

29th March 1940

THE
LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume III, 1940

(27th March to 6th April, 1940)

ELEVENTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1940

27-10-84
45-89
12-4-83
B
LIBRARY



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA.

1940

13

M2LAD

B

Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

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

MR. M. S. ANEY, M.L.A.

SIR COWASJI JEHANGIR, BART., K.C.I.E., O.B.E., M.L.A.

MR. A. AIKMAN, C.I.E., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistants of the Secretary :

MR. M. N. KAUL, BAR.-AT-LAW.

KHAN SAHIB S. G. HASNAIN.

Marshal :

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

Committee on Petitions :

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

MR. A. AIKMAN, C.I.E., M.L.A.

SYED GHULAM BHIK NAIRANG, M.L.A.

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

SIR ABDUL HALIM GHUZZNAVI, M.L.A.

CONTENTS.

VOLUME III.—27th March to 6th April, 1940.

	PAGES.		PAGES.
WEDNESDAY, 27TH MARCH, 1940,—		MONDAY, 1ST APRIL, 1940,—	
Starred Questions and Answers	1791— 1803	<i>contd.</i>	
Resolution <i>re</i> —		Unstarred Question and Answer	1994—95
Enactment of Labour Legislation on certain lines—		Transferred Starred Questions and Answers	1995— 2002
Withdrawn	1803—19	Transferred Unstarred Questions and Answers	2002—11
Removal of disabilities of Indians in the British Commonwealth of Nations—		Election of the Central Advisory Council for Railways	2011—12
—Adopted	1819—39	The National Service (European British Subjects) Bill—	
Utilization of the Kamran dues for the accommodation of Pilgrims—Withdrawn	1839—52	Passed as amended	2012—48
Fiscal Policy of the Government of India—Discussion not concluded	1852—53	The Defence of India (Amendment) Bill—Discussion on the motion to consider not concluded	2049—63
THURSDAY, 28TH MARCH, 1940,—		TUESDAY, 2ND APRIL, 1940,—	
Starred Questions and Answers	1855—69	Members Sworn	2065
Statements laid on the Table	1869—74	Starred Questions and Answers	2065—73
Election of the Standing Committee on Emigration	1874	The Parsi Marriage and Divorce (Amendment) Bill—Passed	2073
Message from the Council of State	1874	The Indian Tea Control (Amendment) Bill—	
The Indian Finance Bill—		Introduced	2073—74
Discussion on the consideration of clauses not concluded	1875— 1921	The Indian Railways (Amendment) Bill—Introduced	2074
FRIDAY, 29TH MARCH, 1940,—		The Defence of India (Amendment) Bill—Passed	2074—94
Starred Question and Answer	1923	The Agricultural Produce Cess Bill—Passed as amended	2094— 2120
Unstarred Questions and Answers	1924—27	The Insurance (Amendment) Bill—Passed as amended	2120—26
Election of the Standing Finance Committee for Railways	1927	The Excess Profits Tax Bill—	
Election of the Standing Finance Committee	1928	Amendments made by the Council of State agreed to	2126—27
The Defence of India (Amendment) Bill—Introduced	1928	THURSDAY, 4TH APRIL, 1940,—	
The Indian Finance Bill—		Member Sworn	2131
Passed as amended	1928—64	Starred Questions and Answers	2131—32
Demands for Supplementary Grants	1964—78	Unstarred Questions and Answers	2132—33
Statement of Business	1978—79	Transferred Starred Questions and Answers	2134—42
MONDAY, 1ST APRIL, 1940,—			
Member Sworn	1981		
Starred Questions and Answers	1981—93		
Short Notice Question and Answer	1993—94		

PAGES.	PAGES.
THURSDAY, 4TH APRIL, 1940,— <i>contd.</i>	FRIDAY, 5TH APRIL, 1940,— <i>contd.</i>
Statement laid on the Table <i>re</i> Lowest Tenders not accepted by the High Commissioner for India in purchasing Stores for the Government of India. 2142—45	The Code of Criminal Procedure (Amendment) Bill—(Amend- ment of Section 205)— Appointment of certain Members to the Select Com- mittee 2205
Message from the Council of State. 2146	The Drugs Bill—Passed as amended 2206—52
The Factories (Amendment) Bill—Amendments made by the Council of State agreed to 2146	The Indian Mines (Amendment) Bill—Passed 2252—60
The Indian Tariff (Amendment) Bill—Passed 2147—56	The petroleum (Amendment) Bill—Discussion on the motion to consider not con- cluded 2260—61
The Indian Tariff (Second Amendment) Bill—Passed . 2156—66	SATURDAY, 6TH APRIL, 1940,—
The Drugs Bill—Discussion on the motion to consider not concluded 2166— 2204	Statements laid on the Table . 2263—74
FRIDAY, 5TH APRIL, 1940,—	Message from the Council of State. 2274
Member Sworn 2205	The Petroleum (Amendment) Bill—Passed 2274—75
The Code of Criminal Procedure (Amendment) Bill—(Amend- ment of Section 386)— Appointment of certain Members to the Select Committee 2205	The Motor Vehicles (Amend- ment) Bill—Passed 2275—77

LEGISLATIVE ASSEMBLY

Friday, 29th March, 1940.

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

STARRED QUESTION AND ANSWER.

(a) ORAL ANSWER

RECRUITMENT OF SIKHS IN THE CUSTOMS HOUSE AT KARACHI.

†568. *Sardar Sant Singh: (a) Has the attention of the Honourable the Finance Member been drawn to an advertisement quite recently issued by the Collector of Customs, Karachi, inviting applications for the appointments in different categories, e.g., Preventive Officers, Examiners, Wharfingers and Clerks?

(b) Will he please state the total number of permanent and temporary men now working in each of these categories, and how many of them are Hindus, Muhammadans, Sikhs and Indian Christians and others?

(c) Is he aware that there is a great paucity of Sikh representation in each of these services?

(d) Does he propose to order the recruitment of sufficient number of Sikhs in each of these services, or categories, in order to make up the deficiency of Sikh representation? If not, why not?

The Honourable Sir Jeremy Raisman: (a) Yes.

(b) and (c). A statement showing the position as on the 1st January, 1940, is placed on the table.

(d) The matter of communal representation in the various services is regulated by general orders which are applicable in this instance. Government, therefore, see no reason to interfere in regard to these particular vacancies.

