLOWANCE FOR POSTMEN, LOWER GRADE STAFF AND RUNNERS.

783. ***Mr. Abdul Latif Sahib Farookhi:** (a) Will Government be pleased to state what principle is followed in determining the house rent allowance payable to postmen, lower grade staff and runners?

(b) In which post offices in the Madras Presidency is the house rent allowance paid and at what rates?

(c) Is it a fact that postmen and lower grade staff employed in some of the Post Offices situated even in the District Headquarters are not paid any house rent allowance?

(d) Is it a fact that the postmen and lower grade staff employed at Erode with a staff of six postmen get house rent allowance while those employed at Salem Head Office with a staff of 21 postmen do not get any allowance, though both the offices are under the control of one Divisional Superintendent? If so, why?

The Honourable Sir Bhupendra Nath Mitra: (a) Where owing to scarcity of houses or other reasons suitable accommodation cannot be obtained by a Government servant for a rent equivalent to 10 per cent. of his pay,

a house rent allowance is generally granted as a contribution towards the extra expense involved. This principle is generally followed in determining the house rent allowances payable to postmen and lower grade staff and runners.

	Rs.
(b) Madras and its town sub offices	3
Madura and ditto	2
Hyderabad and its town sub offices	2
Bangalore and its town sub offices	2
Coimbatore and its town sub offices	1
Ootacamund, Coonoor and Nilgiris	2
Trichinopoly and its town sub offices	1
Vizagapatam and its town sub offices	1
Erode	1
Tirupur	1
Erode R. S.	1
Tirupur Bazar	1

(c) Yes.

(d) Yes; from my reply to part (a) of his question, the Honourable Member will understand that neither the number of postmen in an office nor its administrative control has any bearing on the question of the grant of house rent allowances to the staff employed therein.

CASUAL LEAVE FOR POSTMEN..

784. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state whether postal employees are generally granted 20 days' casual leave?

(b) Is it a fact that postmen do not get casual leave easily and that if at all they get it, they have to pay for their substitutes and appoint them upon their own responsibility?

(c) Even if leave be granted, is it a fact that the duties of absentee are thrust upon another postman in addition to his own work?

(d) If so, have Government considered the advisability of appointing leave reserve postmen to enable postmen to get leave easily and avoid inconveniences to the public?

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

(b) Government have no information in regard to the former part. With regard to the latter part, ordinarily Government pays for the substitute, but in certain circumstances the postman proceeding on casual leave is liable to be called upon to pay for the substitute. When a substitute is employed, the postman ordinarily has to produce him and the postman as well as the head of the office are held personally responsible for the good behaviour of the substitute.

(c) When a substitute is not employed, the work of the absentee has, naturally, to be distributed among other postmen.

(d) The general question of forming a regular leave reserve for postmen is at present being examined by Government.

SECURITY FURNISHED BY POSTAL OFFICIALS.

785. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state whether postal employees are expected to furnish security to the Department?

(b) If so, what is the amount of security fixed for the various ranks of officials?

(c) What is the principle followed in determining the amount of security for each rank of officials?

(d) Is it a fact that in Madras City security to the extent of Rs. 1,000 and Rs. 2,000 is demanded of some postmen?

(e) What is the reason for demanding from postmen a security higher than that demanded of clerks and other officials?

(f) Are Government aware that postmen have been required to furnish securities of Rs. 250, 1,000 and 2,000? If so, are the pecuniary responsibilities of the postmen also fixed in proportion to the security required of them? If so, what is the value of articles entrusted to them?

(g) If any distinction exists in the pecuniary responsibility of each class and in the amount of value entrusted to each, is there a similar distinction in the pay of each class? If not, why not?

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

(b) Personal security is fixed as follows:

- (1) Sub and Branch postmasters, clerks, Record clerks, Accountants, Sorters, Mail guards, extra departmental agents and stamp vendors; Rs. 800.
- (2) Overseers and others who are specially required to convey or escort cash; Rs. 500.
- (3) Postmen, village postmen, overseers, mail peons, letter box peons, packers; Rs. 250.

Alternatively Cash Security amounting to two-thirds of these sums may be taken.

(c) Generally 20 times of the pay of an official on entering the Department was formerly taken as security. This limit has, however, not been increased since the last revision of pay and the security taken works out in most cases now to less than 20 times of the present initial pay.

(d) Certain postmen in Madras City were lately required to give a higher security, but it has been recently decided that security for more than Rs. 250 should not be demanded from them.

(e) The Honourable Member is referred to the reply to part (g) of his question.

(f) Yes. Ordinarily the aggregate amount entrusted to a single postman at one time for the payment of money orders *plus* the aggregate value of V. P. Parcels made over to him for delivery does not exceed Rs. 600. Where the amount to be paid and the value of the articles to be delivered exceeds this limit, a proportionately higher security has been taken in some places like Calcutta and Bombay. The value of articles entrusted to postmen varies in different postal circles and is governed by local circumstances.

(g) No, because pay does not depend on pecuniary responsibility alone. I would add that the whole question of reducing the responsibilities of postmen or of modifying the extent of the security taken from them is at present under the Director-General's consideration.

PAY OF STAMP VENDORS IN CERTAIN POST OFFICES.

786. ***Mr. Abdul Latif Sahib Farookhi:** (a) Will Government be pleased to state whether it is a fact that in Mannady, Broadway, Flower Bazaar, Park Town, Vepery, Mylapore, High Court Buildings and Triplicane Post Offices in the Madras City stamps are sold for over Rs. 200 daily?

(b) Is it a fact that the stamp vendors of the above offices are paid Rs. 17— $\frac{1}{4}$ —22, the scale fixed for the lower grade staff?

(c) Did the Government of India once decide that the pay of stamp vendors employed in offices where sales of stamps exceed Rs. 200 should be fixed at Rs. 40—5—90?

(d) If so, what are the reasons for fixing the pay of the stamp vendors employed in the above named offices on Rs. 17— $\frac{1}{4}$ —22?

(e) Are Government prepared to pay these stamp vendors at Rs. 40—5—90 at least in future and those in other offices of the Circle, if the aggregate sales therein justify it?

Mr. H. A. Sams: The information is being collected and will be supplied to the Honourable Member in due course.

HILL STATION ALLOWANCE FOR POSTAL OFFICIALS OF CERTAIN STATIONS.

787. ***Mr. Abdul Latif Sahib Farookhi:** (a) Will Government be pleased to state whether the postal clerks and other higher officials in the Post Offices like Coonoor, Ootacamund, Wynad, Yercaud, and Kodaikanal situated on the hills are paid hill station allowance? If so, at what rate and from which date?

(b) Is it a fact that postmen and the lower grade men employed in the above offices are not granted any such allowance?

(c) If the answer to part (b) be in the affirmative, are Government prepared to consider the case of these men also and grant them suitable allowance?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. The rates which were last revised with effect from the 1st September, 1921, vary for the different localities and for different classes of officials. In the case of the postal clerks at Ootacamund the allowance is, generally speaking, at the rate of Rs. 12 per mensem, while in the other places mentioned by the Honourable Member it is generally Rs. 10 per mensem. The Postmaster and Deputy Postmaster, Ootacamund, draw allowances of Rs. 40 and Rs. 20 per mensem, respectively.

(b) Yes.

(c) The attention of the Honourable Member is drawn to paragraphs 85 and 11 of the proceedings of the meetings of the Standing Finance Committee held on the 16th and 30th January, 1930, respectively.

SELECTION GRADE POST OFFICES IN INDIA.

788. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state the number of selection grade post offices in India in 1919 and the number of selection grade officers then in service?

(b) What is the number of selection grade post offices in India now and the number of selection grade officers now in service?

(c) What was the number of selection grade post offices in the Madras Presidency in 1919 and the number of selection grade officers then?

(d) What is the number of selection grade post offices in the Madras Presidency now and the number of selection grade officers thereof?

(e) If increase in work be the criterion for raising an office to a selection grade status, what are the principal items of work which justify the change?

(f) When were the undermentioned sub-offices raised to selection grade status?

1. Villupuram.
2. Chidambaram.
3. Myavaram.
4. Teppakulam.
5. Dindigul.
6. Karur.
7. Erode.
9. Tiruppur.
9. Coonoor, R. S.
10. Palghat.
11. Tuticorin.
12. Tinnevely.
13. Conjeevaram.
14. Washermanpeta.
15. Tindivanam.
16. Cuddalore, O. T.

Prior to the conversion of the above offices into selection grade offices, what were the number of postmen and the number of clerks employed in those offices? What is their present strength?

(g) Is it a fact that the strength of the clerical establishment only is increased in such newly made selection grade post offices while that of the postmen and lower grade men is not so increased? If so, why?

Mr. H. A. Sams: (a) and (c). There was no selection grade in 1919.

(b) Offices in India—806, Officers in India—1,633.

(d) Separate figures for the Madras Presidency are not available, but the figures for the Madras Postal Circle are: Offices—78, Officers—274.

(e) The status of a sub-office is raised to the selection grade when the work of the office as a whole justifies, by the application of the time-test, the employment of five or more clerks. All items of work covered by the time-test are taken into consideration, and it is not possible to discriminate as to their relative importance.

(f) Government do not possess the information and do not consider that the expenditure of time and labour which would be involved in collecting it could be justified by the importance of the result.

(g) No, the facts are not as stated by the Honourable Member. When the status of a sub-office is raised to the selection grade an actual increase of clerical staff does not necessarily take place. The selection grade posts of sub-postmasters are regarded as supervisory appointments and are over and above the operative strength of the clerical staff of an office as justified by the time-test.

DELIVERY OF POSTAL ARTICLES BY POSTMEN ON SUNDAYS AND OTHER HOLIDAYS.

789. *Mr. Abdul Latif Sahib Farookhi: (a) Will Government be pleased to state whether the despatch and delivery of paid letters constitute the only business transacted in Post Offices on Sundays and postal holidays?

(b) How is the attendance of postmen on Sundays and holidays regulated for the delivery of articles to the public?

(c) Is it a fact that in cities like Madras where there is more than one postman for a single beat on regular week days, the full beat is entrusted to one postman on holidays and the attendance of postmen arranged by turns?

(d) Is it a fact that in post offices like Tanjore, Conjeevaram, Erode, Cuddalore and a host of other offices, where there is only one postman for a beat all the postmen are required to attend to the delivery of articles, on holidays, in their respective beats?

(e) Is it a fact that the attendance of the postmen on holidays in the stations referred to in part (d) is not regulated by turns and that they work all the 365 days of a year, getting no holiday?

(f) Do they propose to arrange for causing the work to be done by turns and thus give the postmen holidays in the real sense of the term?

Mr. H. A. Sams: (a) The business mentioned by the Honourable Member is the main, but not the only business done by Post Offices on Sundays and Post Office holidays.

(b) The distribution of letters is generally restricted to a single delivery and, where the number of postmen employed permits of this, attendance is by rotation. As far as the possible attendance is fixed at an hour which affords the maximum portion of the day free to the postmen.

(c) to (e). Information is being collected and will be supplied to the Honourable Member in due course.

(f) Yes, if enquiries show that this is not already done and such arrangements are practicable.

HALTING ALLOWANCE FOR VILLAGE POSTMEN.

790. **Mr. Abdul Latif Sahib Farookh:** (a) Will Government be pleased to state whether it is a fact that village postmen are generally expected to halt in out-stations before returning to their headquarters after completing the delivery of articles entrusted to them?

(b) If so, are they paid any daily *batta* for the days they halt in out-station? If not, why not?

(c) What is the *batta* paid to the undermentioned officers and officials when they halt in out-stations during the course of their inspection?—

1. Director General,
2. Postmaster General,
3. Deputy Postmaster General,
4. Assistant Postmaster General,
5. Superintendent.
6. Inspector,
7. Village postmen.

(d) Will Government state how the village postmen keep secure the money order amounts and other valuable articles entrusted to them during their tour round the village?

(e) Are Government aware that the village postmen are often obliged to spend extra for their meals, etc., at the stations whereat they have to halt overnight?

(f) Are the Government prepared to consider the necessity of giving these village postmen daily *batta* for the days they halt in out-stations?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, in many cases.

(b) No. The conditions of service of village postmen require that they should remain absent from headquarters when necessary for the discharge of their duties.

(c) The rate of daily allowance for the journeys on tour is:

1. Rs. 10.
2. Rs. 7-8-0.
3. Rs. 6.
4. Rs. 4.
5. Rs. 4.
6. Rs. 3.
7. The village postmen have no inspection duty to perform, but, if they are required to perform any journey for which travelling allowance as on journeys on tour is admissible, they are paid at the rate of 0-4-0 to 0-8-0 annas per diem according to pay.

(d) Village postmen are supplied with locked bags in which to keep the cash and valuables entrusted to them when proceeding on their beats.

(e) Government have no information.

(f) No, for the reasons stated in reply to part (b) above and also in view of the fact that a substantial improvement in their pay was effected in 1928.

CONTRACTS MADE BY THE ARMY SERVICE CORPS.

791. ***Lala Rang Behari Lal:** (a) Will Government be pleased to state if it is a fact that, after contracts for the supply of a certain commodity are made by the Indian Army Service Corps, the copies of the specifications of the articles concerned are given to every unit and that they are also put up in the Ration Stand?

(b) If so, will Government be pleased to state if officers are authorised to go against those specifications?

(c) Will Government be pleased to state if there is any penalty for any officer intentionally going against these specifications and the method in which the contractor's loss is compensated?

Mr. G. M. Young: (a) Contracts for Indian Army Service Corps supplies are based on specifications approved by Government and published in a book entitled "Specifications of Articles supplied by the Indian Army Service Corps".

Copies of specifications are sent to all units to guide them in deciding whether the articles tendered are fit for acceptance.

(b) No, Sir.

(c) No specific penalty is prescribed in such cases. If a contractor considers that an officer has not adhered to the approved specifications, he has the right of immediate appeal to the competent authority mentioned in the contract deed.

CONTRACTS IN THE INDIAN ARMY SERVICE CORPS IN THE DELHI INDEPENDENT BRIGADE AREA.

792. ***Lala Rang Behari Lal:** (a) Will Government be pleased to state if any contracts were placed at higher rates in the Indian Army Service Corps in the Delhi Independent Brigade Area this year in spite of the fact that there were lower tenders?

(b) If so, what was the number of such contracts, and will Government be pleased to state the reasons for this action?

(c) Will Government be pleased to state whether these contracts are placed with several contractors or with one particular contractor?

(d) If the contracts are given to several contractors on higher rates, will Government be pleased to state their names?

Mr. G. M. Young: With your permission, Sir, I propose to answer questions Nos. 792, 793 and 794 together.

Enquiries have been made and the result will be communicated to the Honourable Member in due course.

TENDERS FOR THE FIRE-WOOD CONTRACTS IN THE DELHI INDEPENDENT BRIGADE AREA.

†793. ***Lala Rang Behari Lal**: Will Government be pleased to state the names of various tenderers for the fire-wood contracts in the Delhi Independent Brigade Area this year with their rates?

CONTRACT FOR HIRED TRANSPORT IN THE DELHI BRIGADE AREA.

†794. ***Lala Rang Behari Lal**: (a) Will Government be pleased to state whether the hired transport contractor for the year 1928-29 had claimed a big amount in the Delhi Brigade Area above his contract?

(b) Is it a fact that on account of the above said claim that contractor could not give a reasonable rate in 1929-30, so the contract for hired transport was placed with his younger brother who was added on the approved list?

ORDERS BY THE DEPUTY AUDITOR GENERAL RE DRAWING OF PAY BY A CLERK WHILE ON LEAVE.

795. ***Lala Rang Behari Lal**: (a) Is it a fact that the Deputy Auditor General, Headquarters, issued an Office Order to the effect that a clerk of the office of the Auditor General who is unable to receive payment of his dues in person should produce a life certificate signed by a responsible officer of Government or other well known and trustworthy person, in addition to a stamped receipt and a letter of authority?

(b) Are Government aware that the order requiring the production of a life certificate in such cases causes much inconvenience to the clerks on leave who may happen to be in a strange or a small station or who may be sick and unable to approach persons of the required status?

(c) Is it a fact that the clerks of the Auditor General's office made a representation against this order but that it was rejected?

(d) Is it a fact that no rule requiring the production of a life certificate in respect of non-gazetted Government servants is in force in any other Government office?

(e) Is it a fact that the Government of India has prescribed the production of such a life certificate *only* in the case of gazetted officers and officers on leave out of India?

(f) If so, are Government prepared to cancel the Order about the production of a life certificate?

The Honourable Sir George Schuster: (a) The Office Order in question requires that, when a member of the Auditor General's office establishment is unable to receive payment of his dues in person, he should send the following documents:

- (i) A receipt for the money due to him, duly signed, and stamped when necessary;
- (ii) A life certificate for the drawal of leave salary; and
- (iii) A letter mentioning the name of the person to whom the payment is to be made.

†For answer to this question, see answer to question No. 792.

(b) The existence of the order need not cause inconvenience, as, in cases in which individuals find it difficult to produce a life certificate, payment can be made by money order, at the cost of the payee, in which case payment is made by the Post Office to the recipient in person and no life certificate is required.

(c) Yes.

(d) Government are not aware of the practice actually obtaining in all other offices.

(e) Yes. But in the case of non-gazetted officers, Government hold the heads of offices responsible for the correct disbursement of amounts drawn by them for payment to their subordinates; and it is, therefore, for the heads of offices, in the discharge of their responsibility, to require the production of such a life certificate, should they consider it necessary, and not for the Government of India to prescribe it.

(f) No. The order merely embodies a reasonable and business like precaution.

DISCONTENT AMONG TYPISTS OF CERTAIN OFFICES.

796. ***Lala Rang Behari Lal:** (a) Are Government aware that there is serious discontent among the typists of the offices of the Accountant General, Central Revenues, Director of Railway Audit, Auditor General, Director of Commercial Audit, in Delhi in consequence of their inadequate scale of pay and prospects?

(b) Is it a fact that they submitted memorials to the Auditor General praying for a suitable increase in their scales of pay and that the memorials were rejected by him?

(c) If so, will Government please state the reasons for rejecting the memorials?

(d) Will Government please state the scales of pay of the typists in the Government of India Secretariat, and in the offices of the Chief Commissioner, Delhi, Controller of Railway Accounts and the Director General, Posts and Telegraphs, and state if these scales are higher than those obtaining in the offices mentioned in part (a) above?

(e) If so, will Government please state the reasons for this difference in the scales of pay?

(f) Are Government prepared to bring the scales of pay obtaining in the offices as mentioned in part (a) into line with that obtaining in the Government of India Secretariat at a very early date?

The Honourable Sir George Schuster: With your permission, Sir, I lay on the table the information required by the Honourable Member

(a) and (b). It is the fact that memorials were submitted and rejected and the memorials expressed dissatisfaction with existing rates of pay.

(c) The Auditor General did not consider that the typists, who are not interchangeable with clerks in these offices, should be granted a better scale than that allowed at present for the nature of work done by them.

(d) and (e). The scales of pay of typists in different offices are as follows :

- (1) Government of India, Secretariat . Rs. 90—1—130—4—170. (They, however get Rs. 75 until they are confirmed.)
- (2) Chief Commissioner, Delhi . . . There is no separate scale of pay for typists. They are in the grade of Junior clerks on Rs. 50—5—175 with bar at Rs. 120 and are liable to work anywhere in the office as routine clerks in the same scale.
- (3) Controller of Railway Accounts . . The typists are on the same scale of pay as clerks class II which is Rs. 75—5—150.
- (4) Director General, Posts and Tele- There is no separate cadre for typists. They graphs. are included in the second division or routine clerks in the time scale of Rs. 55—5—155 with bars at Rs. 80 and Rs. 115 and those who are qualified in typing are actually employed as typists.
- (5) Accountant General, Central Reve- }
nues. }
(6) Director of Railway Audit . . . } Rs. 50—4—120.
(7) Auditor General }
(8) Director of Commercial Audit . . }

It will be observed that in some of the offices in question there are no separate scales of pay for typists. They are on the scale of pay for routine clerks and are expected to do the work of routine clerks when required. In the accounts offices there is no scale for routine clerks separate from the scale for other clerks, and the typists are not ordinarily expected to do regular clerical work.

(f) No.

PERCENTAGE OF MINORITY COMMUNITIES IN THE MINISTERIAL STAFF OF THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

797. *Lala Rang Behari Lal: (a) Will Government be pleased to state what is the percentage of minority communities amongst the ministerial staff of the Department of Education, Health and Lands?

(b) Is it a fact that the percentage of minority communities is far in excess of the limit of 33 per cent. fixed by Government?

(c) If the reply to part (b) is in the affirmative, are Government prepared to consider the advisability of raising the percentage of Hindus in the Department of Education, Health and Lands, until the requisite percentage of 66 per cent. is obtained?

Sir Frank Noyce:

(a) Muslims	24.42
Europeans and Anglo-Indians	15.12
Sikhs	5.81
Other communities	1.16
Total	46.51

(b) No such limit has been fixed by Government. The orders which the Honourable Member has presumably in mind are those which lay down that one-third of the number of all permanent vacancies occurring

in the Government of India Secretariat should be reserved for redressing communal inequalities. These orders refer to fresh recruitment and do not prescribe 33 per cent. as the maximum limit for representation of minority communities.

(c) Does not arise.

Pandit Nilakantha Das: Does the Honourable Member, who put the questions, suggest that the high proportion of presentation of minority communities is not based on considerations of merit?

(No answer was given.)

CONTRACTS FOR SALE OF ICE AND AERATED WATER ON RAILWAYS.

798. ***Lala Rang Behari Lal:** (a) Will Government be pleased to state if the Agents of the Railways make contracts for selling ice and aerated waters on their lines for all passenger trains for the hot weather every year?

(b) Is it a fact that contracts in the various branches of the North Western Railway, Lahore, have been given to the same contractors for the last ten years?

(c) Is it a fact that the contractors of the North Western Railway make no arrangements for the sale of iced waters to the passengers, while they undertake to sell the same at the rate of 3 pies per pint?

(d) Is it also a fact that the vendors sell ice at higher rates than 1 as. 6 pies per seer and they do not keep even the weighing scales?

(e) Are Government prepared, in the interests of third class passengers in special and others in general, to see that the undertakings are fully carried on by the ice-vendors?

Mr. A. A. L. Parsons: I am asking the Agent of the North Western Railway for information on the points raised by the Honourable Member and will communicate with him later.

DESPATCHES AND TELEGRAMS ADDRESSED TO THE SECRETARY OF STATE FOR INDIA BY THE GOVERNMENT OF INDIA.

799. ***Sir Purshotamdas Thakurdas:** (a) Will Government be pleased to state the number of despatches addressed by them to the Secretary of State during the years 1927, 1928 and 1929?

(b) Are despatches addressed to the Secretary of State on all important questions?

(c) If not, what are the questions on which despatches are addressed and what are the questions about which telegrams are addressed?

(d) Do Government recognise the difference between the method of addressing the Secretary of State by means of despatches and by means of telegrams?

(e) Is it a fact that despatches have to be signed by all Members of the Executive Council with a certain minimum?

(f) Is it a fact that the opinion of the Governor General in Council may be communicated to the Secretary of State by telegram without even the knowledge of other Members of the Executive Council?

(g) Will Government be pleased to state if they propose hereafter to resort more often to the system of communication with the Secretary of State by means of despatches only and not by means of telegrams unless the urgency of the question warrants communication by telegram?

(h) Will Government be pleased to state the amount of expenditure incurred by them on telegraph charges between the Government of India, and the India Office, including private and personal telegrams to the Secretary of State, during the years 1927, 1928 and 1929?

The Honourable Sir James Orerar: (a) and (h). Government do not consider that any useful purpose would be served by the compilation of the statistics asked for by the Honourable Member.

(b) and (c). Yes, except when the urgency of a case requires telegraphic communication.

(d) and (e). Yes.

(f) Only in the case of departmental questions of minor importance.

(g) The Government of India do not consider that any change is called for in the existing method of correspondence with the Secretary of State, viz. :

- (1) by despatches (2) by Secretary's letters and (3) by telegram in cases of urgency.

UNSTARRED QUESTIONS AND ANSWERS.

RECRUITMENT OF COPYISTS IN THE MILITARY ACCOUNTANT GENERAL'S OFFICE THROUGH THE PUBLIC SERVICE COMMISSION.

283. **Mr. Gaya Prasad Singh:** (a) Is it a fact that the copyists in the Military Accountant General's office draw the same rates of pay and allowances as the third division clerks in the Government of India Secretariat and that they are not liable to transfer from that office?

(b) Is it also a fact that the recruitment to these posts is made by the Military Accountant General without going through the Public Service Commission?

(c) If the reply to the above questions is in the affirmative, are Government prepared to consider the desirability of making all further recruitment to the above appointments through the Public Service Commission?

The Honourable Sir George Schuster: (a) The answer is in the affirmative.

(b) Yes. That has been the practice in the past.

(c) Recruitment of routine division clerks will be made through the Public Service Commission in future.

NON-OFFICIAL ADVISORY COMMITTEE FOR RISALPUR CANTONMENT AUTHORITIES.

284. **Pandit Thakur Das Bhargava:** With reference to item No. 21 on page 18 of the Minutes of the Conference of a Deputation of the All-India Cantonments Association with the Army Secretary in June, 1929, regarding the desirability of having a Non-Official Advisory Committee

to help the Cantonment Authority in India existing in the form of "corporation sole" in matters affecting the civic rights of the residents, will Government be pleased to state if the Officer Commanding, Risalpur Brigade has considered the advisability of the appointment of a few representatives of the civil population there for consultation as was done in stations in Waziristan which were not Cantonments?

Mr. G. M. Young: Relevant extracts from the minutes of the conference were forwarded to the General Officers Commanding-in-Chief, all Commands and the Commander, Burma Independent District for consideration of the suggestion made therein. Government are not aware whether the suggestion has been or could suitably be adopted in Risalpur.

APPOINTMENT OF TRADE COMMISSIONERS.

285. Pandit Thakur Das Bhargava: (a) Will Government be pleased to state if any Trade Commissioners have been appointed so far? If so, at what places? Who are the gentlemen appointed and what are their qualifications?

(b) How many Trade Commissioners are proposed to be appointed during the present and coming years and in what places?

The Honourable Sir George Rainy: (a) The Honourable Member presumably has in mind the scheme for the appointment of Indian Trade Commissioners abroad. No appointments have yet been made in pursuance of the scheme.

(b) The total number of these Trade Commissioners provided for in the scheme is six, one each at Hamburg, Milan, New York, Alexandria, Durban and Mombasa. It is hoped to make a start by selecting two Trade Commissioners this year and to complete the scheme gradually as funds permit.

RECOVERY OF ARREARS OF PROFESSIONAL TAX IN THE CANTONMENT OF RISALPUR.

286. Pandit Thakur Das Bhargava: (1) Are Government aware that considerable unrest prevails in the Cantonment of Risalpur caused by the action of the Cantonment Authority by the sudden recovery of heavy sums of two years' arrears of the professional tax which was imposed by the Local Government only with effect from the 1st September, 1929?

(2) Will Government be pleased to state if it is a fact:

(a) that in 1926 a provincial tax was imposed by the Local Government in the Cantonment of Risalpur;

(b) that it was postponed from 1927 to 1929;

(c) that a professional tax was imposed in that Cantonment by the Local Government only with effect from the 1st September, 1929, *vide* the North West Frontier Province, Revenue Department Notification No. 918-L.F., dated the 24th August, 1929; and

(d) that "demand notices" have been issued for the recovery of the arrears of the tax for 1927, 1928 and 1929, which though dated 1st February, 1930, have actually been served on the 15th February, 1930?

(3) If answers to part 2 (a) to (d) be in the affirmative, will Government be pleased to state the reasons which necessitated:

- (a) the suspension of the provincial tax for two years;
- (b) the introduction of new professional tax;
- (c) the collection of professional tax for the preceding two years when the tax was imposed by the Local Government only with effect from the 1st September, 1929; and
- (d) the difference of 15 days' interval allowed between the date of issuing notices, and actually serving the same?

(4) Will Government be pleased to state whether the provisions of sections 89 and 90 of the Cantonment Act have been complied with, and whether the requisite notification as regards the date, and the number of instalments proposed to be realised was published by the Cantonment Authority, and whether bills were sent in accordingly? If not, why not?

(5) Will Government be pleased to state the reasons which led the Cantonment Authority not to realise the tax for more than two years?

Mr. G. M. Young: I am making enquiries and will let the Honourable Member know the result in due course.

LEASE FORM FOR SHOPS BELONGING TO CANTONMENT AUTHORITIES IN INDIA.

287. **Pandit Thakur Das Bhargava:** Will Government be pleased to state if it is a fact that the question of adopting a suitable lease form for giving shops belonging to Cantonment Authorities in India on rent to shop-keepers is at present under the consideration of the Government of India?

Mr. G. M. Young: The Cantonment Authorities have recently been instructed to grant regular leases for the occupation of their shops.

CONSTRUCTION OF THE BHIWANI-ROHTAK RAILWAY LINE.

288. **Pandit Thakur Das Bhargava:** (a) In reply to question No. 450 asked by me on 26th March, 1928, the Government was pleased to say that the construction of the Bhiwani-Rohtak Railway line is hoped to be finished by December 1929. In reply to a further question No. 380, asked by me on the 27th March, 1929, Government was pleased to say that construction was hoped to start in 1930-31 and be completed in 1931-32. The Pink Book, North Western Railway, however, shows that the construction will not be taken up in 1930-31. Will the Government be pleased to state why they are postponing the construction of this line?

(b) Has the Bombay, Baroda and Central India Railway made any representation in the matter regarding the likely prejudicial effect on that Railway of the proposed new line? If so, has any reply been given?

(c) Are Government aware that four trains used to run between Delhi and Bhatinda *via* Rewari and up till September 1928 there were at least three trains running between Delhi and Bhatinda *via* Rewari, whereas at present there are only two passenger trains (one direct and the other connecting) from Delhi to Bhatinda *via* Rewari (Bombay, Baroda and Central India Railway)?