Statement showing the total strength of the permanent and temporary Examining, Preventive and Clerical staff at the Karachi Custom House as it stood on 1st January, 1940

	Hindus	Muslims	Sikhs	Indian Christians	Other communities	Total
<i>Permanent</i>						
Examiners	6	5	..	3	2	16
Preventive Officers	9	7	..	..	18	34
Wharfingers	15	5	..	2	2	24
Clerks	99	28	1	13	9	150
<i>Temporary</i>						
Examiners	1	1	..	..	..	2
Preventive Officers	3	2	1	..	5	11
Wharfingers . . . . .	..	..	..	..	..	..
Clerks	8	5	..	2	..	15

† Answer to this question laid on the table, the questioner being absent.

UNSTARRED QUESTIONS AND ANSWERS.

ASSESSMENT VALUE OF HOUSES AND SHOPS IN THE KASAULI CANTONMENT.

105. Sardar Sant Singh: Will the Defence Secretary be pleased to state .

- (a) if it is a fact that, in the newly prepared list of houses and shops for assessment of house tax at Kasauli Cantonment, the assessment valuations of most of the houses and shops have been fixed at twice or even thrice their annual renting values;
- (b) if it is a fact that in recent years both the market value and the annual renting value of the house property at Kasauli has gone down very much, and that during the last two years a good many houses remained vacant for dearth of tenants;
- (c) whether Government are aware that a good deal of sensation has been created at Kasauli owing to the excessive assessment;
- (d) if Government are prepared to place the copies of the new assessment list and the last assessment list on the table of the House, showing the difference between the two; and
- (e) what action, if any, Government are prepared to take in the matter to allay the apprehension of the people concerned?

Mr. C. M. G. Ogilvie: The Honourable Member is referred to the answer given to Bhai Parma Nand's similar question No. 455 of the 19th March, 1940.

ALLOWANCE PAID TO THE MILITARY ESTATES OFFICER OF THE LAHORE CANTONMENT FOR ACTING AS EXECUTIVE OFFICER.

106. Sardar Sant Singh: (a) Will the Defence Secretary be pleased to state if the Military Estates Officer of Lahore Cantonment acted as Executive Officer of the same Cantonment for about three months, in addition to his own duties?

(b) If the reply to part (a) be in affirmative, what were the allowances paid to him for the extra work?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) Rs. 125 per mensem.

PROCEDURE FOR RECRUITMENT OF CLERKS AND SUPERINTENDENTS IN MILITARY ESTATES OFFICES.

107. Sardar Sant Singh: (a) Will the Defence Secretary please state the procedure of recruitment of clerks and office superintendents in Military Estates offices other than the Military Estates office at Lahore Cantonment?

(b) Is it not permissible to recruit them from the staff of Cantonment offices?

Mr. C. M. G. Ogilvie: (a) The procedure is laid down in the Rules for personnel of the Cantonments Department serving in the Military Lands and Cantonments and the Military Estates Offices, a copy of which is attached.

(b) There is no bar provided they fulfil the conditions prescribed in the Rules.

Rules for personnel of the Cantonments Department serving in the Military Lands and Cantonments Offices and in the Military Estates Circles.

1. (a) The authorised establishment consists of—

- 4 Upper Division 'A' Clerks,
- 21 Upper Division 'B' Clerks,
- 41 Lower Division 'A' Clerks,
- 35 Lower Division 'B' Clerks.
- 15 Surveyor-Draughtsmen.
- 20 Military Estates Overseers (including 5 Supernumeraries), and,
- 1 Forester.

This establishment will be distributed between Military Lands and Cantonments offices and Military Estates Circles as shown in the attached statement.

(b) Any additional establishment, where necessary, will require the sanction of the Director, Military Lands and Cantonments.

2. All appointments, postings, initial grading, transfers and promotions within the authorised cadre will be made by the Director, Military Lands and Cantonments.

3. Candidates for appointment will be selected by the Government of India in the Defence Department from amongst applicants who may have to undergo a written and/or oral examination in English and general knowledge.

No candidate shall make more than one application for selection.

4. Candidates selected for appointment will not ordinarily be above the age of 24 years on the commencement of their probationary service *vide* rule 5 below.

5. Candidates selected for appointment will ordinarily undergo a period of probation for one year, after which period, if well reported on, they will be normally confirmed.

6. Pending the publication of 'Regulations for Civilians paid from the Defence Estimates' which will apply to them in their entirety, the personnel will continue to be governed by the provisions in the Civil Service Regulations and Appendix XI, Regulations for the Army in India (1930 edition), irrespective of their date of appointment to Government service. As regards leave, those who entered Government service before the 28th September, 1931 and were serving in the Military Lands and Cantonments offices on the 29th June, 1937, will be subject to the Civil Service Regulations; the others being governed by the Revised Leave Rules for Civilians published in Army Instruction (India) No. 116 of 1936.

7. The personnel who entered Government Service on or after the 28th September, 1931, and were serving in the Military Lands and Cantonments Offices on the 29th June, 1937, and all personnel who were serving in the Military Estates Circles on the latter date will be entitled to the following rates of pay :

Clerks	Rs.
	Per mensem
Upper Division 'A'	150—10—300
Upper Division 'B'	95—7½—140
Lower Division 'A'	82½—2½—100
Lower Division 'B'	45—2½—80
Surveyor-Draughtsman	60—4—100—efficiency bar —5—150
Military Estates Overseer	40—2—60
Forester	40—2—60

The above rates are also applicable to individuals who have been entertained in the Cantonments Department after the 29th June, 1937, or who may be appointed in future.

8. The personnel who entered Government service before the 28th September, 1931, and were serving in the Military Lands and Cantonments offices on the 29th June, 1937, will be graded and will draw the old rates of pay as detailed below :

	Rs. per mensem.
Selection Grade (Upper Division 'A')	230—15—410
Upper Division (Upper Division 'B')	120—10—200—efficiency bar —10—250
Lower Division (Lower Division 'A')	50—3—86—efficiency bar —3—119
Routine Grade (Lower Division 'B')	40—2—60.

The authorised number of appointments on the old rates of pay are—Selection Grade 3, Upper Division 4, Lower Division 8 and Routine Grade 6.

9. The personnel will constitute an all-India cadre and will be liable to transfer to any office of the Cantonments Department. On transfer, the personnel will retain the rates of pay that they may have been in receipt of prior to such transfer.

10. The personnel on the old rates of pay will, on promotion to appointments in the new grades, remain on those rates only if there is a vacancy in the authorised number of appointments on old rates, otherwise they will draw the revised rates of pay until there is a vacancy in the authorised number of appointments on old rates when they will draw those rates.

11. Recruitment shall be made in accordance with the provisions of the Home Department Resolution No. F-14-17-B./33, dated the 4th July, 1934, published in Part I of the Gazette of India, dated the 7th July, 1934, and the supplementary instructions connected therewith.

12. The authorised inferior establishment for the offices of the Cantonments Department is also indicated in the statement alluded to in rule 1 (a) above.

APPOINTMENT OF STENOGRAPHERS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ITS ATTACHED OFFICES.

108. Sardar Sant Singh: (a) Will the Honourable the Home Member please lay on the table a statement showing the procedure for the recruitment of stenographers in the Government of India Secretariat and its Attached Offices?

(b) Is it a fact that in some Secretariat and Attached Offices, appointments have been offered to outsiders without inviting applications from suitable candidates from other Attached and Secretariat Offices and without holding a test? If so, will the Honourable Member kindly state the number of vacancies—temporary as well as permanent—and the name of office wherein appointments have been offered to outsiders during the period 1st September, 1939 to 11th March, 1940, without inviting applications from other offices or without holding a test?

(c) Is the Honourable Member prepared to consider the question of issuing instructions to the Heads of the Departments to the effect that no appointment to the post of a stenographer should be made without a test from among the suitable candidates within an office, or without inviting applications from other Attached and Secretariat Offices when suitable candidates within that office are not available?

The Honourable Sir Reginald Maxwell: (a) and (c). No special procedure has been laid down for the recruitment of stenographers in the Secretariat and Attached Offices of the Government of India. Heads of Departments and Offices fill vacancies in the stenographers' grade in such

manner as may appear suitable, subject to the observance of the orders regarding communal representation. Government do not consider it desirable or expedient to fetter the discretion at present enjoyed by the appointing authorities.

(b) Does not arise.

RE-ORGANISATION OF THE MINISTERIAL STAFF OF THE GOVERNMENT OF INDIA SECRETARIAT.

109. Sardar Sant Singh: (a) Will the Honourable the Home Member kindly state whether re-organisation has taken place in the ministerial staff of the Secretariat Offices by the abolition of the second division?

(b) Is it a fact that the majority of the third division clerks affected by this re-organization are governed by the revised rules of pay, whose grade is very poor as compared with old scales?

(c) Do Government propose to revise their present scale in view of the fact that they stand no chance of promotion in the next scale?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) It is likely that the third division clerks affected will mainly be those governed by the revised rates of pay rules.

(c) This matter is under consideration.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 20th March, 1940, the time fixed for receiving nominations for the Standing Finance Committee for Railways twenty-one nominations were received. Subsequently the candidature of one Member was withdrawn by the proposer and five Members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following Members to be duly elected, namely:

- (1) Sir Muhammad Yamin Khan;
- (2) Sir Abdul Halim Ghuznavi;
- (3) Maulvi Syed Murtuza Sahib Bahadur;
- (4) Mr. Muhammad Muazzam Sahib Bahadur;
- (5) Mr. F. E. James;
- (6) Mian Ghulam Kadir Muhammad Shahban;
- (7) Rao Sahib N. Sivaraj;
- (8) Mr. Muhammad Naunan;
- (9) Dr. Sir Ziauddin Ahmad;
- (10) Sardar Sant Singh; and
- (11) Mr. M. S. Aney.

ELECTION OF THE STANDING FINANCE COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that up to 12 Noon on Wednesday, the 20th March, 1940, the time fixed for receiving nominations for the Standing Finance Committee twenty-two nominations were received. Subsequently the candidature of one Member was withdrawn by the proposer and seven Members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following Members to be duly elected, namely:

- (1) Kunwar Hajee Ismail Ali Khan;
- (2) Lieutenant-Colonel M. A. Rahman;
- (3) Khan Bahadur Shaikh Fazl-i-Haq Piracha;
- (4) Major Nawab Sir Ahmad Nawaz Khan;
- (5) Seth Haji Sir Abdoola Haroon;
- (6) Mr. H. A. Sathar H. Essak Sait;
- (7) Babu Baijnath Bajoria;
- (8) Dr. P. N. Banerjee;
- (9) Mr. L. C. Buss;
- (10) Mr. T. Chapman-Mortimer;
- (11) Mr. N. M. Dumasia;
- (12) Dr. Habibur Rahman;
- (13) Dr. Sir Ziauddin Ahmad; and
- (14) Khan Bahadur Sir Abdul Hamid.

THE DEFENCE OF INDIA (AMENDMENT) BILL.

The Honourable Sir Muhammad Zafrullah Khan (Law Member): Sir, I beg to move for leave to introduce a Bill to amend the Defence of India Act, 1939.

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

“That leave be granted to introduce a Bill to amend the Defence of India Act, 1939.”

The motion was adopted.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I introduce the Bill.

THE INDIAN FINANCE BILL—concl'd.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, last evening I was submitting that the sugar industry should be allowed to stand on its own legs and so the protective duty should be removed and taxpayers should be saved from the burden. Therefore, I urged that this proposed additional duty should not be levied. I am pleading this with the express idea that the cane-grower should be equally benefited. There is an agitation these days that the cane-growers are going

to be benefited to such an extent that they are going to get a profit of 99 per cent. That is all humbug. I have been doing it myself for a long time and I know that the poor cultivators are not paid even for their labour during one year and a half the period in cultivating the cane. Protection was given expressly to benefit the cane-growers but actually they are going to suffer. Recently, the Provincial Governments have taken some steps to redress their grievances but their action is being strongly condemned by the capitalists which I consider to be very unfair, and they will also lose the sympathy of the cane-growers' representatives. Sir, I commend my amendment for the acceptance of the House.

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

"That clause 3 of the Bill be omitted."