(d) Are Government aware that this reduction in the number of trains is causing great inconvenience to the public?

Mr. A. A. L. Parsons: (a) It has, as the Honourable Member is aware, not been found possible to find money for starting any new lines in 1930-31.

(b) No. The Bombay, Baroda and Central India Railway originally objected to the construction of the Bhiwani-Rohtak line but have since withdrawn their objection.

(c) and (d). I would invite the Honourable Member's attention to the reply given on 26th September 1929 by Mr. Rau to the Honourable Member's question No. 221.

WANT OF MAIL, EXPRESS OR FAST TRAINS BETWEEN REWARI AND BHATINDA AND STOPPAGE OF SHUTTLE TRAINS BETWEEN BHIWANI AND HISSAR.

289. **Pandit Thakur Das Bhargava:** (a) Is it a fact that there are no mail, express or fast trains at present running between Rewari and Bhatinda (Bombay, Baroda and Central India Railway)?

(b) Is it a fact that, for a few months, shuttle trains were running between Bhiwani and Hissar and the said trains were fully utilised by the public?

(c) Is it a fact that, from the 1st March, 1930, the shuttle trains have ceased to run between Bhiwani and Hissar?

(d) Was the experiment unsuccessful financially? If not, why has this convenience been withdrawn?

Mr. A. A. L. Parsons: I would invite the Honourable Member's attention to the reply given on 26th September, 1929, by Mr. Rau to the Honourable Member's question No. 221. I will send a copy of the Honourable Member's question and of my answer to the Agent of the Bombay, Baroda and Central India Railway and ask him to take such action as he may consider necessary.

CHARGE BY THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY OF THIRD CLASS MAIL FARES FROM PASSENGERS TRAVELLING IN EXPRESS TRAINS.

290. **Pandit Thakur Das Bhargava:** (a) Does any other Railway Administration except the Bombay, Baroda and Central India Railway (metre gauge) charge third class mail fares from passengers travelling in express trains?

(b) If the reply is in the negative, will the Government be pleased to state the reason for this action of the Bombay, Baroda and Central India Railway metre gauge?

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

(b) Does not arise.

WANT OF CONCESSION FARES FOR THIRD AND INTERMEDIATE CLASS PASSENGERS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

291. **Pandit Thakur Das Bhargava:** (a) Is it a fact that the Bombay, Baroda and Central India Railway does not grant to third or intermediate class passengers any concessions such as week-end return tickets, Christmas, Diwali, Dussehra concession?

(b) Have Government ever addressed this Railway in this matter? If so, what reply has been given? Do Government propose to ask the Bombay, Baroda and Central India Railway, to bring their action in regard to concessions into line with that of other railways?

Mr. A. A. L. Parsons: (a) No. Concession return tickets are issued for the Christmas and Dewali holidays from Bombay.

(b) I would refer the Honourable Member to the reply given to part (c) of his question No. 226 on the 26th September, 1929. The reply to the latter part of this question is in the negative.

GENERAL KNOWLEDGE PAPER IN THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

292. **Mr. G. Sarvotham Rao:** (1) Is it a fact that:

(a) in all ministerial branch examinations held by the Staff Selection Board and the Public Service Commission up to 1928 the general knowledge paper has been on one and the same lines and mostly comprised of the newspaper knowledge;

(b) the style of this paper was quite changed in the examination of 1929;

(c) this change was not previously made known to the candidates by means of a model paper?

(2) If the reply to part (1) above be in the affirmative, will Government be pleased to state whether a fixed number of grace marks has been awarded to examinees? If not, why not?

The Honourable Sir James Orerar: (1) (a) and (b). I understand that though the general knowledge paper has hitherto been much on the same lines, it can scarcely be said to have mostly comprised newspaper knowledge and that at the last examination the scope of the paper remained much the same though the style was changed.

(c) Yes.

(2) The matter is one entirely for the Public Service Commission and Government are not prepared to interfere with their discretion.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

293. **Mr. G. Sarvotham Rao:** Is it a fact that the ministerial branch examination held in 1929 by the Public Service Commission was the final examination for departmental men? If so, will Government be pleased to state whether a more lenient treatment has been given to candidates for the upper division than has hitherto been done in qualifying examinations? If not, why not?

The Honourable Sir James Orerar: It is a fact that the examination referred to was the last qualifying examination but such departmental men as are eligible by age and qualifications will be entitled to appear at future competitive examinations. The reply to the second part of the question is in the negative. The reason is that it was not desired to lower the standard.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

294. **Mr. G. Sarvotham Rao:** (1) Is it a fact that:

- (a) a uniform percentage of marks has been observed to qualify candidates for the upper division in all qualifying examinations; and
- (b) such percentage was taken in the aggregate and not in the individual papers?

(2) If the reply to (1) above be in the affirmative, will Government be pleased to state whether this practice has been observed in the 1929 ministerial branch examination? If not, why not?

The Honourable Sir James Crerar: (1) (a). No.

(b) Yes.

(2) I have no information. The matter was entirely one for the discretion of the Public Service Commission.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

295. **Mr. G. Sarvotham Rao:** Will Government be pleased to lay on the table a statement showing:

- (a) the names of candidates who appeared in the 1929 examination for the upper division of the Secretariat; and
- (b) how many were declared successful?

The Honourable Sir James Crerar: A statement is being prepared and will be furnished to the Honourable Member in due course.

NUMBER OF STENOGRAPHERS WHO APPEARED FOR THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

296. **Mr. G. Sarvotham Rao:** Will Government be pleased to state the number of stenographers who appeared for the upper division in the 1929 examination and the number of the stenographers passed in that examination? Will they be also pleased to state the marks obtained by them in each individual paper?

The Honourable Sir James Crerar: 22 stenographers appeared for the upper division of whom eight qualified. Government have no information in the matter.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

297. **Mr. G. Sarvotham Rao:** Will Government be pleased to state what percentage of marks in the aggregate was fixed in the upper division qualifying examinations of 1920, 1922, 1924 and 1925? Do Government propose to qualify those candidates for the upper division in the 1929 examination who got the same percentage of marks in the aggregate? If not, why not?

The Honourable Sir James Crerar: I understand that the percentages varied but I have no precise information. The reply to the second part of the question is in the negative. Government have no reason to suppose that a reasonable standard was not adopted.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

298. **Mr. G. Sarvotham Rao:** Do Government propose to pass for the upper division those men who:

- (a) appeared for the upper division in the competitive examination of 1926 and secured over 60 per cent. marks in the aggregate; and
- (b) who appeared in the qualifying examination of 1929 for the same division and secured 60 per cent. marks in the aggregate?

The Honourable Sir James Orerar: (a) and (b). Government do not conduct these examinations and are not prepared to interfere with the discretion of the Public Service Commission in regard to the method of conducting them.

PUBLIC SERVICE COMMISSION EXAMINATION FOR THE RECRUITMENT OF STENOGRAPHERS.

299. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that since 1924, no examination has been held for the recruitment of stenographers for the Government of India Secretariat and Attached Offices?

(b) Is it a fact that owing to the dearth of qualified men unpassed men have been employed as stenographers in some of the offices?

(c) Is it a fact that at the last ministerial branch examination some of the men who have been successful for the first division are stenographers?

(d) Have Government considered the desirability of holding at an early date an examination open to departmental candidates desirous of qualifying for the stenographer's grade?

The Honourable Sir James Orerar: (a) and (c). Yes.

(b) Yes in temporary vacancies only.

(d) The matter is under the consideration of the Public Service Commission.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

300. **Rao Bahadur M. C. Rajah:** (a) Will Government be pleased to state:

- (i) the total marks for each of the various papers set at the last clerical examination held by the Public Service Commission;
- (ii) the percentage of marks required to be obtained to secure a pass in the First and Second Divisions respectively; and
- (iii) the percentage of pass marks for qualifying clerical examinations held in the past by the Public Service Commission or the late Staff Selection Board?

(b) Is it a fact that the percentage of pass marks fixed in respect of the last examination is very high as compared with that for previous examinations? If so, will Government please state the reasons therefor?

The Honourable Sir James Orerar: (a) (i) and (ii). Government have no information.

(iii) The percentage fixed by the Staff Selection Board varied from time to time and the records available do not show in all cases clearly what it was. The Public Service Commission did not hold any qualifying examination before 1929.

(b) The Departmental Conference on the subject recommended that a fairly high standard should be required.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

301. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that some of the candidates who appeared at the last clerical examination held by the Public Service Commission had already failed once or twice at such previous examinations?

(b) Is it a fact that some of them though they had not actually failed to qualify for higher grades at previous examinations had opportunities of appearing at such examinations?

(c) Is it also a fact that there were among the candidates for the First Division some men who had never had before any opportunity of appearing for this Division?

(d) Do Government propose to give any concession to those who fall in category (c) and have not been successful at the last examination?

(e) Have Government considered the question of allowing these men as a special case to appear at the next examination if they are not otherwise eligible?

The Honourable Sir James Orerar: (a), (b) and (c). Yes.

(d) No.

(e) Government see no reason to consider the grant of any concessions to these men.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

302. **Rao Bahadur M. C. Rajah:** (a) Are Government aware that there is a general feeling of dissatisfaction at the results of the last clerical examination?

(b) Are Government aware that some of the candidates who have failed to qualify are considered by the Heads of the Departments concerned to be in every way fit to hold appointments in the divisions for which they appeared?

(c) Do Government propose to consider the desirability of reviewing the cases of those candidates who secured fairly high marks and are considered fit by the Head of the Department concerned?

The Honourable Sir James Orerar: (a) I gather that there is some dissatisfaction among unsuccessful candidates.

(b) I have no such information.

(c) No.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

303. Rao Bahadur M. C. Rajah: (a) Is it a fact that the results of the ministerial selection branch qualifying examination held by the Public Service Commission have recently been announced?

(b) Is it a fact that the marks obtained by those candidates who have not been able to qualify have not been communicated to the departments to which they belong?

(c) Is it a fact that this is contrary to past practice?

(d) Are Government prepared to communicate the marks obtained by such candidates to the departments concerned? If not, will they please state the reasons for their inability to do so?

The Honourable Sir James Orerar: (a) and (b). Yes.

(c) No.

(d) Government see no advantage in communicating to departments the marks obtained in this particular qualifying examination.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

304. Rao Bahadur M. C. Rajah: (a) Will Government please state the number of candidates who appeared for the first and second divisions, respectively, at the last clerical examination held by the Public Service Commission?

(b) Will Government please also state how many of the candidates have been declared successful for each division?

(c) What is the percentage of successful candidates at this and all previous examinations held by the Commission or the late Staff Selection Board?

(d) Is it a fact that the percentage of successful candidates at the last examination is far less than in previous examinations?

The Honourable Sir James Orerar:

(a) First Division 425 candidates.
Second Division 141 candidates.

(b) First Division 17 candidates.
Second Division 29 candidates.

(c) The percentages are given below:

Percentage of candidates qualified for 1st,
2nd and 3rd Divisions.

Year.				
1920	.	.	.	39.4 approximately.
1922	.	.	.	35.5 "
1924	.	.	.	33.9 "
1925	.	.	.	21.0 "
1926	.	.	.	12.4 "
1929	.	.	.	17.0 "

(d) Yes. As this was the last qualifying examination many candidates appeared who had no chance of success.

RULES FOR ALLOTMENT OF QUARTERS IN NEW DELHI.

305. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that the rules regarding the allotment of quarters in New Delhi are under revision?

(b) When will Government come to a final decision in the matter and what is the cause of delay?

(c) Have Government provided in the new rules that the allotment for the next season should be made in January or February every year, to enable those who are not given quarters to make their private arrangements in good time?

(d) If the reply to part (c) be in the negative, will Government kindly state the reason?

(e) Is it a fact that the allotment of Simla quarters for the next year is made in August?

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

(b) There has been a certain amount of delay owing to the fact that the views of the different Departments had to be obtained. It is hoped that a final decision will be arrived at during the coming summer season.

(c) This will be considered along with other suggestions.

(d) Does not arise.

(e) The officers' houses and the clerks' quarters in Simla are respectively allotted as soon after the 1st September and the 1st July as possible.

POLICEMEN ON DUTY IN THE SQUARES OF INDIAN CLERKS QUARTERS IN NEW DELHI.

306. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that policemen remain on duty at New Delhi in the squares of Indian clerks quarters during the day?

(b) Have any policemen been posted in the new quarters constructed in 1929?

(c) If not, do Government propose to issue orders to the effect that policemen should be posted in all the squares, places and roads, etc., to keep watch during the day when all the clerks are away in offices and there are many chances of burglaries?

The Honourable Sir James Orerar: (a) Yes.

(b) Yes.

(c) The question does not arise.

DIFFICULTIES RE EDUCATION OF THE CHILDREN OF THE MOVING STAFF OF THE GOVERNMENT OF INDIA.

307. **Rao Bahadur M. C. Rajah:** (a) Are Government aware that as there are different Universities for Simla and Delhi the education of the children of the employees of the Government of India who move between these places have to suffer a good deal on account of different courses and complaints to this effect have been made many times?

(b) Will Government be pleased to state what they propose to do to alleviate the difficulties experienced by their employees in regard to the education of their children?

Sir Frank Noyce: (a) and (b). The Punjab University exercises control over higher education in Simla, while the University of Delhi exercises control over higher education in Delhi. A proposal to have a school moving between Delhi and Simla is under consideration.

NOTICE OF OCCUPATIONS OF GOVERNMENT QUARTERS IN NEW DELHI.

308. Rao Bahadur M. C. Rajah: (a) Is it a fact that seven days' notice is given for the occupation of Government quarters in New Delhi?

(b) Are Government aware that most of the quarters are even then not fit for occupation and that the occupants are put to a lot of trouble on their arrival?

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

(b) No.

FURNITURE FOR CLERKS' QUARTERS RECENTLY CONSTRUCTED IN NEW DELHI.

309. Rao Bahadur M. C. Rajah: (a) Is it a fact that new furniture was purchased for the new clerks' quarters constructed recently in New Delhi?

(b) Have all these new quarters been furnished with new furniture?

(c) If not, what has happened to the new furniture?

(d) Has the new furniture been sent to the bungalows of the local Public Works Department officials and the old furniture been supplied in the quarters?

(e) Have Government received any complaint to this effect?

(f) When will the old furniture in the new quarters be replaced by the new furniture intended for them?

The Honourable Sir Bhupendra Nath Mitra: (a) A certain quantity of new furniture was bought for the clerks' quarters as a whole owing to the fact that certain new "C" and "D" quarters had been constructed in the previous year, and not specifically for the new quarters.

(b) No.

(c) The new furniture has been used in furnishing the quarters allotted to migratory clerks.

(d) No.

(e) Yes; certain complaints were received to the effect that the new quarters should have been furnished with new furniture.

(f) The old furniture will be replaced by new furniture when the former becomes unserviceable.

THE SECRETARIAT MINISTERIAL BRANCH EXAMINATION HELD BY THE PUBLIC SERVICE COMMISSION.

310. Rao Bahadur M. C. Rajah: (a) Is it a fact that some of the candidates who appeared for the first division in the last departmental examination for the Government of India Secretariat held by the Public Service Commission were not already qualified for the second division?

(b) Is it a fact that most of such candidates have not been able to qualify for the first division?

(c) Have some of them obtained a sufficient number of marks for the second division? Is it a fact that they have not been declared qualified for that division?

(d) Do Government propose to consider their cases and declare them fit for the second division?

(e) If the reply to part (d) be in the negative, will Government kindly state the reasons?

The Honourable Sir James Orerar: (a) and (b). Yes.

(c) and (d). Yes, and when successful they have been declared qualified.

(e) Does not arise.

CAMP OFFICE OF THE INCOME-TAX OFFICER, GUJRANWALA.

311. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that the Income-tax Officer, Gujranwala, camped at Chhanawan during the last Summer?

(b) How far is that place from the nearest railway station?

(c) Were the assesseees from Ramnagar and Akalgarh called at Chhanawan to produce their accounts, etc.?

(d) How far is Chhanawan from Ramnagar and Akalgarh?

(e) Are Government aware that there are no suitable arrangements for boarding at Chhanawan and on account of long distances which they had to travel the assesseees were put to a great inconvenience specially during the rainy days?

(f) Are Government prepared to issue instructions in future that the Income-tax Officer should visit Akalgarh for assessment and not require the assesseees to travel long distances?

The Honourable Sir George Schuster: (a) to (e). The Government have no information. A report has been called for from the Commissioner of Income-tax Officer should visit Akalgarh for assessment and not require the substance of it to the Honourable Member, and the Central Board of Revenue will then consider the suggestion in part (f) of the question.

• THE NEW DELHI CONNAUGHT PLACE BOOKING OFFICE.

312. **Rao Bahadur M. C. Rajah:** (a) Is it a fact that the New Delhi Connaught Place Booking Office was opened for goods about 12 months ago?

(b) Is it a fact that in the last week of October, 1929, the Railway authorities at Lahore Junction refused to book goods for that booking office, on the plea that they were not aware of the booking office?

(c) Is it a fact that the matter was reported by the consignee to the Divisional Superintendent, North Western Railway, Delhi, who forwarded it to the authorities at Lahore *vide* his letter No. 4118-C. D./29, dated the 9th December, 1929?

(d) Is it also a fact that the consignee has sent *half a dozen* reminders to the Railway authorities at Lahore during the last three months, but has heard *nothing* in reply?

(e) What action do Government propose to take in the matter to avoid repetition of such action on the part of railway officials?

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

(b), (c), (d) and (e). I am obtaining a report and will communicate with the Honourable Member in due course.

NOMINATION OF A PARSI TO THE DEOLALI CANTONMENT BOARD.

313. Pandit Thakur Das Bhargava: (a) Has a Parsi gentleman been recently nominated to the Cantonment Board, Deolali, under the proviso to section 14 (1) (e) of the Cantonments Act?

(b) If so, what led to his nomination when representatives of the Parsi Community were already on the Board through election?

(c) Has this nomination been protested against by some elected member or members of the Cantonment Board? If so, what action has been taken on protest?

(d) Who is the gentleman nominated? What are his qualifications for nomination? What interest is he expected to represent on the Board?

(e) Is it a fact that an undertaking or assurance has been given by him that he will invariably support the President?

Mr. G. M. Young: Government have no information. I am making enquiries and will let the Honourable Member know the result in due course.

RESIGNATION OF HINDU ELECTED MEMBERS OF THE AGRA CANTONMENT BOARD.

314. Pandit Thakur Das Bhargava: (a) Is it a fact that all the Hindu elected members of Agra Cantonment Board have resigned their seats in a body?

(b) Have the resigning members given reasons for their resigning the same? If so, what are those reasons?

(c) Is it a fact that the Cantonment Authority has by a majority of votes given permission for the opening of a meat shop near a Hindu temple?

(d) Will Government state why this new meat shop has been opened? What particular public need is it intended to satisfy and how was that need satisfied so far?

(e) Did the Hindus protest against the opening of the shop? If so, how did the Cantonment Authority dispose of their protest?

(f) Do Government propose to direct the Cantonment Authority of Agra to consider the question of shifting the shop to a more suitable place?

Mr. G. M. Young: (a) and (b). The Government have received a copy of a letter addressed to the President of the Cantonment Board, by four elected Hindu members tendering their resignation for what they considered to be an infringement of the religious and civic rights of the Hindu residents of the cantonment by the non-Hindu majority of the Board.

(c) and (d). Yes, a butcher applied for and was given a licence for a meat shop about 100 yards from a Hindu Temple. As to the other sub-parts of part (d), the Government have no information.

(e) I am informed that certain Hindu residents of the area, who were aware that preliminary inspections had been carried out both by the Executive Officer and the Health Officer, raised no objection until the licence had

been issued. They then applied to the Executive Officer, who made enquiries and found that their complaints were not well founded. The inhabitants of the immediate neighbourhood are said to be persons of low caste who eat meat and the shrine is apparently not frequented by high caste Hindus. In the meantime a counter representation was received from about 200 persons including some high caste Hindus, asking that the shop might be left where it was.

(f) No, but I understand that the dispute is being settled by agreement among the parties interested.

MOTION FOR ADJOURNMENT.

COLLISION BETWEEN THE POLICE AND PUBLIC AT RANGOON.

Mr. Jehangir K. Munshi (Burma: Non-European): Sir, I ask for leave to move the adjournment of the House to discuss a definite matter of urgent public importance, namely, the attack made by the police on the crowd outside the Court of the District Magistrate, Rangoon, and the assaults made by the police on several public men during the trial of Mr. J. M. Sen Gupta, and the action of the authorities in making use of troops on the said occasion, and their policy, conduct and behaviour on the said occasion resulting in serious injuries to a large number of innocent and unoffending citizens of Rangoon. If you feel, Sir, that my motion is open to objection on any grounds, or if the Honourable the Leader of the House opposes the motion on any grounds. I hope, I and desirably other sections of the House will be given an opportunity of meeting those points before you are pleased to give your ruling.

Mr. President: That is the procedure which the Honourable Member is laying down for himself. The correct procedure is that the Honourable Member must show that the motion is in order.

Mr. Jehangir K. Munshi: Very well, Sir. I shall try to anticipate objections so far as I can.

I am given to understand, Sir, that objections might be advanced on the ground that the matter is *sub-judice*, Government's allegation being that certain persons are being prosecuted for offences committed when they formed part of the crowd. You will notice, Sir, that I am not asking the House to consider what any particular person in the crowd did or did not do. I am not asking the House to direct its attention to any pending or impending prosecutions. What we are concerned with is the attack made by the police on the crowd.

Mr. President: Is that not a matter for investigation in the case?

Mr. Jehangir K. Munshi: If the position of Government is that certain police men are being prosecuted for attacks made on the crowd, then of course, this particular matter would be *sub-judice*.

Mr. President: If the case of Government is that the police did not attack the crowd, but they were merely on the defensive, is not that a point for investigation in the court of law if the case is already instituted?

Mr. Jehangir K. Munshi: My point is this, that the police attacked the crowd. Government's position probably is that the crowd committed certain offences against the law. I am not asking the House to direct its attention to what the crowd did. I am asking the House to consider the conduct and attitude of the police on this occasion.

Mr. President: The Honourable Member says that the police began the attack. Government I understand say that the police were on the defensive, and the crowd began the attack, what then?

Mr. Jehangir K. Munshi: I do not know if the Honourable Member will go to the extent of saying that certain persons are being prosecuted for starting the attack on the police. But that is not the only point of my motion.

Mr. President: Then is the Honourable Member prepared to give this point up?

Mr. Jehangir K. Munshi: No, Sir, I am not. I adhere to my argument that this particular part of my motion cannot in any way come within the objection of being *sub-judice*. But even if you hold that it does, that does not put an end to my motion, because there are several other parts each of which is complete in itself for an argument in debate.

The second part is the assault made by the police on several public men. I have not heard it suggested that any public man is being prosecuted in Rangoon for assaulting policemen.

Mr. President: That is not the question. So far as I can see, the case of Government probably is that the policemen assaulted the public men in self-defence.

Mr. Jehangir K. Munshi: How can there be self-defence, unless it is alleged that the public men assaulted the police?

Mr. President: It is alleged that the crowd opened the attack.

Mr. Jehangir K. Munshi: I have still got to hear the Honourable the Home Member advance the proposition that the public men of Rangoon actually assaulted the police. My position is that the police singled out the public men, who gave no offence, and who did not bring themselves within the scope of the law in any way.

Mr. President: That is your case?

Mr. Jehangir K. Munshi: That is my case.

Mr. President: Is that a matter under investigation by a court of law?

Mr. Jehangir K. Munshi: No, Sir. Even if we take the Government version to be accurate, that particular matter is not being tried by any court, because, if certain persons in the crowd are being prosecuted for certain offences, it is not suggested that any of the public men of Rangoon who were assaulted by the police are being tried for any offence. These two are separable parts of my motion. First of all I am dealing with the crowd, then I am dealing with the prominent public men of Rangoon. But my motion does not end there.

Mr. President: Does the Honourable Member accept the view that this matter is *sub-judice*.

Mr. Jehangir K. Munshi: It cannot be contended by any stretch of the imagination that any of the public men of Rangoon are being tried at Rangoon.

Then, Sir, the third part of my motion deals with the action of the authorities in making use of troops. I do submit that the use of troops should be resorted to absolutely as a last resource and not as a wanton display of brute force to illustrate the might and pomp of the British Empire. The preservation of law and order is as dear to me and to the Opposition in this House as to the Government Benches; but the preservation of law and order is one thing and the wanton display of brute force to overawe the people and to check movements of a non-violent nature are entirely different propositions. I submit, Sir, that, on this point alone, this House should proceed to debate whether Government were justified in calling out the troops to overawe the public when a prominent political offender was being tried for a political offence.

Mr. President: The motion must refer to specific points.

Mr. Jehangir K. Munshi: I admit that it can be regarded as a general point to that extent. Then the fourth point is that the behaviour of the police resulted in causing serious injuries to a large section of the crowd. The sketchy report which was published in the Press is not accurate; but even from this report it appears that more than a hundred persons were injured.

Mr. President: How many policemen were injured?

The Honourable Sir James Orerar (Home Member): The report is about twenty.

Mr. Jehangir K. Munshi: The report which has been published in the Press gives the figure as ten, but the report which I have received gives a smaller figure. So I submit my motion is in order and should be allowed.

With regard to the point of urgency it may be said that I have not been sufficiently prompt in bringing the motion before the House. I wish to emphasise the point that a Member of this House is not bound to give notice of a motion of this nature immediately reports are published in the Press of a certain incident. Because a particular report as it may appear in the Press may or may not give rise to a proper motion for adjournment.

Mr. President: He is not bound to give any notice at all. (Laughter.)

Mr. Jehangir K. Munshi: But the Press report need not necessarily pin him down to a particular date. A Press report of a certain incident may appear which may call for no action. Next day a report may appear in the Press with regard to the same incident which may immediately call for action. So I beg to submit that the first Press report published here on which I did not act was so sketchy and so amazingly vague and evasive that I could not possibly make it the basis of an adjournment motion. I instituted my own inquiries and I got my information. As soon as I got information on which I could base an adjournment motion, I sent in notice

of the motion. I submit, therefore, that so far as the question of urgency is concerned, I have not in any way placed myself beyond the purview of that particular rule.

The Honourable Sir James Orerar: Sir, I propose to deal briefly with the objections which I propose to raise to this motion. In the first instance, it refers to action taken by the local authorities to meet a sudden disturbance of the peace. That is a matter which quite obviously the Government of India could not themselves directly control, even if they so desired, and it is not primarily their concern. Consequently I submit that no general question of policy is involved, and that the subject-matter of this motion could not properly or profitably be discussed in this House.

The second point which I submit is this. I have information that proceedings are pending against three persons in respect of this disturbance and it is impossible to say what matters may not be involved in these discussions. The general question raised by the Honourable Member raises issues which are almost certain to be in issue in a court of law. Therefore, the whole matter is definitely under adjudication of the court of law and I submit, therefore, that on that ground, the motion is not in order.

Mr. President: The point that I am not clear about is the use of troops for dispersing the crowd.

The Honourable Sir James Orerar: Though I cannot speak with complete definiteness, the report which I have received from the Local Government makes no reference whatsoever to the use of troops, and I think I am entitled to infer that troops were not actually used and the matter was dealt with solely by the police force. In any case, I submit, Sir, that if a disturbance is of a sufficiently serious nature to require the use of troops—though I do not believe that in this case such action was taken—the matter is still one which, under the law, is definitely within the competence and discretion of the Local Government. Therefore, that does not raise any general question of policy in which the Government of India are primarily and immediately concerned.

Diwan Ohaman Lall (West Punjab: Non-Muhammadan): May I ask whether troops were actually called out, though not employed?

Mr. President: Will the Honourable Member get information whether the troops were called out and whether they were used?

The Honourable Sir James Orerar: I will certainly get information on that point. Nevertheless, I submit that, even if the troops were called out, that does not raise a definite matter of policy in which the Government of India as such is primarily concerned.

Mr. President: The question whether the Government of India is primarily concerned or not is not a question for the Chair; it is a question for the Governor General.

The Honourable Sir James Orerar: The matter is under the adjudication by a court of law.

Mr. President: That is a point which applies to the first two matters. I think for two reasons I should take this matter up on Monday. One is that I should like the House to make as much progress as possible in the

[Mr. President.]

matter of the Finance Bill and see that the amendment at any rate are finished today. That is my intention. The second reason is that I should like, before I decide whether the motion is in order or not, to have information on the question whether the troops were called out, and if so, whether they were used at all. In this view, I propose to pass orders on Monday, after hearing the Leader of the House again.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

Mr. President: 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. Fazal Ibrahim Rahimtulla.
2. Haji Chaudhury Mohammad Ismail Khan.
3. Haji Abdoola Haroon.
4. Maulvi Sayyid Murtuza Saheb Bahadur.
5. Raja Ghazanfar Ali Khan.

THE INDIAN FINANCE BILL.

Mr. President: The House will now resume further discussion on the amendment of Mr. Fazal Ibrahim Rahimtulla* to Schedule I of the Finance Bill.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadian Rural): Sir, I desire to accord my support to the proposition placed before this House by my Honourable friend, Mr. Fazal Ibrahim Rahimtulla. I do not propose to discuss this question on technical grounds, which I am not competent to go into. I think that the question can be dealt with on general grounds and should be dealt with on those grounds which are intelligible to any layman.