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, the amendment asks for the deletion of clause 3, that is, the retention of the present excise duty of Rs. 2 and not its increase to Rs. 3. A later amendment wants it to be raised, if there is an intention to raise it, to Rs. 2-8-0. At the consideration stage this point was discussed at great length and I then put two pointed questions to the Finance Member as to the justification for raising the excise duty. I put forward the case not only of the industry but also of the consumer and the cane-grower. There were no answers on those two points but we claim that an explanation is due on them. The first question was, why has the recommendation of the Tariff Board been shelved and not accepted? In this pamphlet that I got recently an evasive explanation is stated to have been given for raising it to Rs. 3 namely, that the question was superficially considered. If the Tariff Board consider these questions superficially and give no definite opinion why should any money be spent on them? And what steps have been taken against the Board for thus neglecting their duty? I want to know the reason for that. Coming to the second point

The Honourable Sir Jeremy Raisman (Finance Member): May I know exactly the question for which the Honourable Member wants a reason? What is the precise point?

Mr. Lalchand Navalrai: It is this: that the pamphlet in my hand shows that it is estimated that the industry will have only two per cent. profit, while the Tariff Board has recommended ten per cent. profit. I want a reply to that.

• As regards the second point, I find that the Honourable Member has given some explanation but I would like some more elucidation. It is with regard to the condition of the three persons involved—the industry, the consumer and the grower. The industry say that the industry will come to an end if these excess duties are imposed. As for the consumer the explanation of the Honourable the Finance Member is worth consideration. He said that the price level has for a long time been kept high and, therefore, the consumer suffers. It has also been said that the grower will consequently suffer. That is how I read what the Honourable Member said

The Honourable Sir Jeremy Raisman: I pointed out that the two results of the high price were that the consumer had to pay more and that the price for cane was fixed unduly high as a result of the unduly high price of sugar.

Mr. Lalchand Navalrai: I was referring to the speech of the Honourable Member as reported in the *Hindustan Times*. It is there that the Finance Member said he was fully aware of the difficulties of the industry, but it was clear that the price of sugar had been maintained for an unduly long time at an unjustifiably high level and the high prices maintained at the sacrifice of the consumer had led to high prices of cane and the industry found itself involved in a vicious circle. I want to know, therefore, how the price which is now considered high will go down: it is only when the price goes down that the consumer will benefit. I say that by imposing excess profits tax the price level will not go down: from the commonsense point of view, it will go up. Therefore I want to know how the Finance Member proposes to see that the price level goes down: then only he can have the gratitude of the consumer and the general public. We cannot do without sugar, and it is no good saying that the poor man should take to molasses or such other things. The price of refined sugar and *gur* should also go down.

I find that the Honourable the Finance Member is sympathetic to the industry also and that is only fair. The case that the industry has presented is worth consideration. The Finance Member has said that the ills of the industry were a matter for separate consideration and must be remedied irrespective of the revenue duty which the industry might be called upon to bear. This of course cannot be a confidential matter: after all it affects the public; and though we know that it is solicitous for the industry we should like to see how far this industry is going to be helped, because the main thing we want is the maintenance and development of the industries in India. This industry of ours which has been developed with the help of protection should not be allowed to dwindle. My information is that the price of cane has increased. I do not know whether the Central Government or the Provincial Governments have done that. But I want to know how the grower will be kept at a place where he can make both ends meet. If the Finance Member is insistent in making some more money out of sugar, he should first of all consider the question of this tax not being raised. He has other ways and means and he is more competent than any of us on this side to find out ways and means: he can see that this additional burden is not thrown on the industry. But if that is not possible he must at least consider whether some of the amendments can be accepted

An Honourable Member: On that you may speak later.

Mr. Lalchand Navalrai: I am making the suggestion now—I may not speak later. I merely say that the Finance Member should not be insistent on these questions of taxation. He must yield sometimes because we know that at present we are very few, and he is the master of the situation. It is not like the Finance Bill of last year when many of the demands were thrown out and afterwards certified. The position now is different. We can only appeal to the Honourable the Finance Member and I hope he will give due consideration to what I have said.

The Honourable Sir Jeremy Raisman: Sir, I oppose this amendment. My Honourable friend, Mr. Lalchand Navalrai, has put a number of questions to me which I shall endeavour to deal with briefly to the best of my ability. The first question relates to the Tariff Board's Report on the Sugar Industry. The main thing that I have to say about that is that since that Board reported the conditions in which the industry is working have been entirely changed by governmental action—not action by the Central Government, but action of the Provincial Governments: also, an organisation has been formed in the industry itself. The Tariff Board worked on certain assumptions. Among other things, for instance, it indicated a fair price for cane: but the present state of the industry and the regime which applies to it is on an entirely different basis. It is on a basis which determines the price of cane in relation to the actual selling prices of sugar: so that we have gone a very long way from the basis on which the Tariff Board reported. But there is one narrower point on which I would give him the answer, and that is the question why when the Tariff Board thought that ten per cent. was a fair margin for the industry, it is now getting only two per cent. In the first place, I am not prepared to admit that the industry is now getting only two per cent. I should have to make a considerable inquiry into the matter before I would admit any such figure. In the second place, it must be remembered that when the Tariff Board recommends a percentage of profit, what it means is that the import duty should be fixed by assuming a certain margin of profit for the industry, and it indicates what that assumption should be. There is no idea of guaranteeing to the industry a minimum profit of ten per cent. for the same reason that if the industry happens to make 15 per cent. or 20 per cent. we do not, much to the chagrin of my friend, Dr. Sir Ziauddin Ahmad, necessarily rush in at once and change the picture to the disadvantage of the industry. There must be ups and downs during the period of protection. The meaning of the Tariff Board recommendation is that, taking the whole period of protection into consideration, a certain margin of profit should be allowed in making the calculations of what the protective duty should be

Sardar Sant Singh (West Punjab: Sikh): What is the estimated profit according to the Honourable Member after this duty?

The Honourable Sir Jeremy Raisman: I cannot say what the estimated profit is at the present moment without an inquiry. I have a strong feeling that there are times when the margin of profit has gone up to 50 per cent. or 75 per cent. It may be that in certain concerns at the present moment there is no profit at all but even a loss. You have a very large and varying field with a number of concerns of different stages of efficiency, and it is very difficult indeed to say what the average profit is, and even more difficult, if you took that average to say exactly what it means in relation to all the individual concerns.

Now, Sir, the next point that my friend, Mr. Lalchand Navalrai, asked me was, how we proposed to secure that, while we increased our excise, neither the industry nor the grower nor the consumer should be any worse off. The answer to that is that that cannot be achieved. Somebody obviously, if additional revenue has to be raised, has to pay it, it has to come from somewhere, but I will endeavour to give the Honourable Member my own idea

Mr. Lalchand Navalrai: Whom would you prefer to levy it on, the consumer, the grower or the industry?