My first reason for supporting Mr. Fazal Ibrahim Rahimtulla's proposition is, broadly speaking, a financial one. The Honourable the Finance Member has told us that he is faced with a deficit of about 4.40 lakhs. He is, however, asking us to vote taxation to the tune of 5.10 lakhs. To the extent of 70 lakhs, Sir, he is asking us to vote taxation, not to cover any deficit, but to provide him with a surplus. Now, Sir, I can well understand that, in a big financial concern like the Government of India, it is necessary to have a margin of safety. But the circumstances this year are of a special character. The taxation that the Honourable Member asks us to agree to is not of a light nature. Besides, he has himself undertaken to institute inquiries with a view to

*"In Schedule I to the Bill the proposed amendment No. 5 be omitted and the subsequent amendments be renumbered accordingly."

reducing expenditure. He has appointed an officer to survey the expenditure of all departments and to submit a report as early as possible. The question of Military expenditure is also to be considered further. If, we do not vote the duty on silver, which the Honourable Member asks us to agree to, we shall leave him with an uncovered deficit of 30 lakhs. If the economies that are going to be made are to be of a substantial character, if we are to expect anything substantial from the retrenchment proposed by the Government of India, it cannot be contended that a sum of 30 lakhs is too much to be covered by reductions in expenditure that might be brought about as a result of the inquiries that have been already undertaken by the Government of India, or that might be undertaken in future. I contend, Sir, therefore, that on strictly financial grounds, it is unnecessary for us to support the duty on silver. On the contrary, I think, Sir, that if this House rejects the duty and leaves the Honourable the Finance Member with a small deficit, he will perhaps be in a position to apply the screw more tightly to the departments concerned and be able to induce them more readily, than would otherwise have been the case, to agree to reductions in expenditure. Both, therefore, on financial grounds and as a matter of policy, I entirely approve of the course which my Honourable friend, Mr. Fazal Ibrahim Rahimtulla, asks this House to adopt.

But, Sir, this matter does not end here. The question of the imposition of a duty on silver was considered sometime ago in connection with the adoption of a gold standard in India. It was thought that the sale of silver in India would lead to a reduction in its price, and that the Government of India might well, in those circumstances, take some action to protect itself. Sir Basil Blackett proposed a duty of 4 annas per ounce in order to provide Government with a protected market and to reduce the cost of going over to the gold standard. This, by the way, drew from Mr. Kisch the remark that the idea that a new tax could reduce the cost of a measure was rather odd. The matter, Sir, was considered by the Currency Commission presided over by Sir Hilton Young. The question was then considered entirely in relation to the adoption of a gold standard, and I think it would be pertinent in this connection to point out the evidence given by Sir Arthur McWatters, who was Financial Secretary then and who is Financial Secretary today also, on this point. Asked whether he would be in favour of the imposition of a duty on silver, he said:

"I think it would be justified if the policy accepted is that we should work towards a Gold Standard. Then and only then would it be desirable to introduce anything in the nature of a duty on silver which was deliberately abandoned as a result of the recommendations of the last Currency Committee."

i.e., the Committee of 1919. Now, the Honourable the Finance Member does not ask us to treat the measure proposed by him in relation to the currency policy of the Government of India; he asks us to treat it as a revenue measure, and partly also in connection with the position of the Government of India as important holders of silver. I think, Sir, that in view of the consideration given to this matter by the Currency Committee and the evidence given by the Government of India's own Financial Secretary, some more explanation is needed to justify the silver duty than has so far been given by my Honourable friend the Finance

[Pandit Hirday Nath Kunzru.]

Member. If the policy of working for the adoption of a gold standard were accepted, then the aspect of affairs would be entirely changed, but if that is not accepted, I contend, Sir, that we should have much stronger arguments placed before us than have been placed before us so far as by the Honourable the Finance Member to induce us to agree to the measure before the House.

Sir, if I were to stop here, the supporters of the silver duty, including my Honourable friend the Finance Member, might say, "You are standing in the way of the Government of India rendering financial assistance to the Provincial Governments for the development of the nation-building services". "We regard this duty" said the Honourable Member in his budget speech, "principally in fact as a measure which will give us a margin of revenue from which we shall be able to make a distribution to provinces after the forthcoming statutory revision to give them the funds which they require for nation-building services". It must be, Sir, a source of gratification to the House that the Honourable the Finance Member is already thinking of large questions of policy, and desires to place the provinces in a position where they will be able to discharge their responsibility to the masses who are committed to their charges. But, Sir, during the whole of this Session, whenever any important questions either of policy or of finance were brought to the notice of my Honourable friend opposite, his invariable reply was that the settlement of those questions must await the settlement of the constitutional question. What is the reason, then, may I ask, which compels the Honourable the Finance Member to bring forward this important question of policy apart from the settlement of the constitutional question? My Honourable friend will admit that this is not a small matter. The question of increasing the resources of the Provincial Governments and of a proper distribution of the revenues of the country between the Central and the Provincial Governments is undoubtedly a matter of the supreme importance; but if the Government of India have asked us to wait so far for the publication of the results of inquiries instituted by them against the wishes of the country at large, may we not ask them to wait a little more before committing us to the course advocated by the Honourable the Finance Member? Let us look at the question of reforms and the settlement of the position of Provincial Governments relatively to the Government of India, as a whole. The duty, if imposed now, would I think, have to be permanent unless the buyers of silver are hereafter to be placed at a considerable disadvantage. I think it is necessary, Sir, in a question of this magnitude, that we should wait and examine carefully what alternative methods there are of satisfying the needs of the provinces and adjusting their relations to the Government of India. In any case there is no reason why we should hurry forward. I think therefore, Sir, that no harm will be done and that much good may result if we postpone the consideration of this question, reject the duty at this stage and deal with the distribution of the financial resources of the country between Provincial and Central Governments at a later stage when we would have much more material available to us than we have at the present time.

But what I have said, Sir, does not cover the whole of the case placed before us by my Honourable friend the Finance Member. His last argument in favour of the silver duty proposed by him was that, in view

of the falling price of silver, the action suggested by the Government of India would protect the interests of the masses which have been insistently advocated in this House by Honourable Members on this side. But, Sir, what does the Honourable the Finance Member mean? I am sure he does not mean that the imposition of a duty on silver would stabilise its price. I do not think that has been claimed by any advocate of the silver duty. Many Honourable Members on this side have pointed out that no action taken by the Government of India in this country alone can affect the world price of silver, and that, ultimately, the price of silver in this country would be regulated by the price of silver in the internal market. It may therefore be expected to fluctuate in future as it has done in the past. The only difference that the duty would make in the case of India would be that the price of silver would be higher here by the extent of the duty proposed by the Government, but if the price of silver is not stabilised and it goes on following the course pursued by silver in the world market, the duty does not protect the buyers of silver at any particular period of time; they stand to suffer losses in future as they have done in the past. True, they will realise a little higher price than they might otherwise have done, but it is necessary to point out that they would also have paid a higher price than they would otherwise have done as buyers of silver. We have still, however, to consider the question of those who have invested their savings in silver. Sir, when this question was before the old Imperial Legislative Council in 1910, Mr. Gokhale pointed out that, while the efficacy of the protection which the Government of India professed to afford to the masses would have to be tested in future, the immediate result of the imposition of a duty would be to increase its price, and that was the consideration urged upon Government by more than one non-official Member. I am free to recognise that the situation has changed since then in some important respects which have been pointed out by my Honourable friend the Finance Member in his budget speech, but the matter is of much greater importance than what I have said hitherto might lead Honourable Members to suppose. This too was a question which was considered by the Hilton Young Currency Commission. It examined the late Mr. Benjamin Strong, Governor of the Federal Reserve Bank of the United States on this point. I will read out to the House the reply given by Mr. Strong to a question put to him by the Commission. "The attempt to raise the domestic price", he said, "by the imposition of an import duty I personally believe, would fail. Even if it did really maintain the domestic price, it would fail at a time of some adversity when a surplus of silver was offered, and then in fact the hardship upon the Indian people would be the greatest. But assuming, for the purposes of argument, that it helps to maintain the domestic price above the foreign price, it would put the Government of India in a position of ensuring a price of silver for all time". It may be, Sir, that in time of ordinary and local scarcity, the masses will be able to realise a better price for their silver than they would otherwise have done, but when adverse conditions prevail generally, when there is a country-wide famine or some other general calamity forcing the masses to sell their silver all over the country, I think the fear may be legitimately entertained that the measure proposed by Government will fail to protect the interests of the masses and that the price of silver within the country will fall to the level prevailing outside in spite of the duty.

[Pandit Hirday Nath Kunzru.]

I know, that Mr. Benjamin Strong was against the adoption of a gold standard in India and that we have therefore to take his views
12 Noon. with a certain amount of reserve. Nevertheless, it seems to me that the line of reasoning adopted by him was a sound one. The policy of the Government may fail on a crucial occasion just when the need for safeguarding the interests of the masses is greatest.

Sir, I have already told the House that the main reason why I oppose the silver duty is a financial one and one of policy. I do not base my entire case on the grounds I subsequently put forward, but I do think that the arguments which I advanced subsequently will strengthen the original unwillingness of the House to vote in favour of the silver duty. Sir, I oppose the duty and support my friend Mr. Fazal Ibrahim Rahimtulla's motion.

The Honourable Sir George Schuster (Finance Member): Sir, before you allow this discussion to proceed, I wish to call the attention of the House to a point of order, or rather a technical point, to which I must confess that my own attention has just been called. The effect, Sir, of this amendment as it stands,—because this particular item in the Schedule which we are discussing has to be considered together with items 1 and 2 of the Schedule,—would be not to cut out the duty on silver altogether but to leave the *ad valorem* duty of 15 per cent. on silver. The effect of items 1 and 2 in the Schedule is to remove silver from the free list and put it on to the general 15 per cent. list, and I think that point must have escaped the attention of my Honourable friends opposite, just as, I must confess, it had escaped my own. I do not wish, Sir, to take any advantage of this technical point in preventing discussion of this proposal on its merits, because, I think, the House wishes to discuss the question as to whether the silver duty is to be removed altogether, and I think it would be taking an unfair advantage if I were to stand on the technical difficulty, and ask the House merely to consider the substitution of a 15 per cent. *ad valorem* duty for the present duty of 4 annas an ounce. But I think I ought to put the point before you, because these formalities are of importance and it will be necessary to deal with the matter in some way or other if this amendment is to have the effect which, I believe, the Mover of the amendment intended it to have.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, with reference to the point of order raised by the Honourable the Finance Member, I would like to submit this, that we are now considering the whole of Schedule I and the House has not yet passed any individual item in that Schedule. So if this amendment of my friend Mr. Fazal Ibrahim Rahimtulla is carried, then the logical sequence of that would be to make the consequential amendments in the other sections of Schedule I, and therefore I do not think that that will stand in the way of the House giving a verdict on the amendment of my friend Mr. Fazal Ibrahim Rahimtulla.

The Honourable Sir George Schuster: It is quite possible, Sir, that my friend Mr. Chetty's suggestion would be the simplest way of dealing with the matter. But I should like a little more time to consider it myself, because in these technical matters, one wants to consider all the

implications. As I said before, I do not want in any way to prevent discussion of this amendment, and I think, if you, Sir, were to give a ruling that some method must be found of regularising the position if this amendment should be passed, that would probably be the best way of dealing with the situation at the moment. I merely wanted to let you know, Sir, that this point is not covered by the amendment as it stands, and I leave it to you to decide what is the best way of regularising this apparent irregularity.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): It strikes me, Sir, that no ruling is necessary at this stage. If this amendment of my friend is passed, the consequential amendment, to my mind, would be the omission of items 1 and 2 in Schedule I.

Mr. President: We have already passed over items 1 and 2.

Sir Purshotamdas Thakurdas: No, Sir; you have not put them from the Chair. We came to consider Schedule I, and only amendments have so far been taken.

Mr. President: Amendments to items 1 and 2 cannot be made now, because we have already gone beyond that.

Sir Purshotamdas Thakurdas: Sir, there are no amendments to 1 and 2. But there is another way out of the difficulty. When the Chair puts the whole Schedule to the vote, the Chair may be pleased to put each item to the vote. I expect the Honourable the Finance Member will agree that there is no question of ruling on this point, but it is good of him to have drawn the attention of the House to the point.

Mr. President: I suppose some way will have to be found out. What is the object of the present amendment? The object is

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muhamadan Rural): The object is to delete the present duty proposed by Government.

Mr. President: If the amendment is carried, the effect of it will be to delete the duty on silver.

Mr. Fazal Ibrahim Rahimtulla: Yes, Sir; the new duty proposed.

Mr. President: This can be so, if items 1 and 2 are also deleted.

Mr. Fazal Ibrahim Rahimtulla: If my amendment is carried, then the deletion of items 1 and 2 will be necessary.

The Honourable Sir George Schuster: I might explain my point by saying that, as matters stand, the deletion of items 1 and 2 could not be regarded as strictly "consequential" on the passing of this amendment, but I am quite prepared to say, Sir, that I would accept the view of the situation, that if this amendment is passed the deletion of those two items shall be regarded as a consequential amendment. I leave it to you, Sir, to deal with the matter in whatever way you think best. In my own view, however, the course which I have just indicated would be better than that each item of the Schedule should be put separately, because after

[Sir George Schuster.]

all we shall have considered all the items in the course of dealing with the various amendments. But, as I said, I leave this question to decide in whatever way you think proper.

Sir Purshotamdas Thakurdas: Sir, I propose to speak on this question not from the point of view that my friend Pandit Kunzru has dealt with, because I have already expressed my views on that aspect of the subject. I would like, Sir, to concentrate on the question whether it is desirable to impose this import duty on silver, and whether that import duty is likely to serve the one object which I take it is the object of this side of the House, namely, to prevent the deterioration and further depreciation of silver holdings of the masses of India.

Mr. President: I think I must say a few words on the question raised by the Honourable the Finance Member. I will allow discussion on this amendment to proceed on the basis that the acceptance of this amendment by the House would mean the deletion of the extra duty on silver proposed to be imposed by the Bill, and I will allow at the third reading consequential amendments to be made as a result of the acceptance of this particular amendment. In that case it will not be open to Government to oppose those consequential amendments.

Sir Purshotamdas Thakurdas: I was saying, Sir, that the chief justification for the import duty, according to Members on this side of the House, is whether it will prevent further depreciation of the silver holding of the masses. In the short notice question which I put earlier in the Session, the Honourable the Finance Member agreed to consider this at a private conference between the Honourable the Leader of the Opposition and myself on one side and himself on the other. At these meetings which we had—they were at least two—the question was fully discussed, and I believe the Honourable the Finance Member got into touch with the main markets to find out whether it was possible to arrange for a conference between the representatives of the main producing countries or interests and the Government of India, with a view to devise a method of marketing silver for the next few years in a manner which would prevent further slump in silver prices. From what the Honourable the Finance Member has said in his budget speech, it must be clear to the House that he does not believe that much good can come out of any such negotiations. He has said that, if there is any inclination towards any such arrangement, the Government of India are prepared to assist, but I do not think that he gives us much hope of such action being fruitful. I myself feel that, under the peculiar circumstances in which India is at present, and the peculiar way in which the masses of India are placed, it would have been much more useful to all, including the Government of India, if such a conference as I indicated earlier in the Session, were feasible, and could have been brought about. But I think today we have to proceed on the assumption, which the Finance Member has made, that it is not feasible to expect much from such a conference even if it can be arranged. I am afraid I am not in a position to indicate to him, at any rate today, how such a conference can be arranged and I propose therefore to take it for granted today, and, for the purpose of

the consideration of the Finance Bill, that perhaps nothing useful will be achieved by a conference of this nature, even if it can be convened.

This leads me then to the second point which I mentioned, and, before I deal with that, I wish to ask the Finance Member one question in connection with an important detail of this taxation. The taxation as it is sought to be imposed now, I must admit, is a more complete and more thorough going and self-contained measure than it was when it was imposed in 1911-12. The Honourable Member proposes to include, for the purpose of this taxation, an excise duty on the silver production of Burma. He proposes further to exclude silver which is used as raw material in the manufacture of gold and silver thread, by increasing the import duty on these articles from 30 to 38 per cent. These two measures, which he has agreed to, make this silver duty less objectionable than it was in 1911-12. He further proposes not to disturb India as a market for distribution of silver, by providing for refund of the import duty on silver which is re-exported from India. This also removes an objection which was very strongly urged in 1911-12. The question which I wish to ask the Finance Member is how he proposes to deal with imports of silver from across the border by land, and how he proposes to deal with exports of silver from India across that same border to say, Afghanistan and other countries in the north. I hope that he will see that, with an incidence of more than 20 per cent., as this duty will mean, it may mean serious smuggling from that frontier if nothing clear is provided by law in this connection. I wonder whether the Honourable the Finance Member wishes to reply to me now, by interruption, or prefers to deal with this when he gets up to speak on this motion. But I wish to indicate to him that it is necessary for him to tell us how this particular aspect would be dealt with if this silver duty was approved of by this House.

Now, Sir, the main aspect therefore how this silver duty will affect the masses of India. Government say that it is now quite clear that silver can no longer be looked upon as a precious metal. One of the strongest objections to the import duty on silver in 1911-12 was that the Government were levying a duty on one of the two precious metals of the world, gold and silver. From that exalted position this metal—silver—has, according to Government now been completely dislodged. It has been dislodged in the sense that countries which can help it are giving up silver as a precious metal for their currency purposes and are going on to gold. In India although we have the silver rupee, for all practical purposes, the Government of India appear to have reconciled themselves to this, that silver must now be looked upon not as a precious metal but as a commodity. In fact, I understand that they would like the masses of India to look upon silver as they look upon, shall, we say, brass, copper, tin or any other baser metal. If that is so, I think that there may be some justification for this import duty. As coming from the Government, this measure is a sure indication to the masses that silver no longer holds the field with gold as a precious metal. One may, on that ground, agree to an import duty on silver if one feels confident that the masses are in a position to realise the significance of this import duty and take to something else. I would like to quote here the words of no less an authority than Sir Malcolm Hailey about whose happiness of expression of views very few have any doubt. Sir, Sir Malcolm Hailey speaking on a motion in March 1921 when it was sought to reimpose the silver duty

[Sir Purshotamdas Thakurdas.]

which he on behalf of the Government objected to said the following. I am reading from the Proceedings of 19th March 1921, page 1335. He said:

"We were then told, as Dr. Gour has told us again just now, that we were taxing the savings of the poor man. It has, it is true long been a charge against India, a charge certainly levied against India by Europeans from the 17th century onwards, that it is a pit for the precious metals. A long succession of economists has deplored the Indian habit of hoarding the precious metals. As a matter of pure economics they were undoubtedly correct; but the circumstances of India require that we should apply some qualification to this condemnation. If metal is hoarded, it does not necessarily follow that the metal so hoarded is a luxury. I will admit that for the European silver is a luxury; for the richer Indian, except in so far as he seeks to meet the absolute necessities of ceremonial occasions, silver is a luxury; but is it a luxury for the poor man? He has no banking facilities; he is not sufficiently educated to have acquired the Savings Bank habit, and until he improves sufficiently by education to appreciate the investment habit, or until we can provide him with the necessary banking facilities, silver and gold are practically his only means of banking. To that extent at all events silver is not really a luxury, and I would deprecate any attempt to decide the immediate issue before us—a tariff issue—on the supposition that we are taxing a luxury pure and simple."

Sir, these words of Sir Malcolm Hailey put forward the real reason for the hesitation of many on this side of the House regarding the advisability of reimposing this silver duty. I readily recognise that the Honourable the Finance Member has initiated measures which are likely to insure substantial efforts in the direction of securing to the people and the masses facilities as early as circumstances will permit to enable them to bank their savings. But, Sir, those facilities cannot possibly come into operation within the next year, or even two years. The question, therefore, that strikes one is, if silver is to be taxed in order to impress on the people that it is no longer a precious metal which the people can rely upon for stability, what are the people of India to turn to? The obvious reply to my mind, Sir, can only be one, namely, gold. Gold is the one metal which the people can safely rely upon where their savings will not depreciate. If, Sir, the savings of the vast masses of India were in such figures as to justify their purchase of a metal which sells at round about Rs. 22 per tola against silver which today is less than eight annas per tola, one may say, let us ensure wide publicity and dissuade the masses from using silver as a metal in which to keep their savings. But the difference, Sir, between eight annas a tola, or less than eight annas a tola, and Rs. 22 a tola is rather great; the customs and habits of the masses and of the womenfolk are such that they cannot change their usages lightly. I therefore feel that the duty which is sought to be imposed upon silver, whilst it may artificially appreciate the price of silver in India, is not likely to lead to the results which the Honourable the Finance Member expects, namely, divert the attention of the people from silver as a means of keeping their savings. I am therefore afraid that it cannot be gainsaid that this is a tax on the savings of the masses of India. If the Honourable the Finance Member can give us any indication as to how he proposes to provide an effective substitute for the masses in which they can keep their savings in preference to silver, one may concede that this duty has some justification. But those, who have been thinking over this problem for months now, have not been able to find any such effective substitute, and I, therefore, feel that, as far as the next year, or two years, is concerned, this is sure to be a tax on the savings of the masses of India. For these

reasons, my electorate, the Indian Merchants' Chamber, have come to the conclusion that it is not desirable to agree to this import duty on silver and I support this amendment.

***Mr. R. K. Shanmukham Chetty:** Sir, the temporary reason which has induced the Honourable the Finance Member to reimpose the duty of four annas per ounce on silver is, as he himself pointed out in his budget speech, to improve our credit by displaying a strong financial position in the world. That is his temporary object, but incidentally he says he will appreciate the savings of the masses in silver and also give a protected market to the Government of India itself to hold large quantities of silver. Well, Sir, if the object of the Honourable the Finance Member is to show a surplus in the current year's Budget and thereby improve our credit, then I would submit that he has turned his attention to a very unfortunate duty indeed. I share with my Honourable friend Sir Purshotamdas Thakurdas that in opposing this duty, I do so with some feelings of hesitation. There certainly is the argument that this duty will appreciate the hoarding of the masses in silver but the arguments, that have been advanced, and there are not many arguments against it, in the course of the debate, are so strong that it must make the Honourable the Finance Member and this House consider this matter more deeply before agreeing to the imposition of this duty. Sir, the Honourable the Finance Member wants that the masses of India should realise that silver is no more a precious metal: This process of the realisation on the part of the masses of India in this direction will be accentuated if the Government of India will first realise that silver is not a precious metal and the proof of that realisation would be for them not to rely upon silver bullion as a covering for the paper currency reserve but to replace it entirely with gold. (Hear, hear.) So long as Government have got 100 crores of silver rupees in the Paper Currency Reserve and would want us to believe that, in estimating the adequacy of the Paper Currency Reserve, we must take into consideration the silver bullion also, so long as that is the point of view of the Government, it is no wonder that the masses of India should still cling to the belief that silver is a precious metal and a metal in which the savings can be invested. Sir, this question of the imposition of silver duty, as I pointed out in my budget speech is mixed up with the question of gold standard, of replacing the silver bullion in the Paper Currency Reserve by gold and I think that this is not the proper occasion when, just to enable the Honourable the Finance Member to strengthen his position by showing a surplus in his Budget, we must be stampeded into giving our consent to the imposition of this silver duty. My Honourable friend says in his budget speech that the proceeds of this duty will be utilised by him to finance the provinces in their undertakings in the nation-building departments. The object is certainly a very laudable one, but in executing that object, he would find that he is faced with very many difficulties. Sir, to my mind the responsibility of the Government of India in finding money for the Provincial Governments is of a more complicated nature than what one would imagine at the first instance. It is not enough if the Government of India find new sources of taxation and undertake to distribute the proceeds of those taxes to the Provincial Governments. We will be driven back once again to the very unwholesome practice that prevailed in the past of meeting out doles to the provinces, and the moment you have got in the coffers of the Government of India surplus money and consider schemes of distributing these to the provinces, you are faced with the various claims of the provinces, and the invariable

*Speech not revised by the Honourable Member.

[Mr. R. K. Shanmukham Chetty.]

result is that every province complains that it has been treated unfairly. The right way of enabling the provinces to find money for spending on the nation-building departments is to transfer to the provinces flexible sources of revenue, which will enable them to raise money, and not for the Government of India to set apart the proceeds of its taxation to be distributed amongst the provinces. This problem, since it is so complicated, is one which ought to be considered apart from the mere question of balancing the Budget. The Honourable the Finance Member in his speech to the Federation of Indian Chambers of Commerce, said :

"This is one of the questions on which I feel that I must pay attention and give weight to strong expressions of opinion from commerce and industry in India."

I hope he will act up to what he said to the Federation and give up this proposal of an imposition of duty on silver.

The Honourable Sir George Schuster: Sir, although the speeches on this measure have been few, the arguments advanced have been of a concentrated and closely reasoned nature, and perhaps require some more time than usual for reply. I will deal with the arguments of the three speakers who have given us their views this morning. My Honourable friend Pandit Kunzru based his principal objection I think on the fact that we do not require this revenue on financial grounds. He would rather leave us with a deficit of 80 lakhs and force us to search for economies than give us anything that looks like providing a surplus. With that general argument I shall hope to deal later. But I would like to make the position clear at the outset. Although on the estimates, as I have put them before the House, I do show a surplus of 70 lakhs, I feel that I am in the position of one who is asking for some sort of an insurance fund which is very definitely needed. It is not a surplus in the sense that it is surplus to our requirements. We are facing a period of uncertainty and if Honourable Members will go through in detail our basic estimates of revenue before we come to the additions which the new taxation will give us, I think they will find a number of items on which they might well criticise me as having inserted too optimistic a figure. It is quite true that it might be argued that the yield of the extra taxes which I have estimated for is estimated on a conservative basis. But the position which I want to emphasise to this House with all the seriousness at my command is that, taking the Budget as a whole, the estimates are not under the mark, and that to face such a year as we are now facing with a possible surplus of only 70 lakhs is not asking this House to provide us with more money than is really required to deal with the existing situation. I will revert to that argument again, because I wish to make clear to the House what I have in mind for the application of the surplus, if by good fortune we should realise it. But the point that I must insist on is that it is the actual needs of the situation and not these possibilities of the future which furnish the real justification for my demand for this additional revenue.

Then, Sir, my Honourable friend also referred to the evidence of Sir Arthur McWatters, given ten years ago, and tried to link up my present proposal with arguments concerned with the adoption of a gold standard. To some extent that position has been met by what fell from the next speaker, Sir Purshotamdas Thakurdas. I think he recognises that we are dealing now with a different situation. We are not considering this proposal in any sort of relation to proposals for the establishment of a gold standard. Times are changing and the importance of silver as a medium

of currency is steadily diminishing. That is a movement which is going on all over the world, and in our present proposals we are, I think, facing the realities of the situation. I fully admit that we are definitely treating silver as an ordinary commodity, and I ask the House to accept it that that is really the right way in which to regard silver. For that reason I need not, I think, deal more fully with that particular line of argument and I do not intend either to go fully into answering what my Honourable friend quoted from the evidence of Mr. Benjamin Strong. We are not attempting now permanently to maintain the internal value of silver at any particular level. The effect of our measure in this respect can only be a moderate one. But it certainly does have the effect of improving the internal value of silver as compared with its world value, and that effect is already fully evident in the actual Bombay quotations. I recognise that that only goes a small way to meet the needs of the case if we are considering the desirability of maintaining the value of the investments of the great masses of the people. But because it only goes a small way, I do not think that, on that ground, we should reject it. I agree with Mr. Benjamin Strong that if we attempted to go further than that, we should probably fail, and therefore we have contented ourselves with quite a moderate measure.

Now, Sir, turning to what was said by my Honourable friend Sir Purshotamdas Thakurdas, he indicated that he might have been able to support this measure and he could have found justification for supporting it, if it could be represented as something that was going to prevent deterioration in the value of the hoardings of the masses. I ask him at least to recognise that it has some effect in that direction.

Sir Purshotamdas Thakurdas: Very temporary, at the best.

The Honourable Sir George Schuster: Well, Sir, whether it is temporary or not in regard to the world situation is a question which none of us can answer, but it must have a permanent effect as regards the relative values of silver in India and silver outside. My Honourable friend referred also to other measures which might have an effect on the value of silver, such as a combination between the producing interests. As he knows, I was fully desirous of following up that particular suggestion, and we have thrown out an invitation to the world that we would be ready to co-operate in any arrangement for regulating sales of silver. But I agree with my Honourable friend that, in the circumstances, I should be deceiving the House if I represented that I thought that such an arrangement can be, or is likely to be, very effective. In saying this, however, I do not mean that we will not continue to pursue this idea and to do all that we can in that particular direction.

My Honourable friend asked me a particular question as regards imports by land. I can only tell him at the present moment that that is having our full consideration. I recognise that it is going to be a difficulty. Then, Sir,

Sir Purshotamdas Thakurdas: Do I take it that this measure is to be put through without dealing with that aspect of it?

The Honourable Sir George Schuster: I do not exactly know what my Honourable friend means by "without dealing with that aspect of it". We shall have to take, of course, measures for prevention of smuggling on all frontiers and those measures have our consideration. I do not know what, therefore, I can say further.

Sir Purshotamdas Thakurdas: What I want to know is whether there is a customs barrier at all on that side of the country and if so, whether this duty will be collected on that land barrier.

The Honourable Sir George Schuster: If it is found—and it will be our business to ascertain whether imports on a large scale come across any land frontier—if it is found that they are coming across on a large scale, obviously we shall have to deal with the matter.

Sir Purshotamdas Thakurdas: Do I then take it that Government wish to carry this measure through, if they can, without anticipating that? With a 20 per cent. duty, are Government likely to prevent effectively imports from the other side?

The Honourable Sir George Schuster: I have to point out that we have not yet carried this measure through. We are considering the matter and I can promise him that it will be dealt with in a business-like way.

Sir Purshotamdas Thakurdas: By executive order of the Government?

The Honourable Sir George Schuster: I do not think I am called upon to say any more than what I have already stated. I promise my friend to consider this matter. It is a matter which on each frontier involves different considerations, and I should have to go into a great deal of detail. I think it sufficient if I say that the matter has our attention and I think we can promise to deal effectively with it if it becomes an abuse on a large scale.

Sir, my Honourable friend concluded by referring to the arguments used by Sir Malcolm Hailey in 1921. I was prepared to have those arguments brought up against me. But I would say—and I think the speaker himself recognised the fact—that we are living in changed times and that we are now dealing with a situation which is quite different from that which existed in 1921. It has been represented, and Sir Malcolm Hailey was quoted in support of this view, it has been represented that this tax is a tax on the savings of the people, of the poor man. I have looked upon it from quite a different angle. I have looked upon it, so far as it affects the savings of the poor man, as a measure which will tend to improve the value of the existing savings, and if it is a tax at all, it is a tax which imposes possibly some sort of obstacle on the poor man investing more money in silver. It is not a tax on his existing savings. It has exactly the opposite effect to that. It definitely improves the value of those existing savings. Now, my Honourable friend said that it is useless for us to attempt to divert the attention of the poor from putting their money into silver until we have some other form of investments to put before them. I think, if we were to wait until every measure was perfected, it would be very difficult to proceed at all. What I feel on this particular aspect of the subject is that, taking a long view, it is desirable that there should be a gradual diversion of the savings of the masses from the so-called precious metals, a diversion of those savings into productive employment. That would be to the advantage not only of the poor themselves but also to the country as a whole. This measure may give a push in that direction, and I do not claim that it can be very much more than that. On the other side I would point out that opportunities are available already for the investment of such savings in Post Office Cash Certificates. Those have already found a hold. Opportunities are also available for depositing money in co-operative societies which are steadily developing. Both these outlets for savings are capable of much

greater development and I was pleased myself to hear one particular suggestion which was made in the course of the general discussion of the Budget, that we should offer a Post Office Cash Certificate of a smaller denomination than at present, so that there will be something more easily obtainable by the very poor man. I think there is a great deal than can be done in that direction, and, considering the steps that have been taken as regards banking inquiry and all the other steps which we have under consideration, I am sure my Honourable friend will not accuse me of being dilatory in this particular direction.

Sir, my Honourable friend, Mr. Chetty, presented my case in a different way. He said that my primary object was to raise a margin of revenue in order to improve the credit of the country and that the provision of a protected market for the sale of our own silver and the improvement of the value of the holdings of the masses were subsidiary objects. I do not much care in which order these particular objects are placed. But perhaps I am prepared to accept my Honourable friend's appreciation of the situation. I am in some difficulty in answering all the arguments because there are so many advantages that are present to my mind in this proposal. It is of course clear that, if on the one side I say it is going to give me a surplus for new objects, then on the other side I may be accused of asking for more money than I actually want. I hope I have made my position clear in that respect. But before I close, I want to say something about those further objects. I have also gained the impression that a certain amount of the opposition to this measure is based not so much on the measure itself, but because our critics would desire to see the Government taking some other form of action for maintaining the value of silver, and not only that, but also because they object to what has already been done as regards the sale of silver. Now, as regards other measures for maintaining the value of silver, what is present in everybody's mind is that the Government themselves should cease from selling silver. That is a matter on which, in that speech which my Honourable friend, Mr. Chetty, quoted, I said I would be prepared to give full weight to representative unofficial opinion in the country, but I would ask Honourable Members to realise that there are two sides to the question. Indeed I find the position of public opinion on this matter rather a curious one. Here we are in India possessing one of the largest consuming markets for silver, and here is the Government of India unfortunately in possession of a great deal of silver surplus to its requirements. Now we have heard many arguments about India being self-supporting in other matters,—salt, for example, and industry of all kinds. Is it a very extraordinary proposition, is it a proposition which justifies accusations almost of "robbery", that the Government should try to put itself in the position of satisfying, out of its own surplus holdings, India's own demand for silver? I should have thought, in ordinary circumstances, that that was a measure which would have commended itself to practically everybody in this House. After all the Government do not represent interests distinct from, and hostile to, the people; Government represent the public interest. (*A voice*: "Question") We have this silver to dispose of; the people of India want silver; is it unreasonable that we should try to put ourselves in the position of directly satisfying those needs? And I want to point this out to those who object to our present proposal as diverting us from the policy which they want us to pursue. Undoubtedly the effect of providing ourselves with our own protected market—and we accept this—will be to provide a special reason for us to make our own sales in India to the direct advantage of the Indian market.

[Sir George Schuster.]

Now, to turn to the actual facts of the situation, I have already given the House figures to show what has been the result of our sales hitherto. We have sold—I will repeat the figures because I think it is so important that they should be understood—we have sold, in the last three and a half years, 67 million ounces of silver at an average price of just over 25½*d.* an ounce. Silver today in the world stands at just over 19*d.* The lowest price at which we ever sold silver is about 22½*d.* We have not therefore been responsible at all for the recent fall. We have sold no refined silver at all in the market since 13th December. During these 3½ years, we have disposed of silver which was obviously surplus to Government's requirements, because we still hold, as my Honourable friend Mr. Chetty himself has said, far more silver in our Paper Currency Reserve than we ought to hold. We have sold the surplus silver at a price which is more than 6*d.* an ounce hither than what we could realise for it today. It is said that we ourselves have been responsible very largely for that fall in price. But I maintain that our sales have been conducted with great discretion, and that we have not been responsible for that fall. I admit that India has been an important factor in the market; we could not help being an important factor in the market because it is within the knowledge of everyone that we do hold large stocks, and that rupees are steadily coming back from circulation to Government treasuries. That knowledge must have been a "bear" factor in the world's silver market. We cannot do anything to help it; it is a world tendency that is going on, and whether we had sold or not, our position would undoubtedly have tended to depress silver prices in the world. Well, if that is the case, and if, by anticipating what has happened, we have realised for the public benefit on a matter of 67 million ounces a profit, a price higher by 6*d.* an ounce, than what we could realise today, I think we can at least claim that that policy has been in the interests of the country. But I am told that that policy would be acceptable to this House if Government had used the proceeds for building up its gold reserves or its reserves in gold securities. We are told, "Instead of that, you simply use all this money for satisfying the Secretary of State". Obviously that is what has happened. The money has been converted into gold securities and has, shortly after that, been realised, and used for meeting commitments in London. But I think Honourable Members should go a bit further and consider what really has been the effect of that. It has not gone in meeting current expenditure at all. If Honourable Members recollect what I said in my budget speech last year, in reviewing the ways and means, position of the Government, I pointed out that, in the five years from 1923 to 1928, the Government of India had met, in capital expenditure in London, a total sum of £36½ million more than the net increase in its sterling debt. We have been all the time in the last few years incurring capital expenditure in London without corresponding borrowings against it, and I made it clear to the House that that process could not go on. We have been living on reserves, and that is where the proceeds of these silver sales have gone. If you follow out the position and go into those figures to which my Honourable friend Mr. Birla referred in his speech on another matter, if you trace how the holdings in sterling securities in the Paper Currency Reserve have decreased, you will find that that decrease has been far more than balanced by genuine productive capital expenditure undertaken in sterling. It has not been merely a matter of bolstering up exchange. The Government in fact—you may put it in this way—have made too great a demand on the remittance market by

expecting from its ordinary remittances to cover not only its recurrent expenditure, but also its capital expenditure, its new capital expenditure in London. By making that demand, it has been necessary to draw upon the Paper Currency Reserve. I am not saying that that is altogether a desirable result. It is not, because the Paper Currency Reserve is there for a certain purpose, and I, in justification of sterling borrowing, have always said that, when we incur capital expenditure abroad, we ought to increase our own capital to meet it. But still, if you are considering what has happened to India, and whether the position has been weakened or not, it is necessary to bear these facts in mind, and I might express the result simply in this way, that the £7 million odd, which has been realised by sales of silver, has ceased to be unproductive surplus silver lying in the treasuries of the Government of India, and has become locomotives, rails and railways, producing interest and materially improving the economic position of the country. That is the result; and there has been no weakening of India's position as the result of these transactions. On the contrary the economic position of the country has been strengthened, though I admit that the currency reserves have been weakened.

Now, Sir, I am asked to give some undertaking as to Government's future policy in regard to silver. There is nothing that I should like better than to give such an undertaking, because I am always anxious to meet the views of Honourable Members opposite. But I must consider my public responsibilities as well, and as we stand in possession of surplus stocks of silver, I must recognise the fact that there may be times when, in the public interest, we ought to take steps to realise them. My Honourable friend Mr. Chetty himself has said so; he has accused us of keeping a hundred crores of silver coin in our Paper Currency Reserve, and he would like to see them converted into gold. But how can you convert them into gold without selling silver, and how can you do that without incurring the charge of, at least, contributing to the depression of the world price of silver? I am at a loss to understand how I could, consistently with my obligations and responsibilities for the finances of the country, give any permanent refusal to sell silver. But, it may be said, "Government might do something short of that; let them say that they will not sell silver when it stands below 22*d.* an ounce or some figure of that kind". That at present might seem a reasonable request; but we must face the realities of the situation, and if the permanent level of price of silver settles down at something much lower than 22*d.*, must we keep out of the market for all time for that reason? I think it would be very dangerous for me to give any undertaking of that kind. I am fully prepared to discuss this matter with any representative body in the country, and I should be very glad to have a conference on it and to go into all the aspects of the situation. That indeed is necessary before I could give any undertaking, and I think it is also necessary in order that there may be an understanding on the other side of the realities of the situation. In the meanwhile, I

I P. M. do think that I may, with some confidence, point to the past record of the Government. We have conducted, as I have said already, our sales with discretion, and when the market became weak, we stopped selling at once. We have sold nothing below a price of 22½*d.*, and silver today in the world stands at just over 19*d.* and as I have said, we have sold no silver at all in the market since the 18th of December. I think, Sir, that I am justified in claiming that that gives us some right to ask the public to have confidence in us as to our future policy in the matter.

[Sir George Schuster.]

Now, Sir, to turn to the other aspect of the question, the general financial aspect,—the statement of the case that we are asking for more money than we really require. Now, I have many arguments, and I do not want to confuse those arguments, and that is why I selected for explanation at the beginning of my speech the primary foundation of my position, namely, that we do, to deal with the present immediate situation, require some margin in reserve. I made it clear that, whatever I had in mind as to the future application of the proceeds of this tax, providing there should be a surplus, that need would remain and would justify my present demand. I want to make that clear, and not to confuse that ground with what I am now going to say. But I do maintain that, when you go beyond that ground and consider the pledges which I have given and the purpose which I have made clear to this House, there are very special grounds for supporting Government when they ask for this money. We have had many points put up in the course of this debate, many demands for reduction of duties, and in answer to some of them I have already given definite undertakings. We are ourselves in this present Budget proposing a reduction in the export duty on rice. I want this money to make it possible for me to afford to give this reduction. We are faced with the disappearance of our opium revenue. That every one knows about. I want a margin to be available to meet the growing need which the gradual loss of this source of revenue will create. I have been asked, and the demand has been pressed very strongly, that an income tax-reform should be introduced, allowing losses incurred in trading in any one year to be carried forward to the next year. I have regarded myself as definitely pledged to introduce this change as soon as I could feel certain that the Government's financial position made it possible. It may mean, particularly when it is introduced at a time like the present, a very substantial loss. It can only be introduced gradually, picking up one year at a time, but if it is introduced now, it may mean a very substantial loss. If I am left without any margin of revenue, the prospect of such a reform must be indefinitely postponed.

Then in this Budget we have already made a start, I admit it is a small start, to adopt measures for the encouragement of sugar production. This start is sufficient, because no scheme is yet ready to require more money, but I fully realise that much heavier demands may come upon us in the future for the encouragement of the sugar industry. Indeed only yesterday the demand was put forward that the whole of the 180 lakhs which we are getting from additional taxation ought to be reserved for measures for the improvement of sugar cultivation. In that direction again advance will become quite impossible unless we have some margin.

Then again there is the question of strengthening the financial position of the provinces. My friend Pandit Hirday Nath Kunzru asked, why do the Government take this step when as regards every other step they say, "Let us wait until we get the Report of the Statutory Commission". I agree that is quite a good point, but I would simply remind him of the fact that, for the moment, I want this margin to meet the immediate situation, but that it is an additional argument in favour of this taxation, that we have behind us definite purposes which, I am sure, will commend themselves to this House and to everybody in the country. For we know that constitutional reforms will have very little chance of success unless more generous provision of revenue can be made for the provinces. Now, I am not going to be drawn into any reply as to the constitutional difficulties of effecting

this distribution. We all recognise the great difficulties that there will be in devising a scheme whereby money, which is collected through the agency of the Central Government, shall be distributed among the provinces. We have got to face that. It is one of the essential problems of the situation, and I think Honourable Members will find that it will have been very fully considered in the Report of the Statutory Commission and in the particular section of the Report which will contain the recommendations of Mr. Layton. It remains as one of the great tasks before us next year to deal with that particular question. The constitutional difficulties cannot be used as a valid argument against providing ourselves with funds. But apart from the needs of the provinces, I see other needs which I am sure will commend themselves to this House. Honourable Members know, because I have repeated it very often, what great hopes I hold for the results from the Banking Inquiry. There is no doubt that measures which we may wish to start as a result of the Banking Inquiry and experiments which we may wish to have carried out will require money. There are all sorts of needs of that kind.

I think, Sir, I have said enough on that subject to satisfy Honourable Members what is my purpose in asking for a financial measure which, if things go well, will put me in possession of a surplus. But then another argument is brought forward. It is said, "If you get this money before you want it, you are likely to be extravagant, you are not likely to resist demands from spending departments". Under that heading also I regard myself as pledged as fully as I possibly can be, because we have promised to carry out this Retrenchment Inquiry. I have given this House the most solemn undertaking that, pending the further examination by this Inquiry, no extravagance of any kind will be permitted, and I would ask the House to accept that undertaking. "But" I may be told "all that you have told us simply amounts to promises". On such a statement, Sir, I do feel, that I am entitled to ask Honourable Members to go back over the speeches which I have made in this House, and to point out to me any single promise which I have made which I have not carried out.

I have one more argument. The Honourable Mr. Chetty referred to my point about strengthening India's credit. I do attach very great importance to that, and I hope Honourable Members may have noticed, in the past few days, a very encouraging improvement in the prices of Indian sterling securities in London. According to newspaper figures, which I saw this morning—I have not verified them yet by direct telegrams—the Government of India $3\frac{1}{2}$ per cents. now stand at $67\frac{1}{2}$. They have risen since early in March from 58 to $67\frac{1}{2}$. Now, I do not claim all the credit for that. It is largely due to the cheapening of money in London. But British Government securities have not risen to anything like the same extent. Whereas $3\frac{1}{2}$ per cent. British Conversion loan has risen from $75\frac{1}{2}$ to $77\frac{1}{2}$, our $3\frac{1}{2}$ per cent sterling loan has apparently come up from 58 to $67\frac{1}{2}$. That is a rise of $9\frac{1}{2}$ points as compared with the rise of 2 points in British Securities. I do believe that, to some extent, that favourable turn in our credit in London has been due to the Budget containing strong financial proposals, and I would appeal to Honourable Members to take no step now which may convey the impression abroad that we are not out to take every possible step to maintain our financial position.

Beyond this, I would ask Honourable Members to read into this Budget an attempt to make a start in a constructive policy of development. I

[Sir George Schuster.]

agree that the first steps are small, but I think that in many departments the intention is very apparent and that policy cannot be carried out unless we have adequate funds. I would appeal to Honourable Members to trust my judgment in this matter and my judgment tells me this,—that this is the time to make a big move forward in strengthening our financial position. If we can put ourselves on a sound basis now, we can go forward undertaking in ever-increasing measure that constructive programme which the country so badly needs. If I might emulate my Honourable friend, Mr. Kelkar, and quote poetry, I would quote some very well known lines :

“There is a tide in the affairs of men
Which taken at the flood leads on to fortune;
Omitted, all! the voyage of their lives
Is bound in shallows and in misery.”

Now, Sir, if we restrict our resources now, I look forward to a period when all our efforts will be “bound in shallows and in misery”, but if this House votes adequate funds, we shall have taken the turn of the tide, and, without any burden being felt by the country, will be able to advance to a programme of constructive work and great benefit.

Mr. President: The question is :

“That in Schedule I to the Bill, the proposed amendment No. 5 be omitted and the subsequent amendments be renumbered accordingly.”

The Assembly divided :

AYES—49.

Abdoola Haroon, Haji.
Abdul Matin Chaudhury, Maulvi.
Agnihotri, Mr. K. B. L.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Bhargava, Pandit Thakur Das.
Birla, Mr. Ghanshyam Das.
Chaman Lall, Diwan.
Chettiyar, Rao Bahadur P. T.
Kumaraswami.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Farookhi, Mr. Abdul Latif Saheb.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Ismail Khan, Mr. Muhammad
Iswar Saran, Munshi.
Jehangir, Sir Cowasji.
Kelkar, Mr. N. C.
Kidwai, Sheikh Mushir Husain.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Malaviya, Pandit Krishna Kant.

Mitra, Mr. S. C.
Moody, Mr. H. P.
Munshi, Mr. Jehangir K.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Patil, Rao Bahadur B. L.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rajan Baksh Shah, Khan Bahadur
Makhdum Syed.
Rang Behari Lal, Lala.
Rao, Mr. G. Sarvotham.
Reddi, Mr. T. N. Ramakrishna.
Sarda, Rai Sahib Harbilas.
Shafee Daoodi, Maulvi Mohammad.
Siddiqi, Mr. Abdul Qadir.
Singh, Mr. Gaya Prasad.
Sinha, Kumar Ganganand.
Sinha, Mr. Rajjivaranjan Prasad.
Sitaranaraju, Mr. B.
Talatuley, Mr. S. D.
Venkatakrishnayya Choudhri, Mr. P.
Yakub, Maulvi Muhammad.

NOES—56.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Alexander, Mr. W.
 Anwar-ul-Azim, Mr.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Bhuto, Mr. W. W. Illahibakhsh.
 Chatterjee, The Revd. J. C.
 Cocke, Sir Hugh.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Crerar, The Honourable Sir James.
 Dalal, Dr. R. D.
 Dutta, Rai Bahadur S. C.
 Ferrers, Mr. V. M.
 French, Mr. J. C.
 Ghazanfar Ali Khan, Raja.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. L. B.
 Hardy, Mr. G. S.
 Heathcote, Mr. L. V.
 Howell, Mr. E. B.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Mitchell, Mr. D. G.

Mitra, The Honourable Sir Bhupendra
 Nath.
 Mitter, The Honourable Sir Brojendra.
 Monteath, Mr. J.
 Moore, Mr. Arthur.
 Mukherjee, Rai Bahadur S. C.
 Noyce, Sir Frank.
 Pai, Mr. A. Upendra.
 Parsons, Mr. A. A. L.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. H. Shankar.
 Roy, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Shah Nawaz, Mian Mohammad.
 Singh, Mr. Adit Prasad.
 Slater, Mr. S. H.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Tin Tut, Mr.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.
 Ziauddin Ahmad, Dr.
 Zulfiqar Ali Khan, Sir.

The motion was negatived.

Rai Bahadur S. C. Dutta (Surma Valley *cum* Shillong: Non-Muham-
 madan): Sir, I beg to move:

"In Schedule I to the Bill the proposed amendment No. 6 be omitted and the
 subsequent amendments be renumbered accordingly."

Sir, item No. 45 of Schedule II of the Indian Tariff Act levies a special
 duty of 11 per cent. on cotton piece goods. Item No. 6 of Schedule I
 of the Finance Bill proposes to omit that item No. 45 in the Tariff Act;
 and thereby apply 15 per cent. *ad valorem* tariff for textiles to cotton
 piece-goods also. My amendment proposes to retain the special duty of
 11 per cent. I find there is a section of non-official Members in this House
 who are for raising this duty for protection purposes. I wish to point
 out that, whatever variations they wish to make in this duty can be
 made appropriately in the other Bill, the protection Bill which we were
 discussing the other day. The advantages will be this. If my amend-
 ment is allowed, then the tariff duty of 11 per cent. will remain per-
 manent, but if the House wants to make any change in the Tariff Bill
 that will come later on, the protection will be for three years only, for
 at the end of that period there will be an enquiry into the necessity
 for protection. I wish the House to bear this in mind, namely, that the
 rate of tariff protection will be revised after the period of three years.
 So that, instead of making a permanent alteration in the tariff to 15
 per cent., it is better that the House should make a charge only for three
 years, if the House is so minded. Or if the House so desires, it can,
 even under the protection Bill, after referring it to the Select Committee,

[Rai Bahadur S. C. Dutta.]

raise the duty to 15 per cent. without making any discriminating protection, or accept the amendment of Pandit Madan Mohan Malaviya. But it is desirable that no permanent disturbance should be made in the tariff by this Bill, because as I pointed out in my speech yesterday, the effect of such a tariff is to perpetuate an evil and where it is a question of great losses to the consumer and comparatively smaller gain to the Government, the tariff should never be high.

I also wish the House to realise that the existing system of taxation presses unduly upon the poor as a large number of the necessities of life are being taxed. I find from the proposal of Government that they want to stabilise the finances. These are not proposals of a temporary nature. The increase is not meant to be debited after a year or two to meet the exigencies of the present financial situation, but to stabilise the finances to meet provincial deficits. Sir, the unsuitability of these present proposals to meet provincial deficits has been referred to by other Members. I think the reference to it is unfortunate. It is to be hoped that when provincial autonomy is realised, it will be done by dividing the sources of revenue between the Central Government and the Provincial Governments in such a way that each would be free in its action as regards the sources of revenue, so that when the lines of division are drawn there will be no further scope for doles from one to the other. The very object of the Budget being not only to balance the Budget but also to keep a reserve so that they might contribute something to the provincial revenues, it is clear that Government wish to make these proposals permanent. Sir, when the cotton duties were raised to 11 per cent. it was hoped that the utmost limit was reached. It is now found that that hope has been dashed to the ground.

Sir, since reference has been made to the provincial deficits and the need for replenishing the provincial revenues, I ask, are there not alternative sources of revenue from which the provincial finances can be replenished? Are there not other alternative sources of revenue at the disposal of the Government of India by which the Central revenues can be replenished? I find that there are various suggestions in the Report of the Taxation Inquiry Committee. Why are not these valuable suggestions being utilised? I refer to this because the tariff duties are still being raised higher and higher, following as it were the line of least resistance. Because whenever an article is proposed to be taxed or the duty is proposed to be increased, there happen to be some producers of that commodity in the country who think it their duty to support it on the ground of affording protection. Sir, it is necessary that the conscience of Government should be roused and the conscience of the House also should be roused to find alternative remedies instead of laying the burden on the poor. Why not widen the basis of income-tax so that the net income from all investments may be taxed? That would relieve the financial difficulties of Government and at the same time Government will be in a position to give relief even in the matter of income-tax by raising the minimum amount that should be free and also reducing the rates of income-tax.

Then again, as reference has been made to the needs of the provinces, why not equalise the succession duties? It is a most inequitable system of taxation that prevails in the case of the succession duties, certain

communities are taxed, while others are not; certain provinces are taxed while others are not; certain assets are taxed while others are not. The European community to whom the old Succession Act applied have to pay duties not only on taking probates but also on intestate succession. What is the case in Bengal and other provinces to which the Hindu Wills Act applies? They are to pay duties on taking probates. The taking of probate is compulsory as regards Hindus, Sikhs and others but not so in the case of Muhammadans in Bengal and Assam, and not so in the case of people other than Europeans as regards other provinces. Is it not most inequitable? There is another succession duty for persons who are not bound to take out letters of administration or probate. They are to pay duties on only certain assets, *viz.*, debts due to the deceased. When they are to take succession certificates only, particular assets are selected, but that even not universally. They are to pay duties only in the case of their instituting a suit or rather getting a decree in court. Is not that a most inequitable system of taxation? If that be remedied, all difficulties of provincial revenues would be removed. Will not the Government of India in that case be able to keep to itself all the income from the receipts of income-tax? And the difficulties of the Government of India will be solved.

When I refer to these items I do not mean that these are the only remedies to meet the financial situation, but they are only illustrative. There are various methods of taxation which will be found to be more equitable than the present system of taxation which presses so heavily and unduly upon the poor, and it is the duty of this House to find a remedy. It is more a duty of this House than that of the Government to find a remedy instead of remaining content with simply making unavailing protests.

Pandit Nilakantha Das: Has the House any power to find a remedy in this Bill?

Rai Bahadur S. C. Dutta: You are not helpless. This House is not helpless in finding a remedy. The House can suggest a remedy. If you reject the Government's proposal it will be an indication that there should be a halt, a pause in the present system and an inquiry as to the basis of revising the financial system. I hope there are many suitable remedies which may be adopted by joint consultation between the Government and this House by instituting an inquiry. There was such an inquiry by the Taxation Inquiry Committee. Its results are available. Now there is this remedy that I suggest. The House, instead of remaining content with mere unavailing protests, must adopt this remedy. That will be a warning to the Government. There was no proposal of cut in the Budget of the Honourable the Finance Member. There was a discussion in this House as to the responsibility of non-official Members. If the Honourable Members have studied the Budget and found no remedy, no proposal for a suitable cut, then it might be considered that the Budget of the Honourable the Finance Member is unassailable. The Honourable Member, Sir Cowasji Jehangir, raised a very important point and there was some discussion in this House and the Honourable the Finance Member also echoed the same sentiments. Some explanation was given on behalf of the non-official Members. One reply was that the non-official Members are not responsible, because they did not know whether it was possible for the Honourable the Finance Member to make a

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saving and whether it was possible to make large cuts because large policies could not be discussed in the course of the budget discussion. But it was possible to discuss and suggest cuts as regards new services, new expenditure. Those proposals for cuts as regards new services might be pressed to a division, if the explanation given be unsatisfactory.

Mr. President: What is the Honourable Member doing? This is not the general discussion of the Budget.

Rai Bahadur S. C. Dutta: I am only discussing the duty of the Members of this House.

Mr. President: He must bring a separate motion for that purpose. The Honourable Member must at present restrict himself to the amendment.

Rai Bahadur S. C. Dutta: I am speaking to the amendment whether it is not the duty of this House to balance the Budget, that is the point I am discussing, and this arises on that question whether it is the duty of this House to balance the Budget. Then there was another discouraging circumstance in this case. It was this, that it would have been useless for non-official Members to make suggestions for cuts as there would be no opportunity to put them to the vote. The Honourable the Finance Member has got his Budget granted. But he is not bound to spend all the amount. He can effect savings. I therefore ask this House to accept my motion.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, it is very generous of you to call me to support my Honourable friend. I wish the Honourable Members of this House who are absent from this House had heard him when he was delivering his interesting speech. In fact, those who were present listened to him with that respect and with that attention which the speech of my Honourable friend deserved. What was he proposing? He was proposing a reduction of duty which will benefit the poor, and as soon as this fact became apparent to the Members of the House, the small number of Members who were present began to listen to him with rapt attention, and the Chair also was pleased, seeing the cogency of the reasons advanced by him, to permit him to go on. Now, what was he pleading for? To keep the clause as it is. In fact, I would favour the abolition of all duties. I myself am a free trader. I do not believe in protection except in cases of basic industries of national importance. Protection may benefit the capitalists, and we are at times taken to the slaughter house to the detriment of the interests of the poor. Here my friend, coming from far off Assam, the land of coolies, and where the conditions of life are so trying, I think he was right and just in pleading for a reduction in the price of *dhotis*. That is what he was doing, and I hope this simple fact will appeal to every Member of this House who is asked to support a measure which will enable the poor to get sufficient clothing to cover themselves by lowering the price of cloth and to have enough cloth during winter to protect them from cold.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): May I point out, Sir, that in winter woollen cloth is necessary, not cotton cloth.

Mr. Amar Nath Dutt: Woollen cloth is for rich people, not for the poor men, half-fed and half-clothed, not having even anything to cover themselves with. I know of labourers who cover themselves during winter with *chattais* made of palm leaves. They know of no woollen cloth. Here my Honourable friend was pleading for cotton goods only, and I think this has also elicited some amount of sympathy from my friend. Sir, I beg to support the amendment.

Mr. President: The question is:

"That in Schedule I to the Bill the proposed amendment No. 6 be omitted and the subsequent amendment be renumbered accordingly."

The motion was negatived.

Mr. M. S. Aney (Berar Representative): I do not want to move my amendment No. 21.*

Pandit Nilakantha Das: I have got, Sir, two amendments in my name, Nos. 22 and 23. They practically come to the same thing. Amendment No. 22 is that:

"In Schedule I to the Bill, for the proposed amendment No. 7 the following be substituted:

'7. Item No. 4 of Schedule III be omitted.'

That is, this amendment is to abolish the export duty on rice that is now levied. Many of my friends will wonder how I have induced myself to propose the abolition of all export duties on rice. In this country where by tradition and environment practically it must be the policy that no foodstuffs should be exported, any difficulty which is put in the way of exporting a foodstuff like rice should *prima facie* commend itself to our people, but today I am in a very peculiar position. Though ordinarily it should be a common theory, especially in such a poor land, and especially in my constituency, Orissa, that no foodstuffs should go out, today I find I shall have to propose this amendment rather forced to propose it under circumstances that, I may say, have been created by this heartless Government. Whenever we think of rice export duty, it is the general tendency of Honourable Members to look to Burma. I have never myself been to Burma. Though export of rice is necessary there, I cannot exactly depict from my experience what the condition of the ryot there is. I may read passages from here and there, but that reading often times would suggest things which would never bring the actual state of affairs home either to myself or to my friends. I shall speak here of what I know from my own experience, in my own constituency.

I do not know what element of world conditions in the rice trade have entered into our Indian conditions for producing the present depression. But as far as I can see, it is the ratio muddle which first began this depression, and in a vast agricultural country like India the effect of one set back at big centres like Bombay and Calcutta has its repercussion in the villages, and for a time it goes on. In the appreciation of the rupee to the 1s. 6d. ratio, the difference in price to the exporter, rather the disadvantage, is theoretically only two annas in the rupee. I do not know how it has come about that the price of rice or paddy today in my place has gone down by something like 60 to 80 per cent. People have not been

*"That in Schedule I to the Bill, the proposed amendment No. 7 be omitted."

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able to sell their rice for the last three years. I am not going to take the figures in the statistics reports and accounts that are published. Some of my friends may think that the export of rice has increased during the last three years. May be, for rice is the only article of the peasant in rice-growing areas to be turned into cash for everything else that is necessary for living and carrying on husbandry. Less price may well mean more export. But whether the export is more from Burma, or Cochin, or Orissa, or Bengal, I do not exactly know, nor do I care to know. For I see the facts and the conditions with my own eyes. What are the conditions about rice in my constituency? I will illustrate the whole subject by a description of it and I believe the entire situation in the rice-growing parts of the country cannot be otherwise.