The Honourable Sir Jeremy Raisman: If the Honourable Member is putting that to me as a long range question so to speak, and not in relation to the ephemeral circumstances of the industry, then I would say without doubt that the intention of the revenue duty is to levy it on the consumer, the consumer representing a large number of individuals who, if they do not pay the tax in this form, will have to pay it in some other form. In relation to the consumer the point is that he is, unfortunately, being required to contribute to additional revenue, and the actual vehicle which is chosen for that revenue is comparatively unimportant. Now, a particular commodity having been chosen for revenue duty, it is undoubtedly the case that over a considerable period of time the consumer pays that duty, and that the level of price of the commodity tends to rule exactly that amount higher than it would if there were no such duty. That is particularly the case when, as now, we have the import duty increased by exactly the same amount as the excise duty. But now if the question is what the immediate effect of the addition of the increase of the excise is at a particular point of time, then that is rather a complicated question. It depends on whether the additional duty is imposed on a rising market or a falling market, it depends on the stocks held, it depends on a large number of considerations, but the main factors at the present moment are, as I indicated yesterday, that the price of sugar was in any case unduly high, and it was bound to come down. If you take your mind for the moment off the excise duty, if you imagine that there was no duty whatever on sugar, the fact remains that a few months ago there was a shortage of sugar, and that the price of sugar in those circumstances rose to high levels. Now, the organisation which controls the selling of sugar in these two provinces several times considered the position, and it decided to maintain the price of sugar even after the prospects of a continuance of the shortage had disappeared. So that no matter what happened about the excise, it is obvious, and to my mind indisputable, that the price of sugar was bound to come down now because the relation of supply and demand was changing rapidly. Another thing that was bound to happen for the same reason was that the price which the grower received for his cane must come down, because that also had been inflated to an artificially high level as a consequence of the inflation of the price of sugar. So that my position is, that taking the matter over a reasonable period of time, the level of the revenue duty has got nothing to do with this problem of the industry. They are problems which in any case would have existed and in any case would have to be liquidated by adjustments to the changing situation.

Then, the Honourable Member asked me what I had in mind when I said that the ills of the industry would have to be remedied. I have tried to explain now what I mean. Those problems are not related directly to the Central Government; they are now problems almost entirely within the sphere of the Provincial Governments. But it seems to me, as it would to any observer, that an unhealthy state of affairs has grown up in the sugar industry and that there are very serious problems which will have to be faced and dealt with in the future.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, the history of the duty on sugar is a very unfortunate one, and I may also so say that it has been fortunate as well to some extent. We know that the first Tariff Board was appointed in 1931, and on their recommendation we levied a protective duty. They definitely recommended in their Report that for the first seven years the duty should be fixed at Rs. 7-4-0 per cwt. and for the remaining period at Rs. 6-4-0 per cwt., but, unfortunately, by the second Finance Bill of 1931 we raised the duty by 25 per cent. throughout, and this protective duty, which was fixed by a very careful calculation, was immediately raised by 25 per cent. That is, the quantum of protection was increased by one-fourth. We did not then realise what the effect would be. But as soon as the sugar industry saw that the quantum of protection had been increased by 25 per cent., a fillip was given to the industry and a large number of sugar factories grew up. This was not the only advantage the industry had; but they had also an additional advantage, and that is, the price of sugar-cane was fixed for them by the Tariff Board of 1931 at Rs. 0-6-0, while in actual practice they paid only three annas or 2½ annas. Therefore, they paid less for sugar-cane, they got higher protection by means of the second Finance Bill with the result that the sugar industry began to make large profits.

On the floor of the House I repeatedly said in the year 1932-33 that the sugar industry were making a profit of 50 to 100 per cent. per annum. Government realised the mistake in 1933 and this 25 per cent. duty, which was unconsciously added on by the second Finance Bill of 1931, was to a certain extent checked by imposing an excise duty of Rs. 2 per cwt. When this excise duty was proposed, there was great excitement among the sugar manufacturers. They had collected large sums of profit and they carried on a propaganda. In this House I said that the fundamental principle of propaganda is that you must have propaganda on something, and that you cannot have a propaganda on nothing. But in this case the sugar manufacturers were carrying on a propaganda merely on nothing, because we did not take away any protection whatever, we only rectified the mistake which had been committed by the second Finance Bill of 1931. These propagandists were able to induce the Government to levy a duty of eight annas per cwt. on khandsari sugar, though it was not originally in the proposals of the Finance Member. The whole question was re-examined by the second Tariff Board in the year 1938. In their report they examined very carefully what should be the profit to the industry, what should be the various expenses, and they made very elaborate calculations. They allowed a profit of ten per cent. on the capital outlay, they made liberal allowances for depreciation, and as a result the cost of production including overhead charges and profits came to Rs. 6-13-10·1. This was the figure they arrived at. In the same report they made some other very important recommendations and I shall just mention very briefly one or two. They said:

"On this basis the cost of manufacture in a representative factory including overheads and profit is Rs. 6-13-10 per maund."

That was really the cost of production at that time.

"Taking all factors into consideration the extent of protection required for the remaining period of protection is Rs. 7-4-0 per cwt. or Rs. 5-5-0 per maund. Adding the excise duty of Rs. 2 per cwt. we recommend that the present rate of import duty of Rs. 9-4-0 per cwt. be continued."

[Dr. Sir Ziauddin Ahmad.]

Even at that time the price of sugar-cane which they allowed to the sugar-cane grower was—they said:

“The price of sugar-cane delivered at factory as calculated by us is Rs. 0-5-6 per maund.”

This was their recommendation. I come from the districts where sugar is very largely manufactured, namely, Gorakhpur, Busti and other places. They are in my constituency. When the Tariff Board report was being considered, there was a good deal of opposition, but I strongly supported the recommendation of the Tariff Board. I may say I had an opportunity of examining the details of the working of the factories in my constituency. The Tariff Board of 1938 took no quantum of profit away from this industry. At the same time, the industry was guilty of not paying the value for the sugar-cane as promised by the Tariff Board. Therefore, they were very well off, and I think that the profits were very good profits and the price of sugar was reasonable to the consumers. At that time the price of sugar was really Rs. 8 per maund and we were getting in the market sugar at 4½ seers per rupee. So the consumer was satisfied, the industry was satisfied. The industry was getting a profit of ten per cent. I have no interest in any industry, but, unfortunately, sugar is the only industry which I criticise, in which I have some interest. I know definitely that they were giving a profit of ten per cent. to the shareholders.