In my constituency the ryot gets very little. Gentlemen in this House will not be able to understand at once what settlement operations mean in my own part of India. These settlement operations are going on in Orissa and in some districts in Bengal; in some districts it has ended, and in other districts it is going on still; and you will be surprised to learn, Sir, though the general circular of the Bihar Government has been to the effect that the ryot will have to pay four annas increase in the rupee, this 25 per cent. under the rules has been manipulated to an extent that in some cases it amounts to an increase of 100 per cent. For certain lands of one of my friends in a village it has increased from Rs. 80 to Rs. 169.

This is not however a singular case. Here in this connection I must give to the House some information which may not be palatable to some. Last year some of my friends in my constituency were thinking of launching civil disobedience on this issue, I mean, non-payment of land taxes.

2 P.M. They would have done it, successfully, for the people are utterly helpless and have practically lost all interest in land they hold. Though they may not often be theoretically so much in favour of readily taking to civil disobedience in this particular item of non-payment of land tax, it is their inability to pay which would have at once driven them to resort to this method of securing relief. They don't often know where they would land if they adopted that weapon, but they do not mind it. They have been driven to this kind of desperation in matters of life and particularly of property on account of settlement and other operations in that uncared for land of Orissa. But I may inform you, Sir, we have got to pay our land tax mostly not to the Government direct, but to the intermediaries, i.e., zamindars. Many of our zamindars are absentee landlords who spend most of their time in Calcutta and other places. In the first quarter of the last century when Orissa was annexed, our land revenue was farmed out in Calcutta without our people knowing anything about it. Thus most of our zamindars were created and sold in Calcutta. However, Sir, this was the difficulty for which non-payment of land tax could not be undertaken. Now in addition to the crushing land tax, Sir, there are also the Chowkidari tax and other taxes paid directly and my friends in some parts of my constituency are probably thinking of resorting to such a tax, if non-payment of taxes is to be undertaken.

Sir, my object here is to give you an idea of the heavy land tax in my constituency, and when the land tax is growing, the ryot cannot get any money for his rice to make his two ends meet. The rate of rice, I mean paddy, which was $2\frac{1}{2}$ years ago Rs. 5-12-0 per bag, is now Rs. 3-8-0 per bag (a bag means 2 maunds) and the cultivating ryot who is taxed sometimes Rs. 8 to Rs. 12 or sometimes much more per acre cannot, at the present rate of rice, expect a margin even from the gross produce of his land. Sir, the produce of the land in our parts varies from 5 to 12 maunds of paddy per acre, which at the present price will bring him say, from Rs. 9 to Rs. 21. Out of this, he will pay the expenses of cultivation and land tax, and invest in stock and cattle, and then maintain himself and his family, educate his children, spend on ceremonies, and what not. Now you have seen the margin, Sir. You can well realise, at the present rate for rice, to what straits the ryot has now been reduced. If perchance one of his bullocks dies, he will have not only to sell away all that remains after paying his land tax, but will either mortgage or sell his land, and by so doing he will be utterly ruined. If the Honourable Member could find time to come to my constituency, at least once during his term of office, I should be very pleased to show him personally how, if the price of rice is not increased, there will be complete ruination among the ryots of Orissa.

Then again, Sir, after levying the protective and revenue duties to an enormous extent, you are going today again to raise the price of cloth which is a primary necessity of life, and you are also going to raise the price of sugar. You are virtually preventing the poor ryot from taking a bit of sugar. At such a juncture you don't think of abolishing or substantially reducing the duty on rice. You expect the poor ryot to fill your treasury by all means possible, injudicious as many of them are; still you are not adopting measures by which you can increase his purchasing power.

In their proposal, Sir, the Government are proposing a reduction of 9 pies out of 3 annas which is the present export duty on rice. I am simply surprised at the money-making propensity of our friend the Finance Member. The money will safely come into the treasury, but where will the 9 pies go to? Will it not in this case also find its easy way to the middleman's pockets? I wonder how the poor salt only has the peculiar misfortune of conveniently transferring all the small reductions in its duty into the pockets of the middleman. From those Benches the argument has always been flung at us that the money obtained by the reduction of four annas out of the duty on salt will go to the pockets of the middleman; it will not benefit the consumer. The four annas in the rupee will go to the pockets of the middleman, when it is the case of salt. When it comes to export duty on rice, 3 pice in three annas will clean go to the pockets of the cultivator who sells his rice. Of course, the argument was given more definitely in the time of the predecessor of my Honourable friend over there, and he may refresh his departmental memory by looking into the previous proceedings of this Assembly.

There is another question about adjusting the Budget. It has been referred to and discussed by Members on all sides. The theory seems to be that if we cut down some duty, if thereby Government's income comes down by a substantial amount, we are to find the money. Some Honourable Members feel even anxious to find the money. But we must not forget that only

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some items of the Tariff Act are before us to discuss in this Bill. We have not to consider the whole question from the very bottom. We are not even allowed to propose an increase of income on any item, if we desire it. Our duty is to reduce and not to increase, for the entire State purpose is not being here adjusted in consultation with us. It does not matter if, on account of our amendments, there comes to be more or less money in the pockets of the Government. That is their look out. They have got, I may suggest incidentally, enough money at least in their reserve funds, if nowhere else, to borrow from, though the funds are only in account, and not in actual cash reserve anywhere as I had painfully to learn the other day in connection with Railway Reserve in the Standing Finance Committee for Railways.

Mr. President: These are general observations. The Honourable Member will realise that we are now on amendments.

Pandit Nilakantha Das: I am simply making the point that, if reducing this duty affects the Government purse, we are not concerned. I am doing so, for many of my Honourable friends have referred to this aspect of the question.

Mr. President: That applies to every amendment.

Pandit Nilakantha Das: I am in a very awkward position, Sir, for many of my friends seem to be under a misapprehension of the entire situation, and I must clear the misapprehension before I count upon their support and votes.

Mr. President: I cannot allow repetition of the same argument.

Pandit Nilakantha Das: No, Sir, I have already done with that aspect of the question. Now, I would simply say this. Even this nine pies reduction will simply mean, according to their own arguments, a loss to the Government purse. It will come to nothing, no help so far as the cultivator is concerned. It will go to the pockets of the middleman. Therefore I hope you will agree with me when I say that, when the Government have agreed to the principle of reduction at a loss to their own purse, let them come to the logical issue arising out of their own measure, and apply the reduction reasonably and usefully by reducing to its entire extent, *i.e.*, abolishing this rice export duty. Sir, I move the amendment.

(Mr. K. C. Neogy stood up.)

Mr. President: Does the Honourable Member want to speak?

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Yes.

Mr. President: Then, we had better adjourn now.

The Assembly then adjourned for Lunch till a Quarter Past Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Three of the Clock, Mr. President in the Chair.

Mr. K. C. Neogy: Sir, I hesitate to support the rather drastic proposition which has been advanced by my Honourable friend, Pandit Nilakantha Das, though I have a good deal of sympathy with what he said in support of the amendment. It is a very complicated question. If the prices of food-stuffs fall below a particular limit then the producer suffers. If, as a result of stimulating export, a comparative scarcity is produced prices are raised, and then the consumer suffers. It is very difficult therefore all at once to say as to whether the Government of India should be called upon to surrender a large amount of revenue which they have budgeted under this head, for the purpose of stimulating export without knowing what the effect of that stimulation may be upon prices generally. I specially regret the absence of my Honourable friend U. Tok Kyi from the floor of the House on the present occasion, because it will be remembered that the question of the abolition of the export duty on rice came up for discussion more than once in this House at his instance. When we consider the question of export of rice, Burma looms very large before us. Although other rice-producing provinces like Bengal and Madras come in for considerable quantities by way of export, the difference in the quantities exported from Burma on the one hand and from the rest of India on the other is so large that for all practical purposes we might almost omit from our consideration the cases of the other provinces. It is for this reason particularly that I regret the absence of my Honourable friend U. Tok Kyi. Sir, the Honourable the Finance Member, in his budget speech, has justified this slight reduction in the export duty on the ground that the fall in prices all the world over has affected the Indian producer very adversely. That, of course, is a correct statement of the position though it does not give us an entirely complete picture of the position, Sir, on going through the official review of the trade of India for the year 1928-29, one finds that it is not merely the fall in prices that has affected the position of the Indian grower, but it was also the appearance of other competitors in the field, particularly in Europe, that complicated the situation. For instance we read that so far as the eastern markets are concerned, the depression was due mainly to the fact that both Indo-China and Siam had bumper crops in the season 1927-28. Then with regard to the European market the position appears to be as follows: The United States of America, Spain and Italy have taken to the production of rice in fairly large quantities since the end of the war. Exports from these countries have been mainly to Europe and these exports have affected the market for Burma rice in the European countries.

Now, Sir, there is a further fact, namely, the embargo which the Japanese Government have imposed on the import of rice, particularly from India, as far as I know. We, at one time, were under the impression that the Japanese Government were forced to take this action in retaliation of the Indian cotton yarn protection measure which was passed by this Legislature in 1927. As a matter of fact, Mr. Jamnadas Mehta at one time put a question in this House, drawing the attention of the Government to the necessity of raising this question of discriminatory action on the part of the Japanese Government at the League of Nations. But, Sir, we read in the official chronicle that the Japanese Government were forced to this decision as a result of the bumper crops which they had in their

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own country during successive years, and it is for this reason that the prohibition against imports is still supposed to continue in that country. My principal point is that it is not enough for Government to adjust the tariff for the purpose of stimulating export, but they ought to have a sort of constructive policy in this matter, for I find that, so far as the European markets are concerned, this reduction in the tariff will not be of much avail to the Burmese rice producer, because, as I read in this official publication, "The competition of the American and other overseas countries in European markets has been facilitated by the system of grading and better marketing methods that the rice producers of those countries adopt". Now, my Honourable friend the Honourable the Finance Member proposes to reduce the tariff by nine pies out of three annas. This can hardly enable the Burmese rice producer to compete in the European markets against better graded rice which is being supplied in those markets.

The next point is this that the present depressing condition of the rice market is due not merely to the low prices that obtain all the world over, not merely to the bumper crop that Burma had in the past, but also to the large imports of rice into India from abroad during those years when prices were abnormally low. I have collected a few figures which will explain the position.

In 1925-26, India imported 649 tons of rice from abroad valued at Rs. 1,27,000 and odd. In 1926-27 the figure went down to 289 tons which was valued at Rs. 66,818. In 1927-28, when there was already a slump in the Indian market we find that the quantity of rice imported into India from abroad went up to 68,954 tons valued at Rs. 92,14,804. Then again in 1928-29 the quantity went up much further, 1,25,426 tons valued at Rs. 1,79,32,000 and odd. Now, Sir, on a reference to the prices I find that during this period the declared values per cwt. of exported rice from India was Rs. 8-1-7 per cwt. in 1926-27; it fell to Rs. 7-18-1 in 1927-28, and to Rs. 7-5-9 in 1928-29. And it will be found that when the prices fell in the years 1927-28 and 1928-29, and when we imported abnormally large quantities of rice in these years, the average prices at which those quantities were imported were below the Indian prices by about a rupee; that is to say, the other countries were dumping their extra stocks of rice into India just at the moment when our own home market was in a very depressed condition. It does not appear that Government took any action to regulate these imports on the lines that the Japanese Government did; and here I want to ask the Honourable Member in charge whether it is not necessary for Government to have a constructive policy in this matter beyond a mere tariff adjustment.

Now, Sir, dealing again with the prices, I find that in the month of January, 1930, which is the latest period for which we have got published figures, the declared value per cwt. of rice exported from India stood at Rs. 6-15-6, which is much below the corresponding figure for 1928-29, which was Rs. 7-5-9. I think the House will realise that the present seriousness of the position has been brought about, not merely by the glut in the home market, but also by the large imports that we are having from abroad. I undoubtedly recognise that the imports have begun to diminish of late months, and we may not be faced with a similar situation as we were in 1928-29. But I want Government, on this occasion, to make a statement of their policy as to whether, if similar circum-

stances were to be repeated, they would take any effective action for the purpose of regulating imports at a time when they would embarrass the Indian market. The present policy which Government maintain in regard to the export and import of food-stuffs is that of the open door. Government say, "Dump your rice, dump any kind of food-stuffs that any country may have, in India, no matter whether it embarrasses our position or not; and if on the other hand any other country wants to take away our food grains like rice and wheat from India, we will not stand in the way". In the one case a situation like that which faces us today will arise; in the other case there may be comparative scarcity and high prices. In this connection I am reminded of what happened when the system of food control was in operation during 1918-19; the recklessness with which the control system was operated for the purpose of mobilising India's supply of food-stuffs for the benefit of the allies was brought out very clearly in the report which Sir Charles Innes (then Mr. Innes) wrote in his capacity as Foodstuffs Commissioner. The Report was published in 1919, and I would just quote one sentence from that Report to show that Government absolutely failed to recognise their responsibility in the matter of conserving a sufficient stock of food-stuffs in the country in those days.

Mr. Innes, referring to the situation in 1919, said that the situation was so serious that he found it "difficult to see how India could have come through 1919 as well as she did". That is to say, the information at the disposal of the Government of India in those days was not such as to enable them to estimate the quantity of food-stuffs that was in the country, and when Mr. Innes found that there were not very many deaths from starvation, when he found that Indians had really survived the system of food control, he said that he found it difficult to see how India could come through 1919 as well as she did. Then he began to speculate what this could be due to. He said that there must have been some reserve stocks in the past. Unfortunately, however, when Government find that the statistics which are published under their own authority do not support any pet contention of theirs, they say that these statistics cannot be relied upon in these matters, but when it suits them they say, "Here you are; these are the statistics which show that we are perfectly justified in allowing so much of your food-stuffs to be exported". Mr. Innes, it is interesting to know, was constrained to observe that the reserve stocks about which he speculated must now be very depleted; that is to say, at the end of 1919, Sir Charles Innes thought that there were practically no reserve stocks in India of food-stuffs. Therefore we can begin with a clean slate from the end of that period. Now, I want to know from Government whether they have been able to find out what the present condition is, what minimum quantity of food-stuffs should be conserved in the country for the purposes of meeting the human needs of the people, and whether the present export policy enables the country to retain that minimum quantity of food-stuffs. That is a very important question which Government cannot absolutely neglect; for although it is a fact that at the present moment we are faced with an excess of stocks, supposing for the sake of argument that as a result of the stimulation of export which my Honourable friend desires to bring about by this amendment, a much larger quantity of food-stuffs is exported than would be desirable in the interests of the people, what would happen? My Honourable friend Pandit Nilakantha Das has done very well in bringing

[Mr. K. C. Neogy.]

forward this particular motion so as to enable this House to confine its attention to the very important questions that are involved in this question of export of rice. The primary and most elementary test of the efficiency of a Government would be whether its administrative policy enables the people to have a sufficient quantity of food-stuffs at their disposal. Now, Sir, I very much hope that when my Honourable friend, the Commerce Member or the Finance Member, whoever replies to the debate, gets up to speak on the motion, he will give us an idea of the policy of the Government in regard to the export of food-stuffs, and not merely confine himself to the narrow issue of this present amendment.

Mr. Amar Nath Dutt: Sir, I beg to support the amendment from another point of view, which has been foreshadowed by my Honourable friend, Pandit Nilakantha Das, but very vaguely. You must not forget that India is an agricultural country, and you must not forget that upon the prosperity of these millions of agriculturists depends not only their own happiness but also the happiness and prosperity of those who live upon them, I mean the landholders and the gentry. In Bengal which is a rice-producing province, if you take into consideration the case of an ordinary farmer, you will find that the produce which he gets from his field is not sufficient to cover the expenses of cultivation after paying rent. I will give a concrete example. A farmer has ordinarily 20 *bighas* of land to cultivate. The cost of cultivation per *bigha* is Rs. 15 or 16, to grow paddy. The ordinary output of a *bigha* of land is about 7 or 8 maunds. That means the average farmer gets about 150 maunds of paddy as his produce while the present price of paddy being Rs. 2-2-0 per maund brings him about Rs. 300. This does not even cover the actual cost of cultivation. I wish my Honourable friend, Diwan Chaman Lall, had been here. He always champions the cause of labour. But he champions only the cause of industrial labour and not agricultural labour. That is my grievance against him. If you take into consideration the actual state of things that prevails in rice-producing districts, you will find that these labourers are starving because they have to meet the cost of cultivation after paying rent. In the present year they are unable to pay their rents to the landlords. I am informed that farmers are unable to pay their rent as the price of paddy has gone down. This affects not only the agriculturists, but also the upper classes of people who live upon the produce of these agriculturists. My friend, Mr. Neogy, has been pleased to point out that there is another difficulty, that if the price of rice rises, the consumers will suffer. I quite appreciate it, but I know that people living in towns always favour that the price of rice should be cheap. Those coming from the city will probably support cheapness of the price of rice. But we have to judge it—both from the point of view of the consumers as well as from the point of view of those who produce paddy, and I believe that, unless all other prices go down, the paddy-producers will be hard-hit and it will bring about absolute ruination of the agriculturists. In Bengal at least 90 per cent. live on agriculture and it is only 5 per cent. who live in towns who are benefited if the price of paddy only goes down. This proposal of my friend, Pandit Nilakantha Das, will save the agriculturists to a certain extent by increasing the export of rice. With the present export duty it is not possible for the agriculturists to export rice, so as to compete with other countries which export rice not only to other countries but also to India, the gra-

nary of the world. I therefore ask the Government to consider the circumstances put forward by Mr. Neogy as to how the imports from other countries of food-stuffs should be stopped in the interests of the agriculturists here.

But that is outside our province. So far as the present amendment is concerned, I have to suggest to them that they must take away the export duty on rice if they want to benefit the agricultural population of India. The condition of the agricultural population in Bengal villages is very grave, for I know from my own experience while going about from one village to another the granaries of the farmers are all empty as they had to sell the whole of their produce, and if this state of things continues, Bengal will witness one of those horrible spectacles which it witnessed during "Chhiattarer Mannantar" i.e., the famine of 1770, not for want of food grains, but for want of money amongst the agriculturists. If you go to the houses of these farmers, you will find that not one of them gets a full meal, not to speak of clothes to cover themselves. So I beg to lend my support to the amendment of Pandit Nilakantha Das, and if that fails, of course I shall come to my own amendment which will give the Government something. (*An Honourable Member*: "What does it give?") One pice. But I may tell the Government that, once for all, they must lay down their policy with regard to the net savings of the agricultural masses of the country.

The Honourable Sir George Rainy (Member for Commerce and Railways): I shall speak very briefly, Sir, on this amendment, and with special reference to what fell from my Honourable friend Mr. Neogy. He pressed Government to say whether they had anything to put before the House in the way of a constructive policy, apart from the reduction in the amount of the rice duty, which finds place in the Bill. The first point he raised was that it is not only the low price, due to bumper crops in several countries simultaneously, which was hitting the Burma rice, but also the improved methods of grading and other methods of putting rice on the market adopted in other countries, which had injured the Burma trade. That is an aspect of the matter which has been constantly present to the mind of the Government of India, and our feeling was that it might be of real benefit to the trade if part of the money raised by the export duty could be spent on improving the quality of the rice, and the methods by which it is put on the market. At the same time if the attempt is made to do that directly from Central revenues, we are at once faced by constitutional difficulties arising from the distinction between Provincial subjects and Central subjects. These difficulties can sometimes be got round by means of legislation imposing an export cess, the proceeds of the cess being spent by committees representing the trade concerned for the benefit of the trade. I daresay some Honourable Members may have noticed that His Excellency the Governor of Burma, addressing the Burma Chamber of Commerce in Rangoon the other day, specifically put this suggestion before them as a matter for their consideration, that it might be to the benefit of the trade if a small export cess were imposed on rice, a burden which the trade might be able to bear now that the export duty had been reduced, and that the proceeds might be spent on agricultural research and on the improvement of marketing methods, including grading. The matter therefore stands there for the moment, and the next move lies with the trade itself. But the Government of India believe that a good deal could be done in that way which should be beneficial to the Burma rice trade.

[Sir George Rainy.]

My Honourable friend went on to suggest* that measures might be necessary or desirable to regulate the import of food-stuffs from abroad, when prices were low and also to regulate exports. If there was a danger of the stocks in the country becoming unduly depleted I do not question the importance of matters of that kind, but I could not go with him when he referred to what happened in the year 1919. I have a rather vivid recollection of what the situation was at that time, and a very perilous situation it was. We were approaching the end of a period of four or five years during which the trade in food-stuffs had been controlled, and the Government of India and the Provincial Governments had been doing their best both to regulate prices, and to ensure that adequate supplies were always in existence in every part of the country. This was a very difficult task. In 1919 the danger that threatened was this, that, since prices were controlled and the price barometer gave no indication of what was happening, we might find ourselves suddenly faced by the fact that, in particular areas, there was an absolute shortage of grain which, owing to the difficulties of transport at that time, could not be made good. In two or three parts of the country that position was very nearly reached. But when the channels of trade are open and food-stuffs are moving freely, then we can trust the price barometer to give us warning when danger exists, and personally I should always be afraid of taking measures which might have the effect of obscuring what was really going on and eventually lead to a really dangerous situation. I do not think myself there is any great danger that stocks in India might become unduly depleted so long as we are living under normal peaceful conditions, and if they did, the experience of 1928 and 1929 clearly shows that imports from abroad would at once begin.

As regards the other question, namely, the regulation of imports, I fully sympathise with my friend, Mr. Amar Nath Dutt, when he referred to the hardship inflicted on the agricultural classes when the prices of food-stuffs fall very low. But we have to remember that when a great deal of grain from outside Bengal comes into Bengal, the great bulk of it comes from Burma and not from abroad. It would be very difficult indeed to say to Burma that they ought not to send rice into Bengal, because the effect would merely be to transfer the loss occasioned by low prices from one part of India to another. The whole question of the low price of primary food-stuffs does create a very difficult problem. It is a matter which the Government of India will certainly keep under close observation, but I cannot say myself that at the present moment I can see any way to a satisfactory solution which would lead to an immediate amelioration of conditions.

Mr. K. C. Neogy: May I say, Sir, that when I referred to the importation of rice, I did not mean the imported stuff from Burma, but the imported rice from overseas.

The Honourable Sir George Rainy: I quite understood my Honourable friend, but when I referred to importations from Burma I had in mind what Mr. Amar Nath Dutt said about conditions in Bengal. As regards the importation of rice from overseas, there were very heavy imports in 1927-28 or in 1928-29—in one of these two years, I forget which—but I am not sure that that is likely to be a normal feature in future years. At that time there had been short crops in two or three provinces. It was largely a question, as I see it, whether Burma rice or rice from some other countries came in, one or other was almost certain to come. It did not appear to me

at that time that there was any very serious problem. As regards the admission of rice from other countries, I think that concludes what I have to say. I would like to repeat that this whole question of the problem created by the low price of food-stuffs is one that the Government of India will certainly keep under close observation.

Mr. President: The question is:

"That in Schedule I to the Bill, for the proposed amendment No. 7, the following be substituted:

'7. Item No. 4 of Schedule III be omitted'."

The Assembly divided:

AYES—16.

Ayyangar, Mr. K. V. Rangaswami.
Bhargava, Pandit Thakur Das.
Chaman Lal, Diwan.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Rai Bahadur S. C.
Mitra, Mr. S. C.
Mohammad Ismail Khan, Haji
Chaudhury.

Mukerjee, Mr. Saradindu.
Patil, Rao Bahadur B. L.
Reddi, Mr. T. N. Ramakrishna.
Shafee Daoodi, Maulvi Mohammad.
Sinha, Mr. Rajivaranjan Prasad.
Sivaramaraju, Mr. B.
Venkatakrisnayya Choudhri, Mr. P.
Ziauddin Ahmad, Dr.

NOES—44.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Alexander, Mr. W.
Banarji, Mr. Rajnarayan.
Baum, Mr. E. F.
Chatterjee, The Revd. J. C.
Cocke, Sir Hugh.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Crerar, The Honourable Sir James.
Dalal, Dr. R. D.
Ferrers, Mr. V. M.
French, Mr. J. C.
Gwynne, Mr. C. W.
Hamilton, Mr. K. L. B.
Hardy, Mr. G. S.
Heathcote, Mr. L. V.
Hira Singh Brar, Sardar Bahadur,
Honorary Captain.
Howell, Mr. E. B.
Jawahar Singh, Sardar Bahadur
Sardar.
Jehangir, Sir Cowasji.
Lamb, Mr. W. S.

Lindsay, Sir Darcy.
Mitchell, Mr. D. G.
Mitra, The Honourable Sir Bhupendra
Nath.
Mitter, The Honourable Sir Brojendra.
Monteath, Mr. J.
Moore, Mr. Arthur.
Mukherjee, Rai Bahadur S. C.
Noyce, Sir Frank.
Pai, Mr. A. Upendra.
Parsons, Mr. A. A. L.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. C.
Rau, Mr. H. Shankar.
Sahi, Mr. Ram Prashad Narayan.
Sams, Mr. H. A.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Slater, Mr. S. H.
Sykes, Mr. E. F.
Tin Tut, Mr.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. President: Pandit Nilakantha Das.

Pandit Nilakantha Das: I don't want to move it*, Sir.

Mr. Amar Nath Dutt: I also don't want to move my amendment†, Sir; but I should like to move the next amendment if you will permit me, I mean amendment No. 25.

4 P.M.

*"In Schedule I to the Bill, in the proposed amendment No. 7, the words "Two annas and," be omitted."

†"In Schedule I to the Bill, in the proposed amendment No. 7, for the words "Two annas and three pies," the words "three pies" be substituted."

Mr. President: Schedule I is finished?

Mr. Amar Nath Dutt: Yes, Sir.

Mr. President: Then I can put it to the vote. The question is:
"That Schedule I stand part of the Bill."

The motion was adopted.

Schedule I was added to the Bill.

Mr. President: The question is:

"That Schedule II stand part of the Bill."

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in Schedule II to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head 'Letters' the following be substituted:

'For a weight not exceeding two and a half tolas ... Half an anna.'

Sir, we find that, in the Bill, for a weight not exceeding 2½ tolas, one anna has been put. With regard to this, Sir, I submit that there can be no two opinions on the non-official side for a reduction of the postal rates which were increased at a time when conditions were quite different in the country. There were high prices then, and Government had to give something to their servants to enable them to keep their bodies and souls together. They had to make some contribution to the Imperial Exchequer to enable the Government at home to carry on the war in Europe with which the people of India had no concern. Every one will remember the happy days when we had postal communications with our relations by spending one pice. (*An Honourable Member:* "Were they happy?") Yes, they were happy days. It has been our sad luck to be under foreign domination for nearly eight centuries before which we had happier days. In a poor country like India, Government will not be justified in maintaining the present postal rates, which were raised in war time. I do not wish to say anything against the Honourable Member in charge of this Department, for I know that he has full sympathy with our views. In a few months he will be one of us and will be as eager for this reduction as we are. But I know as a member of a foreign bureaucracy his hands and feet are tied. He is the victim of a system.

Mr. President: Order, order. I wish the Honourable Member would restrict himself to the merits of the amendment.

Mr. Amar Nath Dutt: People can write in a very small hand in a post card, but at times there are confidential communications. (*An Honourable Member:* "You are old"). Both young and old have to write confidential communications, but I am past that age. Be that as it may, we have to send confidential communications. I will give you an instance. The lawyers have to write to their clients informing them of the dates fixed for hearing of cases. If any of the parties happens to be a friend of the post master in the village, he gets access to the information and uses it to the detriment of the opposite party. The letters may not be delivered to the addressee. My friend Diwan Chaman Lall would like to do away with postage rates altogether. It will be a millenium when the labouring population gets free postage. But that day is far off. But I make an appeal

to the Honourable Member in charge to do something to reduce the postal rates before he lays down the reins of his office, which he has held so worthily for the last five years, to the credit of the race to which he has the honour to belong. I appeal to him to do this little service to his countrymen.

Sir, I am asked by my friends to go on. If I am now to dilate on the necessity for cheap postage, I can submit before you several things which will convince you of the necessity of cheap postal rates. There are communications of merchants, which can not be conveyed within the brief space of a post card. These merchants have to send small accounts and if they are to pay four pice every time, it is a real hardship. I do not think that Government should be eager for revenue always and not see to the convenience of the public. Really it affects the poor man more than anybody else. We may not mind these things very seriously, but we know that probably, next to the salt duty, it is the postal rates that affect the poor man most. Unfortunately, in these days of so-called civilisation, which has been introduced in our country, replacing our ancient civilisation, no one can do without communicating with his people living abroad. People have to leave their villages for distant places in search of work. They have to keep up communications with their relations, and to charge such people one anna every time is very hard indeed. It may not appear high to many of the gentlemen here, who are well fed and well clad with good head dresses, but it matters much for those poor people who have to leave their wives and children behind and go to distant places, 100 or 200 miles away. I am only concerned with people who go abroad. People from Bengal go to Madras and the people from Bihar and Orissa side come to Bengal. In fact my Honourable friend, Mr. Gaya Prasad Singh's people have overflowed Bengal, and they find it very difficult to communicate with their people at home on account of high postal rates. I found these people could not really afford to write one letter a week on account of the high postal rates. They have at times to remain without a letter for one month even. That is a thing which ought to appeal to every one of us. I think there should be no difficulty in reducing the postal rates. You can have other kinds of taxation, on heavy stationery and other things so that Sir Darcy Lindsay, Sir Hugh Cocke and other people, who take away so much from this country, might pay in the shape of postage stamps. Also on heavy stationery the Government could collect more postage revenue. Make them pay two annas. Of course, we cannot propose constructive suggestions for increase of taxation, but if we had the power to do so, we could propose taxes which would affect the rich and the middle class gentry but not the poorer classes of people.

Sir, with respect to letters, the only argument that can be advanced is that they need not write long letters. In fact as I have already said long letters have often to be written. Besides there may be some confidential communications and certain other communications which have to be made and they have necessarily to be written in covers. For these reasons I think the Government ought to reduce the postal rates for letters to half anna. Let them retain the one anna in case of more heavy stationery.

Rai Bahadur S. C. Dutta (Surma Valley *cum* Shillong: Non-Muhamadan): I have an identical amendment in my name. But I shall support the amendment moved by my Honourable friend, Mr. Amar Nath Dutt, and if that fails I shall move my alternative amendment.

Mr. President: The Honourable Member must move his alternative amendment first.

Rai Bahadur S. C. Dutta: Only if the amendment moved by Mr. Amar Nath Dutt fails.

Mr. President: No, the Honourable Member must move his alternative amendment now.

Rai Bahadur S. C. Dutta: Very well, Sir. I beg to move:

“In Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, before the existing entries under the head ‘Letters’ the following new entry be inserted:

‘For a weight not exceeding one tola ...

Half an anna.’”

My amendment as well as the amendment of my Honourable friend, Mr. Amar Nath Dutt, aims at restoring the postal rates to what they were before. My Honourable friend’s amendment proposes half an anna for a minimum of 2½ tolas, whereas my amendment fixes half an anna for a minimum of one tola. I wish only to add this, that so far as we know, there is no loss on the postal side of the Department so far as it is considered a commercial department. The loss is not on the postal side.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): That is not correct.

Rai Bahadur S. C. Dutta: It may be that there is loss on the telegraph side.

The Honourable Sir Bhupendra Nath Mitra: That is not a correct statement.

Rai Bahadur S. C. Dutta: Anyhow we find that larger concession rates are given for various publicity purposes, for press telegrams and otherwise. These are the objects for which concession rates may be admissible, but then it comes to this, that the Department is not run on commercial lines. I therefore hope that my amendment will be accepted.

The Honourable Sir Bhupendra Nath Mitra: Sir, I much regret that it is not possible for me to respond to the appeal so eloquently placed before the House by my Honourable friend Mr. Amar Nath Dutt, because there is nothing really behind that appeal. My Honourable friend, I think, tried to reinforce his appeal by suggesting that when I went over and sat with him I should probably make a similar appeal, but I can assure him that that position is not likely to be reached at all.

I should at the outset like to mention to the House the financial effect of the amendment moved by my Honourable friend Mr. Amar Nath Dutt as well as that moved by my Honourable friend Rai Bahadur S. C. Dutta. The cost of the amendment moved by my Honourable friend Mr. Amar Nath Dutt will, as I have stated in previous years, be something like 170 lakhs a year and the cost of the alternative amendment moved by my Honourable friend Rai Bahadur S. C. Dutta will be something like 150 lakhs a year and the reason why there is this small difference between

these two estimates is one which I have also explained at length in previous years. As my Honourable friend Mr. Dutta was not in the House then I think it might interest him if I were to read one passage from the proceedings of this House on the 27th March, 1929. The passage is this :

"The reason" (*i.e.*, *the reason of the small difference in the case of the two measures*) "is that the experience in every civilised country including India, is that if a reduction is made in the initial unit of weight on which the lowest rate is charged, the bulk of the traffic almost immediately tends down to that initial unit. In 1921-22 in deference to the wishes of this House, we had a rate of postage of half an anna for a weight not exceeding half a tola. The traffic carried on this initial rate of half tola was found to be about 80 per cent. of the total traffic and the traffic carried at the next higher rate of $\frac{3}{4}$ anna which was charged for weight exceeding half a tola but not exceeding one tola, was 10 per cent. of the total traffic."

That is the reason, Sir, why even the alternative proposal of my Honourable friend Mr. S. C. Dutta will cost us as much as 150 lakhs a year.

Now, Sir, on several occasions in this House in the last five years I have explained the policy which I have been consistently following in the matter of the Postal and Telegraph Department. That policy has three fundamental elements; first, that the Department should be self-supporting, that is, it should pay for the cost of the services which it renders to the public out of the fees which it levies from the public for these various services. That being so I regret I cannot subscribe to the views which have been expressed by my friend Mr. Amar Nath Dutt. It is not possible for the Department to dispense charity. Indeed, charity must begin at home; and that brings me to the second of what I called the fundamental elements of my policy, and that is that the service should be maintained in a state of efficiency and that for this purpose the service conditions of the employees, and particularly of the lower subordinate staff should be improved to a reasonable extent. (Hear, hear.) The third element is that the service should be developed, particularly by the extension of facilities in rural areas. (Hear, hear.) In regard to that third item it may interest the House if I give them some figures. In the five years ending 1924-25, we increased the number of post offices by 745. In the four years ending 1928-29 we have succeeded in increasing the number of post offices by no less than 3,804 (Hear, hear), and of that number over 3,000 have been opened in the rural areas. I am sorry that the financial position of the Department has interfered with further development in this direction in the year 1929-30, and our efforts have been confined to making permanent about a thousand experimental post offices which had been in existence at the beginning of the year. Next year also I regret the grant for this development has had to be restricted for financial reasons.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, will the Honourable Member tell us what was the loss during the periods he mentioned paid from the general revenues to the Postal Department?

The Honourable Sir Bhupendra Nath Mitra: I shall come to that presently.

Now, Sir, with regard to what I called the second fundamental element of my policy, namely, the improvement of the service conditions of the employees, and particularly of the lower subordinate staff, to a reasonable extent, the House is fully aware of the various measures which have been adopted in this connection during the last four years and the effect of the measures is reflected in the rise in the cost of the lower subordinate

[Sir Bhupendra Nath Mitra.]

staff. The cost on account of pay charge alone of the non-gazetted staff has risen from about Rs. 565 lakhs in 1924-25 to about Rs. 780 lakhs in 1930-31, and that is a rise of about Rs. 165 lakhs. In addition to that there has been some increase of about 15 lakhs in allowances of various sorts, that is, compensation for working in special localities or house rent allowances, etc. As I said last year, though we have done a good deal in the direction of improving the service conditions of these subordinate employees, the task is not yet complete. In particular, the strength of the subordinate staff and of the subordinate supervisory staff will have to be re-examined with reference to certain investigations in regard to time-tests enforced by the Department which were conducted last year by an officer of the Department and a member of the Service association, and in regard to which both these gentlemen came to unanimous conclusions. The other important items in regard to which a further move will be required are the grant of a weekly day of rest to the staff where they do not now get it, the provision of an adequate leave reserve for postmen and inferior servants, the provision of pension for people who at the present moment are on a non-pensionable basis, and the improvement of pension of men who are in inferior service. I personally should have liked to have done something in these various directions before I left charge of the department, but financial considerations have made that impossible.

Now, Sir, with regard to what I called the first element of my policy, it was possible to follow that in the years 1925-26 and 1926-27. Unfortunately thereafter there was a very material fall in the revenue of the Department. That was due partly to trade depression, and partly to causes over which the Department has no control. One of these latter has been brought out, I see, in the Appropriation Accounts of the Accountant-General for the year 1928-29. In January 1928 the stamp duty of one anna on cheques and bills of exchange was dispensed with. Owing to the system of unified revenue and postal stamps, apparently the bulk of the loss of revenue arising from that cause has fallen on the Postal Department. We have recently had under consideration what action the Department should take in that connection. In view of the fact, however, that the constitution will shortly come under revision and it would be difficult to interfere in the meanwhile with financial adjustments with provincial Governments, the Department found itself unable to pursue the matter. Even in spite of these special causes and of the trade depression, the revenue of the Department has increased from 997 lakhs in 1924-25 to 1,120 lakhs in 1929-30 and is likely to increase to 1,151 lakhs in 1930-31, that is, an improvement in 1930-31, as compared with 1924-25, of 154 lakhs. The working expenses, unfortunately, have risen from 888 lakhs in 1924-25 to 1,126 lakhs in 1930-31. That is an increase of 238 lakhs. Of this increase of 238 lakhs, 64 lakhs have resulted from the completion of the process of commercialisation of the accounts. We have to provide in 1930-31 for 85 lakhs for Depreciation for which no provision was made in 1924-25 and on the actuarial basis we have to provide for 29 lakhs more for Pensions. But the biggest item, as I have already said, is an increase of about 180 lakhs in the pay and other allowances of the subordinate employees, *i.e.*, mostly the lower subordinate staff.

There is one point which I should like to impress on the House in this connection,—I have referred to it on several occasions in the past,—and

that is that the number of highly paid officials in this Department is very low. The subordinate staff will number about 185,000 in 1930-31 having risen to that figure from about 120,000 in 1924-25 and here it will be noticed that the increase in the lower subordinate staff is certainly not higher than the corresponding increase in the revenue. When you look at what we call the gazetted staff, the total strength provided for in the Budget is 609, against a strength of 606 in 1924-25. Of that 609, 478 consist of people whose maximum pay does not exceed Rs. 800 and there are only 136 people who belong to what are known as the superior civil services, i.e., their pay goes up to Rs. 1,000 or beyond. Then, again, Sir, we do not employ among these gazetted officers an unduly large number of men of non-Indian domicile for whom special concessions are required. Indeed, the non-voted expenditure in the Department amounts to only 12 lakhs of rupees out of a total expenditure of 11 crores, and there has practically been no rise in that figure since 1924-25.

I know, Sir, that the policy to which I have referred at length has the general approval of most of the Members of this House, and I am extremely grateful to my Honourable and learned friend, Mr. Kelkar, for having commended the policy while speaking in this House on the 4th March last. I know that the policy is appreciated by the subordinate staff itself. When I was in Bombay, last December, several of the unions of these various subordinate employees were kind enough to present me with an address, this being perhaps the first time in the history of the Department when the lower subordinate staff have presented an address to an out-going Member of Council. I thought that their action displayed a want of wordly wisdom because certainly from their point of view it was most unprofitable to pay homage to the setting sun. But still they did it and I may be permitted to quote to this House a passage from that address. The passage is this:

"It was also in your term of office that all grades of officials of this great department were brought into close touch with those who govern their destinies. What some years ago was an ethereal substance in the clouds is now being felt by us all as human flesh and blood which we can meet and greet. It is needless to say that this contact makes for mutual good and is in the interests of both those who govern and those who are governed."

Now, Sir, if I am entitled to any credit for what has been done for these people in the last four or five years, surely the House is entitled to the fullest share of that credit; for it is due to continued pressure from Members of this House that that action has been taken. The pressure began with my Honourable friend, Mr. Jinnah, in the early days of 1925 just after I had taken over charge of my present portfolio, and it has been continued practically from day to day by the various Members in various quarters of this House. I hope, Sir, that this House will feel no hesitation in turning down not only the amendment of my Honourable friend, Mr. Amar Nath Dutt, but all the other amendments which propose a reduction in the existing postal rates. (Applause.)

Mr. President: The question is:

"That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head 'Letters' the following be substituted:

'For a weight not exceeding two and a half tolas ... Half an anna'."

The motion was negatived.

Mr. President: The question is:

"That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1908, before the existing entries under the head 'Letters' the following new entry be inserted:

'For a weight not exceeding one tola ... Half an anna.'

The Assembly divided:

AYES—26.

Abdoola Haroon, Haji.
Abdul Matin Chaudhury, Maulvi.
Agnihotri, Mr. K. B. L.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Bhargava, Pandit Thakur Das.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Rai Bahadur S. C.
Farookhi, Mr. Abdul Latif Saheb.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Kidwai, Sheikh Mushir Husain.
Lalchand Navalrai, Mr.

Mitra, Mr. S. C.
Mukerjee, Mr. Saradindu.
Murtuza Saheb Bahadur, Maulvi Sanyid.
Neogy, Mr. K. C.
Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.
Siddiqi, Mr. Abdul Qadir.
Singh, Kumar Rananjaya.
Sinha, Mr. Rajivaranjan Prasad.
Sitaramaraju, Mr. B.
Talatuley, Mr. S. D.
Venkatakrishnayya Choudhri, Mr. P.
Ziauddin Ahmad, Dr.

NOES—52.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Alexander, Mr. W.
Banarji, Mr. Rajnarayan.
Baum, Mr. E. F.
Chatterjee, The Revd. J. C.
Cocke, Sir Hugh.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Creer, The Honourable Sir James.
Dalal, Dr. R. D.
Ferrers, Mr. V. M.
French, Mr. J. C.
Ghazanfar Ali Khan, Raja.
Gidney, Lieut.-Colonel H. A. J.
Gwynne, Mr. C. W.
Hamilton, Mr. K. L. B.
Hardy, Mr. G. S.
Heathcote, Mr. L. V.
Hira Singh Brar, Sardar Bahadur, Honorary Captain.
Howell, Mr. E. B.
Ismail Khan, Mr. Muhammad.
Jawahar Singh, Sardar Bahadur Sardar.
Jehangir, Sir Cowasji.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.

Mitchell, Mr. D. G.
Mitra, The Honourable Sir Bhupendra Nath.
Mitter, The Honourable Sir Brojendra.
Mohammad Ismail Khan, Haji Chaudhury.
Monteath, Mr. J.
Moore, Mr. Arthur.
Mukherjee, Rai Bahadur S. C.
Noyce, Sir Frank.
Pai, Mr. A. Upendra.
Parsons, Mr. A. A. L.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. C.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Sahi, Mr. Ram Prashad Narayan.
Sams, Mr. H. A.
Sarfaraz Hussain Khan, Khan Bahadur.
Sarma, Mr. R. S.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Slater, Mr. S. H.
Sykes, Mr. E. F.
Tin Tut, Mr.
Yakub, Maulvi Muhammad.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. M. S. Aney: I move the amendment that stands in my name and which is as follows:

"In Schedule II to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1908, for the entries under the head 'Postcards' the following be substituted:

'Single	...	...	...	...	Quarter of an anna.
Reply	...	...	...	...	Half an anna.'

Sir, this is a hardy annual, and I do not think I can add any new arguments now in support of the amendment which I am now moving.

My Honourable friend, Mr. Amar Nath Dutt, has practically given out all the arguments which I could have very well advanced in support of it. My Honourable friend, Sir Bhupendra Nath Mitra, has pointed out to us that the policy which he has pursued has had the general appreciation and approval of this part of the House, and I say that he is right when he says that. I may not be one of those Members who are very vocal in appreciation of the work he has done, but I can assure him that our standing fast to this demand does not mean any want of appreciation on our part of all the good work that he has undoubtedly done during the time he has been in charge of his Department. I want to assure him of that in the first place. But still, in spite of the great work he has done, for which not only Members on this side have expressed their appreciation, but his whole staff are also grateful to him, we still maintain that the retention of the postal rate at half an anna is a wrong which requires to be remedied. This is one of the standing wrongs which came into existence on account of certain emergent conditions, and this wrong is still left unremedied, in spite of the fact that those emergent conditions have passed away. We are still carrying in the form of this half anna postcard the burden which was imposed upon us at a very difficult time. Therefore we want our annual protest to be recorded, and we hope, if not this year, at any rate in the near future, the wrong will be remedied. Immediately when the Government find that they are in a position to do something to help to relieve the burdens of the people, their attention should be arrested and directed to this wrong at once, and not to any other measure of giving relief. It is one of those wrongs which requires to be remedied first, because it was the poor man who was made to pay out of his pocket to contribute to the treasury in times of difficulty. So when the Government are in a better position, they must immediately remove that burden and allow him to have the benefit of his pice postcard. This pice postcard is a privilege which he has enjoyed for a very long time. For some time the Government have robbed him of that privilege. We ask that that privilege should be restored to him, if not now, at least when they are in a position to do so. But I know that they won't do it if we do not record our protest annually, and for the sake of recording that protest I am moving my amendment.

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadan): Sir, every year I also have either moved an amendment in favour of the pice postcard, or have supported an amendment that was moved by another Honourable Member. It is not desirable that, when amendments are moved here, the Honourable Member should proceed on a different basis and ask for appreciation. I am rather surprised at the appeal which my Honourable friend made in the last part of his speech, that he would even allow all his amendments to be vetoed if the Honourable Member's work is appreciated. While appreciating his work and while giving him his due, I would submit, Sir, that the House will be well advised in supporting this amendment. Now, I will refer the Honourable Member to the speech which he delivered in this House on the 27th March, 1929, when he was pleased to say:

"It was not in the best interests of the Department or its customers that we should try to conserve the relatively small surplus which the Department was likely to produce from year to year, so that at the end of a long term of years, it might grow to a figure which would permit of a reduction in, say, the postcard rate."

[Pandit Thakur Das Bhargava.]

So I understand that he has always been in favour of the reduction of the rate for postcards, and he is himself responsible for the formulation of the policy which would ultimately lead to the reduction in the rate for postcards. My submission has always been, and is even today, that, whatever opinion the Honourable Member in charge of this Department may hold, I always stick to the opinion that it is not a commercial department. The institution of the post office, Sir, is a feature of the civilized administration of every State, and all the servants employed in the post office are public servants. I don't understand in what particular sense the view that this Department is a commercial department has been maintained. In my humble opinion, if this view was accepted in relation to the Telegraph Department, this Department ought to have been abolished long ago. And similarly in regard to other departments, the view that such and such a department is a commercial department cannot be justified.

Now, Sir, whatever may be said about letters, so far as postcards are concerned, I do not think it will be disputed that they are used very largely by very poor people in this country. The pice postcard has really endeared itself to the poor people of this country, and the rate, which was increased in the year 1922 as a war measure, is really telling very heavily upon the poorer classes of this country. If you compare the earning capacity of a poor man in India with that of a national of some other country and also compare the postage rates in this country with those prevailing in that country, you will find that the rates prevailing in this country are not really very low, and I know of no other argument which has been adduced by the Honourable Member in charge, which can justify the keeping of the present rates. As a war measure, the price was doubled, and there is no reason why that price should be maintained today. If you look to the figures of postcards, Sir, you will find that the years 1919-20, 1920-21 and 1921-22 have been years of great prosperity so far as the number of postcards used by the people is concerned. Then, as soon as the price was raised, there came a drop, and even now we have not been able to make up that drop, and I understand that the number of postcards used in the year 1927-28 was less than the number used in 1921-22, and the community in general has not used the postcard in the way it should have been used if normal development were allowed. I understand, Sir, that the reduction in the rate of the postcard would mean the cost of another 70 lakhs or so to the State, and that it is difficult to find out this amount. The Postal Department, commercially speaking, Sir, is not a losing concern, and if these 70 lakhs could be supplied by the general revenues of the country, it will be easy for the Department to reduce this rate. Now, when there was a deficit in the Budget to the tune of 4 crores 40 lakhs, Government were able to devise several methods. So what is the difficulty? Can't 70 lakhs be found out from some other source so that a measure of this character may help the poor people? This year the income-tax is increased by 70 lakhs, and it is a surplus at present in the Budget. Cannot this surplus be used for reducing the rate of the postcard? Even if it cannot be, I consider that the income-tax payers of India would rather like to pay one pie more and see the rate of the postcard reduced (*An Honourable Member* :

5 P.M.

“Question”). It may be, Sir, that some people may not like that idea, because one of my friends here has questioned it; but all the same, I think I am voicing the popular opinion, when I say that many people will gladly like to pay an extra one pie by way of income-tax if the rate of the postcard can be reduced to help the poor people.

Then it was said, on the last occasion, and it may be said today, that the reduction of the rate for postcards will not benefit the poorer classes of this country, and I know that my friend will quote Mr. Joshi on this point. But it is no use quoting him. After all, the income-tax comes from the middle classes, and you can raise the income-tax which will be realised from the middle classes if you think that these postcards are used largely by them. If we were to find out what part of the revenues of the country is contributed by the middle classes, and if an attempt were made to apportion out to see what part is used in respect of such departments as are more useful to the middle classes, I don't think this sort of computation or accounting would lead to the result that the interests of the middle classes are not considered by the Government. Even if it does not benefit the poorer classes, I may here say on their behalf that the rate of the postcard should be reduced. I do not think that this year the rates can or will be reduced. I know that the Government can carry the day, but I can certainly predict that when the representatives of the poorer classes of my countrymen come to this House, they will reduce the rate of the postcard as a first measure, and as my friend says, they will restore the price to its former rate, and there is much significance in what he says. I am sorry that the interests of the poor people are not properly looked after by the Government. The Government cannot realise that a person who earns six pice per day, whenever he has occasion to use a postcard, is hard put to it, and it is most unfortunate that Government should treat measures of this character with such light-heartedness. I appeal to all Members of this House, especially to the non-official elected Members, to vote in favour of this amendment, keeping in view the interests of the poorer classes.

Mr. Amar Nath Dutt: Sir, there is a similar amendment standing in my name, and in supporting this I shall be very brief. The arguments I have already adduced to reduce postage of letters apply *mutatis mutandis* to the case of postcards with greater force, because postcards are used by the poorest amongst us. Sir, while I yield to none in my appreciation of what has been done by the Honourable Member in charge of the Department for the amelioration of the service conditions of the lower paid subordinate staff of the Postal Department, and also, while appreciating the boon which he has conferred during his tenure of office upon his own countrymen in the shape of opening thousands of post offices, I must point out that the figures which he quoted, which are quoted every year in this House may be characterised in the words of a former Finance Member as nothing but jugglery in figures. These can be made to fit any theory the Honourable Member may choose to advance. That is the admission of an ex-Finance Minister, who now adorns the office of a Governor of a province. He said, “I have in my Department men who can give figures in such a way as to mean anything”. I trust the Honourable Member in charge was not in that department at that

[Mr. Amar Nath Dutt.]

time. I have a shrewd suspicion about these figures. We do not get the real details. They proceed on the assumption that certain expenses must be incurred, and they ask us to give the money. That is not the proper way. I beg to submit that at least this question of the postcard should not be lightly treated by any Member, be he an Indian or an European, because it affects the poorest in the country and I hope every one of us will vote for this amendment.

The Revd. J. O. Chatterjee (Nominated: Indian Christians): I oppose the motion for one particular reason and it is this, that the Postal Department is at present working on a large deficit, and I believe that, if we cut down the income of the Postal Department by any method, then certain very necessary improvement in the pay and allowances of the subordinate staff, especially postmen and others, who do the hardest work in the Postal Department and in the service of the country cannot be effected. There are a large number of postmen who work from day to day, whether it is in the heat or whether it is in the biting cold of the winter, in rain or sunshine. They go on every day of the year from door to door and do their work with great honesty and with great efficiency. I have experience of their needs as I am in personal contact with them. They are not receiving the salaries which they ought to receive, especially in large cities, for example in a place like Delhi. The allowances which they get in a city like Delhi for house accommodation are very small. They get two or three rupees. I ask Honourable Members if it is possible for a man to get a decent house or even a house in which he can squeeze in a moderate family at that rate. It may be said that the allowance is only to help him. His salary ranges between Rs. 20 and Rs. 25 and does not go beyond Rs. 25. Some of them are literate and have even passed the Matriculation examination. How can they manage to live in decency or reasonable comfort on that salary or allowances? Therefore I feel that, if we cut down the income of the Post Office, it will be impossible to give any relief to these men. Sir, I yield to none in my sympathy with the hardships of the poor. I can claim without exaggeration that I am as much in contact with the poor, even extremely poor people, as my friend Mr. Thakur Das Bhargava, but I have not as yet heard of a poor man complaining about the price of postcards.

Mr. President: I think the Honourable Member in charge is quite able to defend himself.

The Revd. J. O. Chatterjee: I am only pointing out that it is not correct to say that there is any real burden on the poor man owing to the cost of postcards, for the simple reason that the poor man does not write many postcards. He probably uses a postcard once in six months, or once in a year, but I have never heard him complaining of the price of the postcard. There are a great many other things of which the poor man complains; he complains of lack of house accommodation, of the high price of food or clothes. I have honestly never heard of a man complaining of the price of a postcard. He sometimes pays much more to have a card written for him. That being so, I think it is very much better not to decrease the price of the postcards, because nobody is really overburdened by the present price of the postcard, whereas the revenue of

the Post Office, if maintained, will really benefit the lower paid staff and especially the postmen, mail runners, sorters and humble public servants of the Postal Department.

Pandit Nilakantha Das: While I was listening with attention to the speech of my Honourable friend opposite, I seem to have heard him say that the post offices are growing in numbers and that is being done on account of the income from postcards and envelopes. Will he kindly explain how the increase of post offices does not produce more and more money, the Postal Department being a commercial department? The percentage of profit ought to grow with expanse of the market in any commercial concern. Does he not proceed on this principle? Should he go on increasing the post offices more and more at the cost of the taxpayer? That is the question which I want to ask my Honourable friend, the Member in charge of the Postal Department.

The Honourable Sir Bhupendra Nath Mitra: I am afraid my friend Pandit Thakur Das Bhargava is very unkind to me. He pays no attention to what I say every year on this subject of the reduction of the post card rate. This year again he has tried to argue from the fact that there was a large drop in the consumption of postcards in the year 1922-23, that that reduction was due to the doubling of the post card rate as a result of which the poor man ceased to partake in a large measure of that facility. As I have explained on previous occasions, that drop was really due to trade depression and slackness in business which supervened on the trade boom that followed the Armistice. It is for a similar reason that there has been a fall in the revenue of the Postal and Telegraph Department in the last two years. To that I have already referred when I was dealing with the first amendment of my friend Mr. Amar Nath Dutt. That fact also answers the question which has been put to me by my friend Mr. Nilakantha Das. It is true that we have opened additional post offices and thereby offered extended facilities in rural areas; but owing to the trade depression the letters and post cards conveyed by the department have not shown the anticipated growth and that has affected the revenue. That fact also supports the unsoundness of the proposition placed before the House by my friend Mr. Thakur Das Bhargava. Now, if it is true that the poor man makes considerable use of the post card, then the fact that we have increased the number of post offices in rural areas in the last five years should have helped us appreciably in the matter of our revenue. But the correct position in regard to the poor man has already been explained by my Honourable friend Revd. Chatterjee; and the same attitude has been taken on previous occasions by various other Members in this House, including my Honourable friend Mr. N. M. Joshi, who are all familiar with the requirements of the poor man. The point is that the poor man does not possess the requisite degree of literacy and therefore it is not possible for him to make any extensive use of the post card.

I fully realise the real character of this debate. That was explained by my Honourable friend Mr. Aney to whom I am grateful for the kind words he said about me. It is the registration of an annual protest which may some day lead to a reduction in the post card rate. When financial

[Sir Bhupendra Nath Mitra.]

equilibrium has again been restored in the department, and the outstanding demands of the lower subordinate staff have been complied with to a reasonable extent, I hope the time will come for some reduction in the post card rate. My Honourable friend Pandit Thakur Das Bhargava also said that when Honourable Members on the opposite side came and occupied these Benches they would forthwith reduce the post card rate. I would ask my Honourable friends opposite to ponder over that proposition a bit. I think my Honourable friend Sir Hugh Cocke the other day referred to the fact that in England the Post Office now yields a profit of something like £9 millions. But even so, the Labour Government there have not thought it appropriate to bring down the post card rate or any postage rate in that country. I think in that connection I quoted on a previous occasion from a speech of Mr. Snowden where he definitely explained why these postal rates could not be brought down.

I am sorry that my Honourable friend Mr. Bhargava did me an injustice; for I certainly did not appeal to my Honourable friends opposite that out of deference to me they should turn down this proposition. All I said was this: that in view of the action that they have consistently taken in this matter of the improvement of the service conditions of the lower subordinate staff in the department, they should turn down this amendment. Sir, the acceptance of this amendment would cost about 90 lakhs a year and I cannot possibly accept it.

Mr. President: The question is:

"That in Schedule II to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

'Single	...	...	...	Quarter of an anna.
Reply	...	...	...	Half an anna'."

The Assembly divided;

AYES—33.

Abdul Matin Chaudhury, Maulvi.
 Agnihotri, Mr. K. B. L.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Bhargava, Pandit Thakur Das.
 Chettiyar, Rao Bahadur P. T.
 Kumaraswami.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Rai Bahadur S. C.
 Farookhi, Mr. Abdul Latif Saheb.
 Gour, Sir Hari Singh.
 Gulab Singh, Sardar.
 Iswar Saran, Munshi.
 Kidwai, Sheikh Mushir Husain.
 Lalchand Navalrai, Mr.
 Malaviya, Pandit Krishna Kant.
 Mitra, Mr. S. O.

Mukerjee, Mr. Saradindu.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Neogy, Mr. K. O.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Rang Behari Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Sarda, Rai Sahib Harbilas.
 Singh, Kumar Rananjaya.
 Singh, Mr. Adit Prasad.
 Singh, Mr. Gaya Prasad.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Rajivaranjan Prasad.
 Sitaramaraju, Mr. B.
 Talatuley, Mr. S. D.
 Venkatakrishnaya Choudhri, Mr. P.
 Ziauddin Ahmad, Dr.

NOES—51.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Alexander, Mr. W.
 Anwar-ul-Azim, Mr.
 Banarji, Mr. Rajnarayan.
 Baum, Mr. E. F.
 Chatterjee, The Revd. J. C.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Crerar, The Honourable Sir James.
 Lalal, Dr. R. D.
 Ferrers, Mr. V. M.
 French, Mr. J. C.
 Ghazanfar Ali Khan, Raja.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Gwynne, Mr. C. W.
 Hamilton, Mr. K. L. B.
 Hardy, Mr. G. S.
 Heathcote, Mr. L. V.
 Hira Singh Brar, Sardar Bahadur,
 Honorary Captain.
 Howell, Mr. E. B.
 Ismail Khan, Mr. Muhammad.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.

Mitchell, Mr. D. G.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mitter, The Honourable Sir Brojendra.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Monteth, Mr. J.
 Moore, Mr. Arthur.
 Mukherjee, Rai Bahadur S. C.
 Noyce, Sir Frank.
 Pai, Mr. A. Upendra.
 Parsons, Mr. A. A. L.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. H. Shankar.
 Row, Mr. K. C.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Mr. H. A.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Slater, Mr. S. H.
 Sykes, Mr. E. F.
 Tin Tut, Mr.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Schedule II was added to the Bill.

Mr. President: The question is:

"The Schedule III stand part of the Bill."

Mr. Amar Nath Dutt: Sir, I beg to move the amendment that stands in my name and which runs as follows:

"That for Part I.A. of Schedule III to the Bill the following be substituted :

PART I.

Rates of Income-tax.

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

Rate.

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

[Mr. Amar Nath Dutt.]