Bhai Parma Nand (West Punjab: Non-Muhammadan): Are you supporting the amendment or opposing it?

Dr. Sir Ziauddin Ahmad: Please wait and see. I am now coming to the turning point. After that, two fundamental things happened which changed the entire situation. In the first place, a syndicate was formed and there was a combine among all the sugar manufacturers, and by means of combines they fixed the prices. That was a new thing which happened after 1938, that is, a combination of all the sugar manufacturers to regulate prices. This action is contrary to the recommendations of the Fiscal Commission of 1922. The industry was in a very prosperous condition and there was no difficulty whatsoever, but the trouble began when they began to form a syndicate to regulate the prices. Then the prices began to go up—I do not know whether to call it go up or come down, but we had to pay more for the same quantity of sugar. The Congress Government came into power in the United Provinces and Bihar. They knew very well—some of the ministers from their speeches delivered on the floor of this House were conscious of the difficulties. They examined the whole thing and, afterwards, they took an action which I would call entirely uneconomic and unreasonable. The action which they took, on account of which the whole character of the sugar industry changed, is they interfered in the fixation of the price of the sugar-cane. The Tariff Board fixed a certain price and on that basis the quantum of protection was calculated. The Provincial Governments ought to have, really speaking, felt that the prices fixed by the Tariff Board for sugar-cane should be adhered to and that they ought not to be altered. But they did not do this. They had no power over the sugar syndicate, the syndicate had power to fix any price it liked. The syndicate set aside the

recommendation of the Tariff Board, fixing the fair selling price, but they arbitrarily fixed their own prices. Then the Provincial Governments came in. They said, "All right. When you are arbitrarily fixing the price of sugar, when you are not carrying out the recommendations of the Tariff Board as regards the fair selling price, we also are not going to stick to the recommendation of the Tariff Board as regards the price of sugar-cane, and we fix the price of sugar-cane in proportion to the price of sugar in the market". This is a novel action and the price they fixed really depended upon the price of sugar. If the price of sugar was Rs. 8 per maund, they had one price for the sugar-cane, but if the price went up they had another value for the sugar-cane. They said the price of sugar-cane would be 0-7-9 if the price of sugar was Rs. 10-3-9. If it went further to Rs. 10-6-0 then the price of cane went up to eight annas. I do not want to read all the figures, but if the price went up to Rs. 11-14-0 as it is today, then the price of the cane went up to ten annas. The price of sugar-cane was really in proportion to the price of the sugar in the market. They took this action in order to overcome the combination of sugar manufacturers artificially raising the prices of sugar by a system of combines. But the effect of this also was felt in this way that, suppose we fix Rs. 2 as the excise duty on sugar, the price of sugar will naturally go up by this extent, i.e., equivalent to the excise duty. Now, as soon as we fix the excise duty and the price of sugar goes up, then the price of sugar-cane will also go up proportionately. So that whenever we fix any excise duty on the sugar manufacturer, then the sugar grower, according to the formula invented by the Provincial Governments also goes up a little bit, and they get more and more profit. This is a point which I should like the Honourable the Finance Member to realise very particularly that whenever he is putting any additional excise duty on sugar it really means that the price of sugar will go up by that amount. This is quite evident.

The Honourable Sir Jeremy Raisman: My Honourable friend is talking on the assumption that the Provincial Governments would take no action whatever to adjust so obvious an anomaly which I do not for a moment believe.

Dr. Sir Ziauddin Ahmad: I was just coming to this point that there ought to be some kind of co-ordination between the Provincial Governments and the Central Government, otherwise the whole scheme of protection will not work. This is the point to which I was coming and to which my Honourable friend has just pointed.

Rhai Parma Nand: Is my Honourable friend aware of the fact that the United Provinces Government has reduced the minimum which means that the cane-grower will get less and the price of sugar will not rise.

Dr. Sir Ziauddin Ahmad: Sir, may I just raise one question? I am asked not to speak otherwise there will be a sitting of the Assembly tomorrow which is *Chhelum* day. This is a penalty for those who want to speak.

Mr. M. S. Aney (Berar: Non-Muhammadan): It is strange and I strongly protest that a speaker should be warned in this way, while he is addressing the House.

Dr. Sir Ziauddin Ahmad: I was saying that whenever we increase the excise duty on sugar, then the price of sugar will go up and proportionately, according to the formula now in vogue by the Provincial Governments, the price of sugar-cane will also be increased by the grower. Therefore, the consumer will have to pay twice, first to the Government in the shape of increased excise duty and second to the sugar-cane grower, on account of the increase in the price of sugar. The moment the increase of excise duty by three pies per seer was announced, the price of sugar went up by one anna per seer. This is, therefore, a very anomalous position.

Now, in addition to this the Provincial Governments have also laid an additional cess which, really speaking, they ought not to have done, because you cannot have two duties on the same article, the Provincial Government imposing one kind of duty and the Central Government of another kind. This is one of the very good illustrations in which the Central Government ought to have interfered some time ago. I have been pressing it here that once the protection is given we should not sleep over the matter. We should see definitely how the protection is actually working. In this particular case, as has been said by the Honourable the Finance Member, the Provincial Governments have interfered in the matter and they have made the whole question of protection practically illusory. I repeat that as we have given protection to the industry and to the sugar manufacturer, we must see that it is actually worked in practice in order that the industry may ultimately stand on its own legs. We have given them the protection so that we in India may be able to produce the entire quantity we require at a reasonable price. But we find that the sugar manufacturers cannot stand on their own legs under the conditions which now exist. Sir, in this way the consumer is the worst sufferer and it is only proper that the Provincial Governments and the Central Government should take the necessary action in the matter. Several things will have to be done to achieve this end. In the first place the Central Government department concerned, I think it probably comes under the Commerce Department, should see, as recommended by the Fiscal Commission, that there is no combine of the sugar manufacturers to regulate the prices. Their prices should be regulated according to the recommendations of the Tariff Board and not substantially increased. The second thing they should see is that the prices which are promised to the sugar-cane growers should be charged and the action of the Provincial Government to fix the rates in proportion to the price of sugar should be dispensed with. I have got before me the elaborate calculations by means of which the price of the sugar-cane grower is calculated, and I can see that they are given all the advantages, that is about the loss of crop, shortage of rain, etc. After taking all these factors into account the price of sugar-cane is fixed, and this price should be charged. These are the steps which the Central Government ought to take if they really want the protection to be in any way satisfactory and if they want it really to work.