Sir, when submitting this amendment to the Schedule with reference to the Income-tax Act, I carefully considered the income of the several classes of the Indian people before putting down at what rates they ought to be taxed. My first difference with Government as regards the Schedule is with respect to incomes between Rs. 2,000 and Rs. 5,000. They want to tax the people whose income is over Rs. 2,000, that is, whose income is less than even Rs. 175 per month; but I want that people whose income is just slightly over Rs. 400 should not be taxed, but people drawing Rs. 425 and over may be taxed. My reason is this; ordinarily a gentleman having two or three children and a wife, a daughter to educate and two sons to be sent to college can hardly maintain himself and his family with Rs. 400 a month. And he already pays several taxes to Government in the shape of land revenue, house rent and so forth. Income-tax should be assessed only upon such people who do not pay any tax for the maintenance of the Government of the country, but in India these people generally pay various other taxes and they are hard-pressed for this income-tax. So I ask that people whose income is below Rs. 400 a month should not pay any income-tax at all. Then the difference is with respect to those who belong to a class whose income varies from Rs. 400 to Rs. 800, that is to say, from Rs. 5,000 to Rs. 10,000 a year. For them I would not have any rate save and except 4 pies in the rupee. I consider that to be rather a high rate, but as Government at the present moment require money, and the Finance Member has to find out ways and means in the shape of some Tariff Bill, I would not exempt these men, but they may be assessed at 4 pies in the rupee.

With respect to those getting more than Rs. 800 a month, and up to Rs. 1,250, I may take them to be at least gentlemen who are well placed in life. Considering our Indian standard of life, we may say that a gentleman who draws Rs. 1,000 a month is well placed in life and he can be asked to pay at the rate of 5 pies in the rupee. (*Munshi Iswar Saran*: "Question.") Of course there are different standards of living. For gentlemen who have to go abroad every year and live for six months in the cold climate of England and enjoy the company of white men and women instead of their own countrymen, an income of Rs. 1,000 or even Rs. 10,000 may be nothing. I know crores of money have been spent in that way. Then people whose income is between Rs. 15,000 and Rs. 20,000 may pay six pies in the rupee. Then I come to people whose income is between Rs. 20,000 and Rs. 80,000 a year. These are generally men of the class or classes similar to those who have risen to the rank of District Magistrates and District Judges from the rank of Deputy Magistrates or Munsiffs and have been fortunate enough to get listed appointments. At one time their income was Rs. 250 or 300 a month, and so they can afford to pay some income-tax. They can pay a little more income-tax, nine pies in the rupee. People who get more than Rs. 2,500 a month are rich men, and they may be taxed one anna in the rupee. I have no objection to these rich people being taxed at that rate. Then with regard to people who get more than Rs. 40,000 a year, that is people like High Court Judges, Secretaries to Government, etc., people who draw Rs. 4,000 a month or over, should be taxed certainly at the rate of one anna and six pies in the rupee. In support of these figures, I think, Sir, I need hardly waste the time of the House by saying anything more,

because an elaborate examination of the reports of the debates of the Legislative Assembly will show the reason why we ask for a reduction of this tax every year, and I think I need not waste the time of the House by repeating the same arguments year after year. But when I put these figures before the Honourable the Finance Member, I can assure him that I have carefully considered the matter and come to these rates which no reasonable man can decline to accept.

The Honourable Sir George Schuster: Sir, I have calculated what would be the cost of the amendment proposed by my Honourable friend. It would reduce our receipts from income-tax by 325·7 lakhs on the basis of the statistics for 1928-29. I do not feel, Sir, that it is necessary really to do more than to state that bare fact. Instead of getting an additional revenue from income-tax, we should lose this very large sum and the finances of the Government could not be carried on on that basis. I dealt with an amendment of this kind last year in the course of the debate on the Finance Bill, and pointed out that the limit of exemption stands considerably lower in England than it does in India. I do not think that any case has been made out for raising that limit. Of course, every tax is an objectionable measure. But if money has to be found, I think the present income-tax is a very fair way of raising a part at least of what is required to meet the Government's expenditure. Sir, I must oppose the amendment.

Mr. President: The question I have to put is:

"That for Part I-A. of Schedule III to the Bill the following be substituted:

" PART I.

Rates of Income-tax.

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

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

The motion was negatived.

Pandit Thakur Das Bhargava: I do not move amendment No. 32.*

Rai Bahadur S. C. Dutta: Sir, I move:

"That in Part I-A of Schedule III to the Bill, in entry (1), for the word and figures 'Rs. 2,000' the word and figures 'Rs. 3,600' be substituted."

I only wish to add that the cost of living has altogether increased. The house rents in towns have increased; municipal rates and cesses have

*"In Part I-A of Schedule III to the Bill, the words 'Hindu undivided family' be omitted."

[Rai Bahadur S. C. Dutta.]

increased; prices of food-stuffs and other things have also increased; so there is a case for raising the minimum exemption.

The motion was negatived.

Pandit Thakur Das Bhargava: Sir, I beg to move:

“That in Part I-A of Schedule III to the Bill, the following be added to entry (1):
 ‘But in case of Hindu undivided family when the total income is
 less than Rs. 4,000 Nil.
 and consequential amendments be made in entry (2).’”

I take this opportunity of thanking the Honourable the Law Member for the kind sympathy that he has been pleased to show to the main proposition I moved while considering the Finance Bill. This particular amendment proceeds upon the policy which the Government themselves have accepted in regard to super-tax. As the House is well aware, the Government have made this concession in regard to super-tax in favour of the Hindu undivided family, though they have regarded the minimum income as Rs. 75,000 instead of Rs. 50,000. Now, I do not think there is any undivided family which has got members less than two in number, so that if there are two members, then the minimum income comes to Rs. 2,000 which is the minimum income for all others. Therefore, I am submitting that if this amendment is accepted by the Government, they do not decrease the minimum taxable income of the individual. Now, Sir, I understand that this will involve something like 25 lakhs or so. But, Sir, this is exactly the premium which the law lays upon the separation of the Hindu family by the Income-tax Act. If it is realised that this matter in the Income-tax Act is a sort of penalty to the Hindu undivided family, I would submit that the amount involved is not material. I have purposely refrained from sending in amendments to the other parts of this Schedule, whereas they would have been quite relevant and perfectly consistent with the main purpose of this amendment when they related to incomes of more than Rs. 4,000. But that I have purposely done because I understand that the Government have been pleased to go into this matter. But as that policy will take some three or four years, I made bold to suggest this amendment now as this will bring relief to the poorest families of the Hindus. If a Hindu has got an income of Rs. 2,000 and if a family has got its income of Rs. 2,000 and there are five members constituting the family, that means you are taxing an individual who is getting only Rs. 35 a month while in any other case you cannot tax any undivided family unless an individual gets an income of about Rs. 183 a month. I would therefore submit that as a fair test of the coming justice in regard to the Hindu families, this amendment may be accepted by the House.

The Honourable Sir George Schuster: Sir, as regards the loss of revenue involved, I understand that my friend is moving the second of the three amendments standing under No. 34. I think my Honourable friend is about right in his estimate of the loss of revenue. According to the figures of 1928-29, it would be just under 20 lakhs. Sir, I have always been myself in a difficulty in dealing with this question which has come up several times before, for I have always found myself unable to understand the argument which is advanced in this case. I appreciate that in certain cases, there may be hardship to an Hindu undivided family and

those cases we propose to examine. But in the ordinary case, any ordinary head of a family, as I pointed out in the debate the other day, may have wife and two or three children. The whole of the income comes in his own name and he has to pay tax on that income. He gets no allowance in respect of his wife or his children and I fail to see why, in the case of a Hindu undivided family, the total income of the family should be split up into shares, whereas in the case of an ordinary family, if the income is that of the head of the family, it should be treated as income of one man only.

I feel that if the arguments on which my Honourable friend has based his proposal were to be accepted, a great deal of injustice would be done to other families. That, Sir, is the sort of point which will have to be discussed when advantage is taken of the promise made by my Honourable colleague, the Law Member, that a Bill should be put up and discussed between the proposers and the Government and eventually circulated for opinion. In the meanwhile, Sir, although anxious to do justice when it is possible or rather to remove an injustice whenever it is possible, I am afraid that I must on behalf of the Government oppose this amendment.

Mr. President: The question is:

"That in Part I-A of Schedule III to the Bill the following be added to entry (1) :

'But in case of Hindu undivided family when the total income
is less than Rs. 4,000 Nil.'

and consequential amendments be made in entry (2)."

The motion was negatived.

Pandit Thakur Das Bhargava: Sir, I beg to move that:

"That in Part I-A of Schedule III to the Bill the following be added to entry (1) :

'But in case of Hindu undivided family when the total income
is less than Rs. 3,000 Nil.'

and consequential amendments be made in entry (2)."

Sir, I have been hearing the views of the Honourable the Finance Member on this point, and I understand that he feels some difficulty in accepting the principle of the proposal which I have been submitting for his consideration every year. Now, I may point out a case in which an individual is getting an income of Rs. 3,000 contributed by his sons or daughters. In that case it is individual income, so far as this income is concerned. This is his own income and the man will not be free from being taxed on account merely of the fact that he belongs to an undivided Hindu family. But so far as the joint ancestral property is concerned, it may be that in that property a man may acquire some sort of title or interest by birth. May I just illustrate my point by referring to a family in which there are two or three earning members. In that case, Sir, it might happen that their joint income, the income of three or four members, may come up to Rs. 2,000; in that case they may have usually their wives, children and all of them living together; but all the same their income would be added together and they will be taxed as a Hindu undivided family. It is in regard to this case that hardship occurs. Now, Sir, so far as the principle of this amendment is concerned, Government themselves are committed to it. As I submitted in reference to my last amendment, what they propose in relation to the super-tax applies on all fours to the present case.

[Pandit Thakur Das Bhargava.]

In the case of super-tax under Part II of (Schedule III, the rates proposed are :

“In the case of every Hindu undivided family :

- (i) in respect of the first twenty-five thousand rupees of the excess ... Nil.
- (ii) for every rupee of the next twenty-five thousand rupees of such excess ... One anna and one pie in the rupee.”

So that they themselves have fully realised the justice of the case and have raised the minimum taxable income of a Hindu undivided family by 50 per cent. Now, this is exactly what I ask in relation to poor families. So what justification is there for making that sort of concession in regard to rich families who have to pay super-tax and not extending the same thing to poor families whose income is less than Rs. 3,000? My humble submission is that it will not be difficult for a rich family to pay income-tax and even super-tax, however unjust it may be, but in regard to the poor man it will be very difficult even to pay income-tax. I would therefore beg the Honourable the Finance Member to accept my amendment. So far as this particular amendment is concerned, he cannot meet it with the argument which he has been pleased to place before the House in relation to my previous amendment. Sir, I move.

The Honourable Sir George Schuster: Sir, I do not wish to enter into any lengthy discussion of this question at this moment. I hope there will be an opportunity afforded fully to thresh out the several aspects of this question if we follow the procedure suggested by my Honourable Colleague, the Law Member. I fully recognise that the Honourable the Mover of this amendment has a certain amount to say on his side if his argument is that the present system is illogical. I quite agree it is illogical that in the case of income-tax no distinction should be made whereas in the case of super-tax a distinction is made between a Hindu undivided family and an ordinary individual, but I am afraid that the acceptance of that lack of logic in the present system cannot induce me to accept the present amendment. I feel that the whole matter requires a great deal of further study before we can deal with it. My Honourable friend said that, in the case of several adult members of one family each of whom is earning an income, all the income will be pooled together and taxed accordingly. But according to my information, the earned income of a member of a Hindu undivided family is not ordinarily combined with the family income for the purposes of assessment. I understand that it may be so combined if the member of the family has received a special education at the cost of the family and if the income is earned by virtue of the qualifications which that special education has given him, but in other cases, according to my information, the individual earnings of each member are treated separately. However, this is a matter which will be inquired into, and I submit to this House that a great deal of study is necessary before we can tackle this matter. If cases of that sort of injustice do exist, those are cases which might be remedied, but on the other hand I would point out to my Honourable friend, in support of what I have said before, if you take the case of an ordinary father with one infant child who is earning no income at all, that would constitute a family of two as he says, and I cannot see why, in the case of a Hindu family of that kind, the income should be treated as divided into two shares, whereas in the case of a

non-Hindu family, it should be treated as the income of the head of the family. That is the point which I was making. However, I do not intend to carry the argument any further now. The amendment which we now have before us would cost rather over Rs. 10 lakhs, and until this matter is further examined, I am afraid, that, on behalf of the Government, I must oppose it.

Mr. President: The question is:

"That in Part I-A of Schedule III to the Bill the following be added to entry (1):

'But in case of Hindu undivided family when the total income
is less than Rs. 3,000 Nil.'

and consequential amendments be made in entry (2)."

The Assembly divided:

(At this stage Mr. President vacated the Chair which was taken by Mr. Deputy President.)

AYES—25.

Abdul Matin Chaudhury, Maulvi.
Agnihotri, Mr. K. B. L.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Bhargava, Pandit Thakur Das.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Lalchand Navalrai, Mr.
Malaviya, Pandit Krishna Kant.
Mitra, Mr. S. C.
Mohammad Ismail Khan, Haji
Chaudhury.

Mukerjee, Mr. Saradindu.
Murtoza Saheb Bahadur, Maulvi
Sayyid.
Rang Behari Lal, Lala.
Reddi, Mr. T. N. Ramakrishna.
Sarda, Rai Sahib Harbilas.
Singh, Kumar Rananjaya.
Singh, Mr. Adit Prasad.
Sinha, Kumar Ganganand.
Sinha, Mr. Rajivaranjan Prasad.
Sitaramaraju, Mr. B.
Taintnley, Mr. S. D.
Venkatakrishnayya Choudhri, Mr. P.

NOES—51.

Abdoola Haroon, Haji.
Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Alexander, Mr. W.
Banarji, Mr. Rajnarayan.
Baum, Mr. E. F.
Chatterjee, The Revd. J. C.
Chetty, Mr. R. K. Shanmukham.
Cocke, Sir Hugh.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Crerar, The Honourable Sir James.
Dalal, Dr. R. D.
Ferrers, Mr. V. M.
French, Mr. J. C.
Ghazanfar Ali Khan, Raja.
Gidney, Lieut. Colonel H. A. J.
Gwynne, Mr. C. W.
Hamilton, Mr. K. L. B.
Hardy, Mr. G. S.
Heathcote, Mr. L. V.
Hira Singh Brar, Sardar Bahadur,
Honorary Captain.
Howell, Mr. E. B.
Jawahar Singh, Sardar Bahadur
Sardar.
Jehanqir, Sir Cowasji.
Lamb, Mr. W. S.

Lindsay, Sir Darcy.
Mitchell, Mr. D. G.
Mitra, The Honourable Sir Bhupendra
Nath.
Mitter, The Honourable Sir Brojendra.
Mody, Mr. H. P.
Monteath, Mr. J.
Moore, Mr. Arthur.
Mukherjee, Rai Bahadur S. O.
Noyce, Sir Frank.
Pai, Mr. A. Upendra.
Parsons, Mr. A. A. L.
Purshotamdas Thakurdas, Sir.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. O.
Rajan Bakhsh Shah, Khan Bahadur
Makhdum Syed.
Rau, Mr. H. Shankar.
Sahi, Mr. Ram Prashad Narayan.
Sams, Mr. H. A.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Slater, Mr. S. H.
Sykes, Mr. E. F.
Tin Tüt, Mr.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I beg to move:

"That in Part I-A of Schedule III to the Bill for entries (2), (3), (4), (5), (6), (7) and (8) the following be substituted:

'(2) When the total income is Rs. 2,000 or upwards ... Five pies in the rupee.'

Sir, the present income-tax incidence is on a graded scale. It is a scale which rises from 5 pies to one anna and six pies. It is 6 P.M. five pies on a total income of Rs. 2,000 or upwards but less than Rs. 5,000; it is six pies in the rupee on a total income from Rs. 5,000 up to less than Rs. 10,000; nine pies in the rupee on an income between Rs. 10,000 to Rs. 20,000; one anna in the rupee on a total income of Rs. 20,000 to Rs. 30,000; one anna and three pies in the rupee on Rs. 30,000 to Rs. 40,000, and one anna six pies in the rupee on an income of Rs. 40,000 or upwards. Now, Sir, my amendment is that the income-tax should be calculated at the rate of only five pies in the rupee on all income and there should be only one flat rate, and not on a grade scale as at present existing. Sir, it may be said that my amendment is a novel one and without a precedent, and as such it should not have been made. But if the House will bear with me for a brief few minutes, and if they are open to conviction, I shall be able to satisfy them that there is a precedent, that income-tax was levied at only one rate up to the year 1916, and incidence of the tax also was not so high as it is now. Now, Sir, it may be said that the income-tax is a direct tax and some of the English economists have said that a direct tax is better than an indirect tax. This may be true in countries which are rolling in gold and whose resources are not exploited and where people are living happily; but it is not true of a country like India where the resources are all exploited, where industries are not at all supported and where the majority of the people live from hand to mouth. In a country like this, to have income-tax is tantamount to oppression, and if the incidence is unjust as it is at present, it is certainly very objectionable and goes to ruin the country.

Sir Hugh Cocke (Bombay: European): I am extremely sympathetic to the Honourable Member's amendment, but may I ask him now it is going to help the masses?

Mr. Lalchand Navalrai: I know the difficulties of the Government, but that is no reason for their not doing the thing to which they are pledged. I will presently show you that, before the war, the incidence was only 5 pies in the rupee. There was only one scale. If the income-tax was raised for the purpose of war exigencies, why is it that Government have not done anything for the last 14 years to revert to the method of income-tax which existed up to 1915?

Sir Hugh Cocke: My question was how this was going to help the masses. The income-tax is not a tax on the masses at all.

Mr. Lalchand Navalrai: I think it is a mistake to say that it is not a tax on the masses. In this country an income of Rs. 2,000 is not the income of a rich man. I would go further and say that it is certainly the income of a poor man if the living and other expenses of people are taken into account. It is not only the income that you have got to consider. You are charging on the gross income, and you do not consider

how many children the man has, what his family is and what his expenses are. Those are the considerations that you have to bear in mind. I would also be able to show to the House on the same reasoning, that even the income of Rs. 15,000 cannot be said to be the income of a very rich man.

Now, Sir, I want to tell the House that the income-tax incidence is a very high one. I have certainly my sympathy for the Honourable the Finance Member. I submit that it is not his fault as he has joined his office lately. I do have sympathy with him on that account, but I certainly cannot congratulate him on his increasing the incidence now. When we tell him that there should be a reduction, his reply is, "How are the expenses of Government to be carried on?" There are several ways of reducing expenditure. In a country like India, where taxation is already very high and where the new taxation is considered oppressive and is operating as a great hardship, why should new taxes be raised?

Now, Sir, I will show you what the history of the income-tax is, and what has been its incidence. The income-tax commenced in the year 1860, and it commenced with an incidence of 2 per cent. My contention that it should not be graded and that it should be flat five pies in the rupee will be borne out by this history. In 1860, it was 2 per cent. In 1862 it was raised to 4 per cent. In 1863 it was reduced to 3 per cent. In 1865, there was a great stir, and Government had to yield to it and it was abandoned. In 1867 again it reappeared as the licence tax at 2 per cent. Then in 1868 it became a certificate tax. In 1869 it became income-tax again, but the incidence was only one per cent. In 1873 it was totally abolished, but it was revived in 1877. It was governed by local Acts till 1886, when the Central Legislature came in and an all-India Income-tax Act came into existence. What do we find in 1886? In 1886 we find that income was assessed at 5 pies in the rupee, and that continued till 1915. Now, in the Manual of Income-tax you will find that from 1886 to 1915, Rs. 2,000 to Rs. 5,000 were assessed at 5 pies in the rupee, Rs. 5,000 to Rs. 10,000 at 5 pies in the rupee, Rs. 10,000 to Rs. 25,000 at five pies in the rupee, Rs. 25,000 upwards also at five pies in the rupee. Thus there was one rate and it continued until 1915. Then, Sir, the war began and during the war there was a revision made. Government came with an appeal to the House to raise it and they raised it and raised it abnormally. The Legislature agreed and came to the help of the Government at a time of distress. It is only after their distress is over that we are distressed by the Government. Since then, representations have been made and they have not been heeded at all. I submit that that is not reasonable at all. Now, Sir, to proceed with the history of this income-tax. This uniformity of tax was done away with in 1916. In the place of five pies on incomes of Rs. 2,000 to Rs. 5,000, the old position was maintained. On incomes between Rs. 5,000 and Rs. 10,000 it was made into six pies. Then, from Rs. 10,000 to Rs. 25,000 it was at once raised to nine pies. From Rs. 25,000 and upwards it was raised from five pies uniform rate into 12 pies.

(At this stage Mr. President resumed the Chair.)

This was in 1916. It went on up to 1918. In 1918 again there was a revision made and some pies were increased. In 1921 again where it was 12 pies in the rupee, they made it into 14 pies, and where it was 14 pies, they made it into 16

[Mr. Lalchand Navalrai.]

pies. In 1929, again, it was increased in the place of 14 pies to 15 pies and in the case of 16 pies it was increased to 18 pies. It will be observed, Sir, that the Honourable the Finance Member now makes an appeal in his Budget to increase the rate by one pie on incomes of Rs. 15,000 and over. That would bring it to 16 pies where it is 15, and where it is 18, it would bring it to 19 pies. This is the history that I have placed before the House. This shows clearly that there was a precedent before when there was a uniform rate. At present the only reason for this increase is that there is a deficit. If there is a deficit that can be met from many other ways, from retrenchment and from several other ways if the Honourable the Finance Member is pleased to consider it in that direction. The income-tax is a very unpopular tax. People are suffering very much from it and it is therefore not at all reasonable that it should be increased. On the contrary, I submit in fairness and justice, just as history shows, just as the precedent shows and just as the distress of the country at present shows, it should be reduced. I therefore submit that I have made out a case, and a very strong case for showing to the House that five pies was the uniform rate before the war and that after the war the income-tax has increased by leaps and bounds and that it should be brought to the pre-war level, by accepting my amendment.

Mr. President: Is there any income-tax in the Indian States?

Mr. Lalchand Navalrai: I do not know, Sir.

Sir Hugh Cocke: Sir, it is hardly considerate for the Honourable Member at this hour of the sixth day of the week to get up and make a suggestion of this sort and to go into the history of income-tax rates during the last ten years. I thought that the Honourable Member was going to make a humorous speech as his amendment is obviously a humorous one, for he suggests the altering of the income-tax rates, which at present range from five pies in the rupee to one anna seven pies in the rupee, into a flat rate of five pies in the rupee. He spoke of benefiting the masses, as if any of the masses were interested in this proposal at all. If the Honourable Member wants to give any relief to the lower paid people who are subject to income-tax, why does he not limit his proposition to Item II? But he brings down the whole of the rates on Items 2 to 8, to five pies, so that the man in receipt of an income of Rs. 50,000 who now pays, and who can very well pay a tax at the rate of one anna seven pies in the rupee, should be taxed at five pies. It is obviously a ludicrous suggestion and it would cost the Government many crores of rupees.

Pandit Nilakantha Das: I am not here to make a speech on the amendment, but some points arose incidentally on which I feel inclined to explain to the House what the real situation is. The Honourable Member from the European Benches stated that the poorer man does not pay any income-tax. My Honourable friend Mr. Lalchand Navalrai contended that those who earn Rs. 2,000 a year are poor men, and therefore the income-tax falls on poor men. Yes, it is something to say that the poor man is taxed, but actually the man earning more than Rs. 2,000 must not be said to be a very poor man in this country. But as a matter of fact, the theory is that all taxes percolate down to the poor man and they are realised from the poor man in the long run. This theory is a truism. When, for instance, we propose an increment of pay of the officials, don't we take into account the income-tax which those officials

have got to pay? Does not the merchant pay the income-tax out of his earnings out of the pockets of the poor man ultimately, and does he not take that into account at the time of fixing prices? Thus in every item of income we tax do we not ultimately realise the tax money from the poorest of the land, though directly we do not tax the poor man? And a real economic insight into the subject will make it clear that all taxes that we levy are ultimately realised from the poor man.

But I wish to give you here a particular instance which I know, where the poor man, the poorest of the poor, directly pays the income-tax. I have experience in my constituency of some very rich men who are money-lenders and they are taxed very heavily on account of their great income in interest. As I was saying the other day, Sir, these are the people who are selected by our officials, and officially minded non-officials sometimes to serve as members on banking committees, on co-operative societies and co-operative banks, and these are the people who are known as bankers and men who can deal with economic problems of the country, and what do they do? My own relatives and my own servants have often approached them for loans, big or small. What do they do? At the outset these money-lenders say, "Before you take this loan, say of Rs. 200 or Rs. 500, you must pay the income-tax". Before the loan is given, some percentage is deducted for the prospective payment of income-tax, so that if the borrower writes the bond, say for Rs. 1,000 he gets only, say about Rs. 940 or so. This is the custom that has been going on amongst the money-lenders. I daresay and I know as a matter of fact many of our money-lenders are used to this vicious practice and a money-lender is a money-lender after all all over India, and mostly we depend on money-lenders for this income-tax. Now, my Honourable friends will realise that directly the poorest of the poor, the most needy who ought to be helped by the Government in every way and the indebted peasants are the persons who pay this tax. Therefore the argument that the poor man does not pay this income-tax either directly or indirectly has no meaning. Realising this, I think, my Honourable friends will be guided in their votes.

The Honourable Sir George Schuster: Sir, I need only add to this discussion a plain statement of fact, that this particular amendment would cost the Government seven crores and 28 lakhs. I think, Sir, that that puts it out of court as a practical proposition, however much we may desire to see reduction of taxation under all heads.

Mr. President: The question is:

"In part I-A of Schedule III to the Bill for entries (2), (3), (4), (5), (6), (7) and (8) the following be substituted:

'(2) When the total income is Rs. 2,000 or upwards ... Five pies in the rupee.'"

The motion was negatived.

Rai Bahadur S. C. Dutta: Sir, I beg to move:

"That in Part I-A of Schedule III to the Bill for entry (2) the following be substituted:

'(2) When the total income is Rs. 2,000 or upwards,
but is less than Rs. 5,000 ... Three pies in the rupee.'"

Sir, this is a very modest proposal and I hope this will be accepted by the House. I need say only this in favour of its acceptance.

The Honourable Sir George Schuster: Sir, this amendment would cost Government 58½ lakhs. I am afraid that on that ground I must oppose it.

Mr. President: The question is:

“That in part I-A of Schedule III to the Bill for entry (2) the following be substituted:

“(2) When the total income is Rs. 2,000 or upwards,
but is less than Rs. 5,000 ... Three pies in the rupee.”

The motion was negatived.

Mr. Saradindu Mukerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, my amendment does not touch the pockets of the Finance Member. There is a great deal of chaos in the interpretation

Mr. President: Will the Honourable Member read the amendment first?

Mr. Saradindu Mukerjee: My amendment runs as follows:

“In part I-A of Schedule III to the Bill, in entries (2), (3), (4), (5), (6), (7) and (8), before the words ‘total income’, the words ‘net and actual’ be inserted.”

The Honourable Sir George Schuster: Sir, I rise on a point of order. I shall be very glad to discuss this amendment with the Honourable Member out of this House. I would suggest however, on a point of order, that in a Bill which is a Bill to fix the rates of the tax, an amendment of this kind, which is going to alter the whole basis of assessment and which involves very complicated considerations and calculations of income is, strictly speaking, out of order. I know, Sir, that on previous occasions you have been prepared to take a wide interpretation of what is in order. But I would submit to you that, in the present case, as the time has got very late, and as this raises very complicated issues, my Honourable friend might be prepared not to move his amendment and to discuss the complicated issues involved with the Income-tax Department. I would be very pleased to give him every assistance that I can to understand the matter but if he moves his amendment I shall be bound to oppose it.

Mr. President: Is the Honourable Member satisfied with that?

Mr. Saradindu Mukerjee: My idea is that, if the Honourable the Finance Member gives instructions to the Department to interpret the total income properly, I may withdraw my amendment. What I mean is that, in coming to the actual figure of income-tax, these Income-tax Officers all take upon themselves the role of Advocates-General, and instead of finding out the actual income the man has, they try to take advantage of a hypothetical income which he might have derived two or three years previously.

Mr. President: The Honourable Member has heard what the Finance Member has said. If he is satisfied, he need not move his amendment; otherwise he may move it.

Mr. Saradindu Mukerjee: I have submitted to the Honourable the Finance Member that, if he gives orders to the Department I could meet them and explain my point of view, in which case I will be prepared not to move my amendment.

The Honourable Sir George Schuster: I have already said that I was prepared to arrange with the Income-tax Department to go fully into this matter with my Honourable friend. I am not prepared to give any undertaking which would imply that the income is not being assessed in a proper manner now; and if that is what my Honourable friend wants, I am afraid I cannot give him such an undertaking. But I would advise him to discuss the matter with the experts who are available here, and I think he will be prepared to modify his views on the subject.

Mr. Saradindu Mukerjee: Very well, Sir. I do not move my motion.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-madan): Sir, the amendment which stands in my name and which I now move runs as follows:

"In Part I-A of Schedule III to the Bill for entries (4), (5), (6), (7) and (8) the following be substituted:

- '(4) When the total income is Rs. 10,000 or upwards, but Nine pies in the rupee, is less than Rs. 20,000.
- (5) When the total income is Rs. 20,000 or upwards, but One anna in the rupee. is less than Rs. 30,000.
- (6) When the total income is Rs. 30,000 or upwards, but One anna and three pies in the rupee. is less than Rs. 40,000.
- (7) When the total income is Rs. 40,000 or upwards . One anna and six pies in the rupee."

The purport of my amendment is to maintain the *status quo*, that is to say, the present rate of income-tax and super-tax, and with that object in view I have, as Honourable Members will find not only tabled this amendment but another amendment which has the same purpose in view. I shall now give my reasons for asking Honourable Members to support this amendment. As I have already submitted, I want that the income-tax and the super-tax should be levied at the same rate as has been in force hitherto, and there should be no increase of one pice either in the income-tax or in the super-tax. My present amendment deals with income-tax but the reasons which I now give against the enhancement of the income-tax apply equally, *mutatis mutandis*, to the increase of super-tax. I shall therefore make one speech and give the Honourable Members my reasons why there should be no increase at all.

Sir, the House is aware of what I said at the general discussion of the Budget. I then pointed out that a great deal of the deficit of which the Honourable Finance Member has complained is due to abnormal and transitory causes, and that the Retrenchment Officer who has been appointed to effect retrenchments on the civil side and the retrenchments that the Military Department are effecting in their own expenditure, ought to be sufficient for the purpose of balancing the Budget. In any case I pointed out that the Finance Member has resisted any change of policy during the transitory stage through which the Government of India are passing. He appealed to this House not to ask him or the Government of India to launch upon any large proposal for a change of policy pending the reforms consequent upon the report of the Statutory Commission, and on that ground he asked that there should be a political as well as an economic armistice. If you do not wish to make any change of policy, do not also make any change in the rate of taxation. But unfortunately while he is against any change of policy, he persists in saddling the country with additional taxation to the extent of 5 crores and odd. We have therefore to

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fight the ground with him inch by inch, and I am afraid this is the last ditch. But at the same time I hope Honourable Members will rise to the occasion and stand up like one man and resist this most odious burden which is sought to be thrown upon the tax-payers of this country. Honourable Members are aware that the effect of the tax being levied upon one class or community does not rest upon that class or community at all. It passes on,—this is one of the economic problems,—it passes on to the general community. Take for instance, a very simple case. If a doctor is in the habit of charging a fee of Rs. 10 for a visit, and he has to pay a heavy income-tax and super-tax, he reimburses himself by immediately raising his fee to Rs. 25; and a doctor who charges Rs. 2 per visit raises his fee to Rs. 3. And thus it goes on. Therefore let Honourable Members once for all believe the great, grand economic truth that whatever may be the circle of people upon which the tax is immediately levied it is distributed like a small wave in the ocean. It gets on expanding, expanding and expanding till it reaches the uttermost corners of the earth. That is exactly how these taxes react upon the life of the nation at large. Therefore, let not any Member in this House for one moment remain in a state of delusion by thinking that this is a rich man's tax and the poor man is free from it, and therefore he need not give his helping hand to the relief of the rich man. The interests of the rich and the poor in this respect are identical.

Now, Sir, Honourable Members on the other side are aware and if they are not aware they will very soon be convinced, that the Indian Income-tax Act is not only about the most obnoxious, but about the most inequitable Act that any Government could place upon the Statute-book. I, Sir, as a responsible Member of this House, speaking with due reserve—and I have before me the Statutes of the United Kingdom, Australia, South Africa, Canada and the United States of America and I shall not weary this House by going through all of them—I wish to bring out a few salient points which will at once convince this House how unjust, inequitable and extortionate is the Indian Income-tax Act when compared, let us say, with the income-tax and super-tax laws of the United Kingdom, and when we remember that this tax was placed permanently on the Statute-book in 1886 and the plausible reasons that were then given by the then Finance Member, they are the reasons which we have become accustomed to hear from his successors with as little credence as must have been given to the exponent of the law in 1886. What did he then say? Gentlemen, he said, this is the year of deficit. The deficit is caused by the heavy fall of silver and also by our commitments in the Burmese war. Moreover, he said, Russia is showing signs of aggression and therefore we have to fortify our frontiers and therefore we require about a crore of rupees, about £60,000, and therefore this tax is levied for these transitory causes. That was the motive and the purpose for the enactment of general income-tax law in 1886. It was then never suggested that it was to be a permanent burden on the country. It was a thin end of the wedge driven in 1886, inserted by Sir A. Colwin, the Finance Member, who told the then Members of the Imperial Legislative Council that it was more or less a passing phase and the burden was necessitated by passing events. But since 1886 the tax has remained and as the Honourable Member, Mr. Lalchand Navalrai pointed out, it was at a small flat rate and consequently the people got used to it. When they got used to it and the Government felt that they had now become sufficiently inured to it, they super-imposed upon the people of this country an additional burden in the shape of a super-tax, and

Honourable Members will remember the reasons which were given in 1917 for the levy of the super-tax. The history of the super-tax will be found not in connection with the discussion of the Super-tax Act, but in connection with the discussions of the Finance Bill of that year, and Sir William Mayer, the then Finance Member, suggested the imposition of the super-tax as a war measure. The Honourable Mr. Sarma, afterwards a Member of the Executive Council said, well, if this is going to be a mere war measure, I will introduce an amendment to the effect that the Super-tax Act should last during the period of the war only and six months thereafter. But this was resisted by the Finance Member. As a matter of form, he said it was much better to have a permanent statute and then repeal it than to have a statute limited for a certain time. Consequently the opposition was disarmed and the Members of the old Imperial Council permitted the Super-tax Act to be passed. What has been the result? The war was over in 1918 and it is now 12 years that the super-tax has been imposed and there is no sign either of its remission or of its reduction. The old promises are forgotten. The old reason that was given for the imposition of this tax is ignored and to add, as it were, insult to injury, the present Finance Member has the temerity to come before this House and ask the elected Members of the popular Chamber to perpetuate this odious burden by increasing it by one pie. Honourable Members will remember the implication of any proposal if it is carried by this House by their votes and voices. They should resist, as I have said with the utmost power that they possess this further imposition of income-tax and super-tax if only on the ground that the super-tax was intended to be a transitory or temporary measure for a temporary period and that the Government are morally bound to repeal it. If they wish that another tax should be levied, they should come with a fresh Act and ask this House to pass it, and it is then and then only that they would be justified in having a permanent measure of super-tax on the Statute-book. I say this, Sir, for this reason. Honourable Members will find that, during the short time that they had been Members of this House, every season, every Session of the Legislative Assembly, we are treated to small, puny looking Bills of about two sections, sometimes three sections and sometimes only one section. They are all *ad hoc* Bills to rectify here or to tighten the screw there, and all for the purpose of tying up the poor assessee in the meshes of the fiscal department of the Government. But while they do this, they do not seem to have any regard whatever either to the feeling or to the agony of the assessee. The assessment in this country, the highest maximum assessment in this country, is 6 annas 6 pies super-tax, in addition to the income-tax, which Honourable Members will find is equally if not in excess of that which obtains in the United Kingdom, and when I said, at the opening of my address, that this is by far the most odious Act and a more inequitable Act than the English Act, I said I spoke with reservation and with the full possession of facts.

Let me give Honourable Members a comparative history of the assessments in England and in this country, and they will at once realise the gross injustice of the Indian Income-tax Act. In England—I am relying for my information upon the only book that is available in the Library here, third edition of Sander's Income-tax and Super-tax Act 1923 edition. Honourable Members will find at page 18 of this book, that in England, at any rate, up to 1923-24 the assessment was for five years. Here Honourable Members will find that, until 1917-18, the assessment used to be for three years, following the English law, but they found that they could

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not put the assessee to auction every three years, and the result was that thereafter they started annual assessment. Now, the history of this annual assessment is—every assessee will bear witness to the fact—that from the year's beginning to the year's end half your life is spent in answering questions and in producing accounts which, as often as not are rejected as incomplete or unreliable, and the taxing authorities use their own information, sometimes true, sometimes false, for whatever it is worth, and assess you according to their estimate. Now that I regard as gross injustice. Against this, what is your remedy? In England you have your remedy by an appeal to the Income-tax Commissioners. Mark the words "Income-tax Commissioners". I do not wish to labour this point further, but I would ask what is the remedy of the assessee in India? He goes from the income-tax officer to the Assistant Commissioner of Income-tax. It is just as if I was robbed by a highway man on my way to the House and the Government said, "Your appeal would be to his chief brigand". Now, is this fair or just? They are all servants of the same Department; they scratch each other's backs. The income-tax officer assesses you, he goes, and you appeal against his assessment to his brother officer, and that brother officer will assess you, against which another higher brother officer will hear your appeal. If there is anything in the British Empire truly Gilbertian, it is this Indian income-tax assessment and appeal. Is there anything more monstrous? And yet Honourable Members are accustomed to this dose of annual poison; they have become used to this annual administration of toxin; they don't see anything wrong in it, any more than Honourable Members here and Honourable Members outside see the gross injustice that is being done in the vicarious administration of the criminal law, merely because they have got used to it.

Now, I wish to bring it home to you that, if you really wish to have a right of appeal, that right of appeal means and implies an appeal to a tribunal which is disinterested, independent and impartial, and which is at any rate not interested in the accumulation of wealth for the Chancellor of the Exchequer; otherwise, if the right of appeal is only to the departmental heads, the Chancellor of the Exchequer may send down a demi-official letter and say, "Dear Mr. So and So: You don't seem to be wide awake to your duties. Last year the income-tax from your province was so much; this year it has fallen by so many lakhs; what could have been the reason for it?" Well, that is enough to shake the poor income-tax officer.

The Honourable Sir George Schuster: On a point of order, Sir. Is the Honourable Member at all in order?

Mr. President: Not at all.

The Honourable Sir George Schuster: I suggest to my Honourable friend that, if he wishes to narrate his relations with the Income-tax Department, he should ask me to lay on the table of the House all the correspondence that has passed between him and the Department during the last three years.

Sir Hari Singh Gour: I am stating, Sir, to this House, not my own views or my own experience; I am stating to the House what is the common experience of every Member of this House. Am I wrong? (*Several Honourable Members from the Non-Official Benches:* "No, no".) Well, that is the position.

Sir Darcy Lindsay (Bengal: European): You are not talking to the amendment.

Sir Hari Singh Gour: I say that, if you wish to give a man a right of appeal, then give the right of appeal to an independent tribunal unconnected with the assessment. Now my third point is, under the English Income-tax Act you have what is called, "earned income" and "unearned income". On earned income is allowed a reduction of one-tenth up to £200.

Mr. D. G. Mitchell (Legislative Department: Nominated Official): One-sixth.

Sir Hari Singh Gour: My friend says it is one-sixth. That is better than one-tenth. I stand corrected. Under the English law every assessee gets a certain reduction under personal allowances for his wife and for his children, and he further gets allowances for his dependent relations. Now, do you get any allowance here at all? Again, under the English law an assessee, if he has got children at the Universities, gets allowances for the children in the Universities.

The Honourable Sir George Schuster: Does my Honourable friend then wish to adopt the English income-tax rates—4s. in the £?

Sir Hari Singh Gour: I shall reply to the Honourable the Finance Member by saying, "I am quite prepared to pay you 4s. in the £ if you will give us the English income". What is the comparison between India and England? Then, Sir, there are distinctions under the Australian Income-tax Act and certain other Dominion Income-tax Acts between precarious income and certain income. Take, for instance, a doctor or an engineer who has a precarious income; when he is hale and hearty he carries on his profession, but when he is struck down by disease or by other disability which disqualifies him from work, how is he going to pay? How is he going to live at all? Now so far as this country is concerned, they have no such distinction between incomes which are precarious and incomes which are certain, between earned and unearned incomes. Then, Sir, I think my Honourable friends of the European Group will support me at least on one point. Their representatives have been complaining about a double super-tax. Persons who invest in joint stock companies pay a certain rate of income-tax on their dividends because these are deducted at their source, but on the top of it all that income is lumped together with their ordinary income and upon that the assessee is super-taxed. Representations have been made by the Chambers of Commerce and by others about the levy of this double super-tax, but the general reply of the Finance Department is *non-possumus*. I wish, therefore, to point out to the House that, if Government wish to follow the analogy of the English law, they must, at any rate, follow the spirit of the English law. That they have not done, and now they ask this House not only to confirm what was a transitory measure, remember, not only confirm, but to enhance the rates which were fixed under that transitory measure of 1917. Honourable Members should be fully cognisant of the implication of their vote. They voted for this measure in 1917, because the unreformed Imperial Legislative Council had not a majority of elected representatives; it was the legislative side of the Executive Government to which certain Members were sworn in as Additional Members. The complexion of the House has now been altered, and we are representatives of the people here, and if you are to allow this income-tax and super-tax to be raised—it does not matter whether it is even by one pie; today it is one pie, it may perhaps be one anna tomorrow—if you allow your tax to be raised, be sure you will be self-condemned. You will not be hereafter heard to say that, "this

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is a bad measure to which we have never agreed. It was a temporary measure; it is a measure which we should like to revise; it is a measure which we should make more equitable". You will never be heard, because by your own action and your vote you shall have ratified the acts of the Legislative Council of 1917. Sir, these are briefly my grounds for opposing the enhancement of the income-tax. Let me add two more grounds.

I have said, and I wish to recall that fact, I have said in the course of the general debate, that you cannot permanently add to the taxes of the people of this country unless you justify a case of permanent necessity. That there is no case of permanent necessity is now made manifest by the Finance Member's own speech. We have the silver duty which, according to the conservative estimate of the Finance Member, will bring one crore of rupees. According to Sir Purshotamdas Thakurdas, if I understood him aright, it will bring in at least two crores of rupees, and I said the other day, striking a golden mean, that if it does not bring two crores, it will at any rate bring $1\frac{1}{2}$ crores. That will give at least 50 lakhs of surplus over the estimate, and that I submit, will fill in the gap that will be created by the throwing out of this income-tax and super-tax. Therefore, there would be really no deficit after that. There are other cases like the cotton duties. If the cotton duties are passed in the manner suggested by one of the non-official Members, that will also bring in additional revenue in the country. In any case, I do not fear for one moment that, by throwing out this proposal of Government for the increase of income-tax and super-tax the Finance Department will be put to any difficulties.

My second reason is that we are now in the last year of our elections. The country is in a state of tremendous ferment, and there is political unrest. Do you think that you will be settling the country down to a state of peace if you were to go out of this House and go to your constituents and say that during our three years of stuardship we have saddled upon them additional taxes to the tune of $5\frac{1}{2}$ crores of rupees? The country is not in a mood to bear any additional burden. The Finance Member has himself ascribed the deficit of the last three years to the world depression in which India has taken her share. Now, I ask him, is that depression not likely to be further depressed if you were to saddle upon this country these heavy taxes? I therefore submit that, on the general ground as well as on the special grounds which I have mentioned, this House should unitedly, especially the elected Members of this House at any rate, I hope will conjointly oppose the Honourable the Finance Member's proposal for the increase of income-tax and super-tax.

Mr. Fazal Ibrahim Rahimtulla: Sir, I have given notice of a similar amendment, and that is the only justification I have for rising
7 P.M. to say a few words. I think, Sir, it is a cruelty to inflict a speech on this House at this late hour, and therefore, Sir, I will only deal with one important point and sit down. We are proposing this amendment, Sir, as one which we think to be reasonable, having regard to the fact that this House has agreed to accept all the taxes that have been proposed by the Finance Department. The Honourable the Finance Member's position in this House is not at all enviable. From the introduction, up to the Finance Bill's progress, he has been listening to subjects of all sorts on the face of the earth

Mr. President: What about me?

Mr. Fazal Ibrahim Rahimtulla: I entirely sympathize with you, Sir, and that is the reason why we are also sitting with you to finish the work. But the position of the Finance Member is different in this respect. He is expected to reply to all the subjects raised by the non-official Members; he is expected to make replies to all the points raised by this side, because he is in charge of the Bill. Now, the point I wish to make, Sir, is regarding the carrying forward of losses. That point was touched upon by Sir Purshotamdas Thakurdas, and I wish also to emphasise it in view of the taxes that have now been passed by the House. I will first take three years. A man for instance makes a loss of Rs. 5 lakhs in the first year; in the second year he makes a profit of Rs. one lakh, and in the third year he again makes a loss of Rs. 75,000. The result is that during these three years he loses about Rs. 25,000. Now, Sir, without taking into consideration any of these facts, the income-tax that he has to pay for the year, I may say, is Rs. 9,000 and approximately Rs. 4,500 super-tax. Therefore, in addition to Rs. 25,000 loss, the man has to incur an additional loss of Rs. 13,500. Sir, there has been a good deal of agitation on this score, and numerous representations to the Finance Member, and I hope he will be good enough to take these points into consideration and get rid of the injustice that is now existing.

Sir Cowasji Jehangir: Sir, I shall be very brief. My friend Sir Hari Singh Gour has made rather a severe attack upon income-tax officers, and he appealed to the non-official Benches and asked whether they all agreed with his statement. I do not think he was given a very satisfactory reply from this side, and I therefore should like to openly dissociate myself with the attack that he made on income-tax officers, specially so far as my Presidency is concerned. I have no idea of the circumstances under which my friend is placed in his province, so far as the Income-tax Department is concerned, nor do I know anything about the officers of the Income-tax Department of his province. But so far as the Bombay Presidency is concerned, I would like to say that the attack made by him is unfair and that the income-tax officers do their very best to perform their duties justly and fairly. They may make mistakes; they are only human. The system may be wrong, but wrong as the system may be, it is unfair to criticise the officers of the Bombay Presidency.

Sir Purshotamdas Thakurdas: Sir, I desire to support very briefly the point made by my friend Mr. Fazal Ibrahim Rahimtulla. I wish to make it clear that, as far as I am concerned, I am not anxious to vote for this amendment if the Finance Member can hold out a promise of relief in the direction indicated by the Mover. What we feel is . . .

Mr. President: That has nothing to do with this amendment.

Sir Purshotamdas Thakurdas: It has, Sir; if I cannot get the assurance I will have to vote against the taxation and for the amendment.

Mr. President: I am not concerned with that.

Sir Purshotamdas Thakurdas: If the Honourable the Finance Member is not able to give a satisfactory reply . . .

Mr. President: It is not relevant to the amendment.

Sir Purshotamdas Thakurdas: The amendment is that the income-tax should be retained as at present. I say I may oppose this amendment if the Finance Member gives us an assurance . . .

Mr. President: In regard to some other matter.

Sir Purshotamdas Thakurdas: No, Sir; in connection with this matter under the head of income-tax and super-tax, the assessment of income-tax being in a manner that three years' loss can be written off before assessment is made. I developed the point previously. I therefore feel, Sir, that, where an increase in income-tax or super-tax is sought, it is very necessary that Government should remove the grievances of the community concerned, and I particularly refer to the commercial community.

I want to say just one word regarding the strong words used by my friend, Sir Hari Singh Gour, regarding income-tax officers . . .

Sir Hari Singh Gour: I think both Sir Cowasji Jehangir and Sir Purshotamdas Thakurdas are wrong.

Mr. President: Perhaps the Honourable Member was referring to income-tax officers in his province.

Sir Hari Singh Gour: No, Sir. I was describing only the system which arose out of the Act. I was not dealing with any province at all, I was only dealing with the system.

Sir Purshotamdas Thakurdas: I do not propose to talk either of the Bombay Presidency or of the Central Provinces, I am thinking of India as a whole, and I say it is very inadvisable and very wrong to criticise those officers who are trying to do their best under circumstances, which in many cases are most difficult. The income-tax officer has a very unpleasant duty to do as a tax gatherer and I feel that I ought to completely dissociate myself from the words used by him such as "high way robber" and "brigand".

The Honourable Sir George Schuster: Sir, I propose to respond to the note struck by my Honourable friend Mr. Fazal Ibrahim Rahimtulla and to be as brief as possible. I should like at the outset to express my personal gratitude to my Honourable friends, Sir Cowasji Jehangir and Sir Purshotamdas Thakurdas, for what they have said about income-tax officers. There is no class of public servant in this country who has a more unpleasant duty to perform than the income-tax officers. The great majority of the staff in that Department are Indians. They are doing their work, as far as I have been able to see, in a most able and conscientious manner, and although perhaps occasional mistakes are made, and although there is no country in the world where income-tax officials are popular, I do feel that they deserve whole-hearted support in their extremely difficult task.

Before I say a few words on the general question before the House, I should like to take up the suggestion which was made, both by Mr. Fazal Ibrahim Rahimtulla and Sir Purshotamdas Thakurdas that I should give some undertaking about the principle of carrying forward business losses. I regard myself as already pledged in this matter. I have made definite statements on various public occasions. My pledge as I interpret it is this. I am pledged, as soon as I am satisfied that the revenue position will stand it, to make a start with the introduction of this principle of carrying forward losses. I would like to make it clear, because I never like saying things which might be understood to mean more than I intend, that there will be difficulties in introducing this principle with full effect at once. If, for example, we were to say, "From today onwards

three years' losses may be carried forward", the result on our revenue might be quite overwhelming. We shall have to start by degrees. I have already issued instructions, before these debates, that a start should be made in collecting statistics, so that we may know what the first step is going to cost us, and I give this House a definite undertaking that I regard this as a first charge on Government revenue. My own present idea is that we shall have to start it step by step, picking up one year first and then carrying it on to two years, and then to three years. Whether we can go beyond three years, I would not like to say at present, but it is my present opinion that that should be the limit. To the extent which I have now explained I regard myself, I have already regarded myself, as pledged to give effect to this principle.

As regards the main proposal, I have already spoken at length on the general situation today. I can only sum up the position as follows. We want the money. I think I am justified in interpreting the votes that have been given in this House as showing that a majority of this House have accepted my general statement of the financial position. My proposals, as I put them forward were intended to be a balanced whole, and I should regard the balance as completely upset if this proposal for a slight increase in the income-tax were not included. Speaking personally, for myself, I could not have reconciled it with my conscience to bring forward a big programme of taxation without introducing a fair proportion of taxation which directly falls on the class which I represent. The Honourable Mover of this amendment has tried to persuade this House that, whatever form of taxation you adopt, the burden will be felt by the poor man. That, Sir, is an argument which I cannot accept. It is quite obvious that an increase in the salt tax is more directly felt by the poor man than an increase on the higher rates of super-tax. I cannot believe that taxes can be passed on in this way. My Honourable friend quoted the case of the doctor who would put up his fees by, I think, he said 40 per cent., when the income-tax is increased by one pie. In that case my proposals ought to be highly popular in the medical profession. But it is obvious that it is impossible to pass on taxes in this way. Consider only the whole class of Government officials. They cannot pass on this tax. They cannot come and ask for an increase in their pay; and the sort of tax which I am proposing which falls on incomes of 15,000 and over, will very largely be paid by the class of Government officials. I would point out that the burden of this tax is a small one. It only represents an increased charge of half per cent. on incomes of Rs. 15,000 and over and I think the class on which this burden will fall can definitely afford to pay it. It has been argued that the whole programme of taxation which I have put before this House will tend further to increase the depression which prevails in the country. I maintain, on the contrary, Sir, that the purpose which lies behind these taxes is one which offers hope for improvement in the economic development of the country. I agree that, as regards income-tax it cannot be claimed that any such direct effect will be felt, but I do maintain that the undertaking which I have given as regards the introduction of this principle of carrying forward losses, illustrates what is in my mind in introducing this tax. There are certain forms of taxation which are hampering burdens on industry, and the reason why I hold out a response to the suggestion which has been made is that I think that if we are to introduce this principle of carrying forward losses it would be a definite encouragement to business. This

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extra pie on incomes over Rs. 15,000 will not appreciably hamper business, but I hope it will put me in possession of funds which will enable me to make that redistribution of the burden of taxation which will relieve the main burdens on active industries. Sir, I do not think it is necessary for me to say any more and I hope, to use the words of my Honourable friend, Sir Hari Singh Gour, that this House will rise to the occasion and pass this last and most just item in my programme of taxation.

Mr. President: The question is:

"That in Part I-A of Schedule III to the Bill for entries (4), (5), (6), (7) and (8) the following be substituted:

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

The Assembly divided:

AYES—17.

Agnihotri, Mr. K. B. L.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Bhargava, Pandit Thakur Das.
Chettiyar, Rao Bahadur P. T. Kumaraswami.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.

Gulab Singh, Sardar.
Lalchand Navalrai, Mr.
Mukherjee, Mr. Saradindu.
Patil, Rao Bahadur B. L.
Rahimtulla, Mr. Fazal Ibrahim.
Rang Behari Lal, Lala.
Sarda, Rai Sahib Harbilas.
Sinha, Mr. Rajivaranjan Prasad.
Venkatakrishnayya Choudhri, Mr. P.

NOES—47.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Alexander, Mr. W.
Banarji, Mr. Rajnarayan.
Beum, Mr. E. F.
Chatterjee, The Revd. J. C.
Cocke, Sir Hugh.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Crerar, The Honourable Sir James.
Dalal, Dr. R. D.
Das, Mr. B.
Ferrers, Mr. V. M.
French, Mr. J. C.
Ghazanfar Ali Khan, Raja.
Gwynne, Mr. C. W.
Hamilton, Mr. K. L. B.
Hardy, Mr. G. S.
Heathcote, Mr. L. V.
Hira Singh Brar, Sardar Bahadur, Honorary Captain.
Howell, Mr. E. B.
Ismail Khan, Mr. Muhammad.
Jawahar Singh, Sardar Bahadur Sardar.

Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Mitchell, Mr. D. G.
Mitra, The Honourable Sir Bhupendra Nath.
Mitter, The Honourable Sir Brojendra.
Monteath, Mr. J.
Moore, Mr. Arthur.
Mukherjee, Rai Bahadur S. C.
Noyce, Sir Frank.
Pai, Mr. A. Upendra.
Parsons, Mr. A. A. L.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. C.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Sahi, Mr. Ram Prashad Narayan.
Sams, Mr. H. A.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Slater, Mr. S. H.
Sykes, Mr. E. F.
Tin Tut, Mr.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. President: Does the Honourable Member Mr. Lalchand Navalrai wish to move his amendment No. 40?

Mr. Lalchand Navalrai: Yes, Sir. I beg to move:

"For Part I-B of Schedule III to the Bill the following be substituted:

'B. In the case of every company and registered firm, whatever its total income ... Five pies in the rupee.'"

Sir, the principle on which I move this amendment is the same as that which I put forward before the House a little while ago in moving my amendment No. 35. In this case also, it will be seen that from 1886 to 1916 the rate of income-tax was a flat rate of five pies in the rupee, but it was raised in 1916 as a war measure to 12 pies in the rupee and it now stands at one anna six pies in the rupee which again is now sought to be raised to one anna seven pies in the rupee. The reason that is given for not reducing it is that it will cause a loss to the Government in revenue. That will be the reason given for every reduction that is asked for. I do not think that is a reason that will appeal to the House. I expect that, if this reason was known to the House which raised this tax in 1916 to this abnormal extent, it would not have sanctioned it. I would therefore ask this House to accept my amendment.

Mr. President: I take it that the Honourable Member's reply is the same as he had given a little while ago.

The question is:

"For Part I-B of Schedule III to the Bill the following be substituted:

'B. In the case of every company and registered firm, whatever its total income ... Five pies in the rupee.'"

The motion was negatived.

Schedule III was added to the Bill.

Mr. President: The question is that clause 4 stand part of the Bill.

The motion was adopted.

Clause 4 was added to the Bill.

Sir Purshotamdas Thakurdas: Sir, I beg to move the amendment which stands in my name and which runs as follows:

"After clause 4 the following new clause be inserted, namely:—

'4A In Schedule II to the Indian Tariff Act, 1894—

(a) after Item No. 43BB, as inserted by Section 4, and under the head 'Metals' the following Item shall be inserted, namely:—

'43BBB. Silver plate, silver thread and wire (including so-called gold thread and wire mainly made of silver), silver leaf and silver manufactures, all sorts not otherwise specified *Ad valorem.* 38 per cent.'

(b) in Part VI, under the head 'Metals' the Item which reads 'Silver plate, silver thread and wire, silver leaf and silver manufactures, all sorts not otherwise specified', together with its serial number, shall be omitted.'"

[Sir Purshotamdas Thakurdas.]

I have referred to this amendment twice in my speeches in the course of the debate on this Finance Bill. I do not wish to say much more, particularly as Government have indicated their intention of accepting this amendment. I will only say one word. I have not referred to what is known as imitation gold thread under this as I understand that this is not made out of silver. If it is made out of silver it will be included in the higher duty and therefore imitation gold thread has not been referred to at all by me in the amendment.

The Honourable Sir George Schuster: Sir, I accept my Honourable friend's amendment.

Mr. President: The question is:—

“That after clause 4 the following new clause be inserted, namely:—

‘4A In Schedule II to the Indian Tariff Act, 1894—

(a) after Item No. 43BB, as inserted by Section 4, and under the head ‘Metals’ the following Item shall be inserted, namely:—

‘43BBB. Silver plate, silver thread and wire (including so-called gold thread and wire mainly made of silver), silver leaf and silver manufactures, all sorts not otherwise specified *Ad valorem.* 38 per cent.’

(b) in Part VI, under the head ‘Metals’ the Item which reads ‘Silver plate, silver thread and wire, silver leaf and silver manufactures, all sorts not otherwise specified’, together with its serial number, shall be omitted’ ”.

The motion was adopted.

Mr. President: The question is:

“That clause 1 stand part of the Bill.”

Sir Purshotamdas Thakurdas: Sir, I have an amendment to clause 1 which I beg to move. It runs thus:

“In sub-clause (3) of clause 1, after the figure ‘3’, the comma, figure and letter ‘4A’ be inserted.”

The main reason for inserting this here is that Government are unwilling to increase this duty on silver manufactures and gold thread beyond a period of one year. I have agreed to it and have embodied it in my amendment on the understanding that, during the course of the year, Government will refer the question to the Tariff Board. If, however, Government are unable to secure a report from the Tariff Board before the next Budget, I take it that Government will continue this in the next Finance Bill also.

The Honourable Sir George Schuster: I think, Sir, that my Honourable friend has correctly stated the position. If we cannot carry out an inquiry which will give the country an opportunity to decide whether this higher duty is justified or not, it is obviously fair that the duty should be continued. But I have every hope that it will be possible to carry out the inquiry this year.

Sir Purshotamdas Thakurdas: On this understanding I do not think I need say anything further.

Mr. President: Does the Honourable Member wish votes to be taken on this amendment?

Sir Purshotamdas Thakurdas: No, Sir, as Government have accepted it.

Mr. President: The question is :

“That in sub-clause (3) of clause 1, after the figure ‘3’, the comma, figure and letter ‘4A’ be inserted.”

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and Preamble were added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Monday, the 24th March, 1930.