Sir, I have repeatedly said on the floor of this House, and I repeat once more that when you give this protection, specially to sugar, you ought to follow it up year after year, and a report ought to be laid before the House from which we should be able to judge the actual position. Had the Government carried out this procedure and read the report of the working of the sugar protection in the year 1938, and after that in the year

1939, then the troubles which we are now facing during 1940 would have been greatly minimised. We, on the floor of House, would have pointed out to the Provincial Government that if you take the action, which you are now taking, then we have another remedy in our hands, i.e., we can lower the quantum to an extent which may be reasonable, so that the consumer may not suffer unnecessarily and the sugar manufacturers may have their reasonable profit. Now, in the present case we see that the situation is such that it is very difficult for the sugar manufacturers to pay an additional duty. In the last nine years I have always supported the Government that this excise duty ought to be levied on the sugar manufacturers because they are getting enormous profits by means of combine and higher rates. Their cost of production is much lower because they have been paying less to sugar-cane grower. But the position is reversed today. Today I am in sympathy with them because they are in a very unfortunate position on account of the action by the Provincial Governments. I really want to do justice to the industry, justice to the consumer and justice to the tax-payer.

In order to do justice to the consumer and tax-payer, I think it was very reasonable that this duty ought to have been imposed when it was first imposed in 1934. But now the position has been reversed and they are not in the same position as they were then, because they cannot pay any price for sugar-cane which they had been paying before 1938. Now the whole work is supervised very vigorously by Provincial Inspectors who really are compelling them to pay enormous prices. The decision whenever given is always given in favour of the sugar-cane grower. But now is the time when we should co-operate and carry on our part of the duty and levy an import duty on the article just sufficient to protect it and to give a profit of ten per cent. which I consider to be very reasonable in these days. But if you want to take away that profit and give it to the sugar-cane growers which is more than they really deserve, in that case, it is not justifiable to add an additional burden on India and artificially raise these prices. Unless the Central Government come forward and take some vigorous steps to establish a co-ordination between themselves and the Provinces, it is rather dangerous to touch this particular industry and to raise the prices and levy an additional duty. After all, if you put up an additional duty of one rupee tomorrow, they will come forward and increase the price of the sugar-cane as they have been doing in the past. So, unless the Member in charge says that they are prepared to take a guarantee and they are also prepared to consult the Provincial Governments about this matter, I think it is not desirable for us to support this increase in the excise duty from Rs. 2 to Rs. 3. The second point on which they have to take action and which has been recommended by the Tariff Board is that the combine of the Sugar Syndicate should cease to exist. Prices should not be fixed arbitrarily by them but they should be fixed according to the general condition of the market. With these few words, I support the amendment.

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

“ That clause 3 of the Bill be omitted.”

The motion was negatived.

Mr. J. Ramsay Scott (United Provinces: European): Sir, I beg to move :

"That for clause 3 of the Bill the following be substituted :

'3. For clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following shall be substituted namely :

'(ii) on all sugar except palmyra sugar at the rate

(a) of rupees two in the case of sugar produced on or before the 29th of February, 1940, whether issued out of a factory after that date or used within a factory on or after such date in the manufacture of any commodity other than sugar; and

(b) rupees three in the case of sugar produced on or after the first day of March, 1940.'

Sir, this amendment is to remove a hardship. The Indian sugar industry in the coming year will contribute in excise to the Central Government no less than six to six and a half crores so that the industry is replacing in excise most of the Rs. 8 crores which Government once got from imported Java sugar. I would remind the House that the value of the yearly sugar output is over 33 crores and that the cane consumed by the factories is about 11 million tons which at ten annas per maund is about Rs. 17 per ton or the value to the cultivator is about Rs. 19 crores. The value of the six pies per maund cess which goes to the United Provinces and Bihar Governments is about 77 lakhs so that the value today of the industry to India as a whole is very considerably more than when imports produced Rs. 8 crores to the Central Government. I need not stress the number of the labourers employed in the factories which is over 100,000 or the value of the crop to the ryot in the past few years when sugar-cane alone of all crops did not depreciate 50 per cent. I will not dilate further for fear that the sweetness of the sugar industry will cloy in your mouth.

We had in our factories on the 29th February about 350,000 tons of sugar so that the value of the concession for which I am pleading is about Rs. 70 lakhs. The Honourable the Finance Member will find that at the end of March he will have realised according to his expectations from Customs and Excise over Rs. 590 lakhs and that there is still about a crore to come. The workability of my amendment is easy for returns are furnished monthly by all factories and those for February should be in the hands of Government by now. Since the Budget announcement prices of sugar have not risen and as sugar produced after the 1st March gets the benefit of the reduction in cane prices by about 11 annas per cwt. the factory will only have to pay five annas of the increase. In the case of sugar manufactured before the 1st March the factories would pay the whole of rupee one per cwt. by which the excise has been increased and not the consumer.

Sir, the sugar industry realises there is a war on and that the Honourable the Finance Member has to find money and that he is the best judge of how this money should be found, but I contend that there is such a thing as equality of sacrifice and I hope the sugar industry will not figure so prominently in the next budget.

Sir, the Finance Member in his first budget has had to face no ordinary conditions and I would like to pay my tribute to the way he has handled a difficult situation. He has been big enough to redress several hardships and I hope he will be able to see his way to accept the amendment I have submitted to the House.

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

"That for clause 3 of the Bill the following be substituted :

3. For clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following shall be substituted namely :

(ii) on all sugar except palmyra, sugar at the rate

(a) of rupees two in the case of sugar produced on or before the 29th of February, 1940, whether issued out of a factory after that date or used within a factory on or after such date in the manufacture of any commodity other than sugar; and

(b) rupees three in the case of sugar produced on or after the first day of March, 1940."

Sardar Sant Singh: Sir, this is an amendment about which I made a reference in my speech in the debate on the Finance Bill. The reasons underlying this amendment are so sound that I cannot but hope that the Honourable the Finance Member will give it his due consideration and will accept it. The position of the sugar industry at present is that according to the returns the stock of sugar in hand on the 29th February, 1940, was about 3,50,000 tons. So, the Government of India will have to exempt this 3,50,000 tons of sugar from the enhanced duty of one rupee per cwt. According to the estimate furnished by the sugar manufacturing Syndicate I find that at the end of the season of production this year in the United Provinces and Bihar the total quantity of sugar will be 4,22,000 tons which will be liable to the enhanced duty. According to the same figures, the total quantity liable to pay excise duty at the enhanced rate during the year 1940-41 will be somewhat like 10,40,000 tons. The total amount that is expected to be realised from this duty will be Rs. 6,24,00,000. According to the estimate of the Honourable the Finance Member the sugar duty will yield 5,40,00,000 in addition. Thus according to Syndicate's estimate there will be an increase of about 84 lakhs. The amount which the Finance Member expects to lose by exempting 3,50,000 tons of sugar from enhanced duty will be about 70 lakhs. Thus, the deficiency will be more than made up. The only question that created some doubt in my mind when I examined these figures was whether all the sugar that will be manufactured in the year 1940-41 will have been issued from the factories so that it may become liable to duty as the mere manufacture of sugar would not make it liable to duty unless it is sold out. To ensure sale of full quantity manufactured in India, the Government of India can see to it because there is bound to be some demand coming from the United Kingdom on account of the war, and the Government of the United Kingdom is bound to make purchases of sugar. Why should not the Government of India insist upon His Majesty's Government that apart from the quota which is allotted to India for export

An Honourable Member: There is no quota; you cannot export sugar.

Sardar Sant Singh: If India is not allowed to export sugar, then on account of the exceptional conditions brought about by the war
12 Noon. the Government of India can insist that any surplus sugar manufactured in the Indian factories and saved from last year may be purchased by the United Kingdom from India and not from any other country. In this way the whole of the sugar manufactured in India will be sold and the Finance Member will get more revenue out of it than is possible if no export of sugar takes place. The fairness of this proposal is

[Sardar Sant Singh.]

further strengthened when we know that the manufacturer had to pay fixed prices for cane before 29th February. An amount of Rs. 6-15-0 per maund was paid on eleven maunds of cane as price of cane for manufacturing one maund of sugar. Then, there was a provincial cess of six pies per maund fixed by the Provincial Government. Then there was the Cane Co-operative Society's commission at three pies per maund of cane. Then there were charges for building, loading and unloading and transport of cane to be taken into account. According to the estimate made by the Governments of the United Provinces and Bihar, these come to four annas and six pies per maund. There is the excise duty. The Tariff Board accepted the manufacturing cost at Rs. 2-4-9 per maund. All these charges cost the manufacturer 11-8-0 per maund. After having incurred all this expense at the time of manufacture of the sugar before 29th February, this sugar is called upon to bear a further additional duty of Re. 1 per cwt. Therefore, I suggest that in this case, the sugar that has already been manufactured and which was in the factories on 29th February when the duty was levied should be exempted. So that the advantage which has been tried to be taken by those manufacturers who removed some of the sugar in expectation of the duty should not be given at the cost of those who were careless in not removing it. Cleverness should not be put at a premium on that account. It is but fair to all manufacturers that everybody should be treated alike and only that sugar should be taxed which is manufactured after 29th February when this duty was levied. I hope the Finance Member will see the reasonableness of this demand and accept the amendment.

The Honourable Sir Jeremy Raisman: Sir, in order to reduce the length of the debate on this clause I may say at this stage that I have had this amendment under close consideration for the last few days and that I am prepared to accept it. But I should explain some of the considerations involved, for there is a large amount of revenue at stake and I have to justify myself not merely to the industry but to the general taxpayer. First of all, I should point out that the principle of this amendment is not one which can be accepted generally as a matter of revenue administration. It is a common feature of all revenue duties that when on a certain date a tax may be imposed there are always a large number of individuals who have stocks in bond or otherwise in a position in which they will be liable to the enhanced duty, unless they are cleared before the date on which any new legislation is to take effect. It is recognised that it is part of the business of the concerns involved to take a view about the chances and to weigh up on the one side the additional expenditure of rapidly clearing their stocks and on the other side the danger of enhanced taxation. And it is not really fair to say that a measure works inequitably because some individuals happen, so to speak, to back the right horse and clear their stocks when others, taking a different view, fail to do so. So that I must make it clear that this is not a principle that I would be prepared to accept, generally speaking, in relation to new taxation. But I am impressed with the special circumstances of the sugar industry at this moment, and, in particular, there are two considerations which weigh very strongly with me. One is that most of the sugar which was lying in the factories on the last day of February was manufactured from cane bought at a price higher than that which ruled after that date; and, therefore, the sugar so caught, so to speak, is at a disadvantage as compared

with sugar produced from the 1st March onwards. The second consideration which weighs with me is that owing to various circumstances to which I have alluded before, the amount of sugar in the factories on the last day of February was considerably larger than it would normally have been at that stage in the season. And in that connection I must admit that it was not part of my own taxation scheme or part of my intentions to subject to duty a large part of the production which had already taken place. For these reasons, Sir, although I do not accept the argument of equity as between the man who cleared his sugar and the man who did not, I feel that there are very valid reasons why in the special circumstances of this year the sugar which was lying in the factories on the 29th February should not be subject to the new and enhanced rate of duty. I, therefore, accept the amendment.

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

“That for clause 3 of the Bill the following be substituted:

‘3. For clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following shall be substituted namely:

‘(ii) on all sugar except palmyra, sugar at the rate

(a) of rupees two in the case of sugar produced on or before the 29th of February, 1940, whether issued out of a factory after that date or used within a factory on or after such date in the manufacture of any commodity other than sugar; and

(b) rupees three in the case of sugar produced on or after the first day of March, 1940.’”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): Clause 4.

An Honourable Member: Clause 3, as amended, has to be put in.

Mr. President (The Honourable Sir Abdur Rahim): The amendment which has just been carried is in substitution of clause 3 as it stands in the Bill. So this new clause 3 is added to the Bill. The question is:

“That clause 4 stands part of the Bill.”

Dr. Sir Ziauddin Ahmad: I should have been allowed to move my amendment. My amendment is to reduce the duty from three rupees to two rupees and eight annas. Mr. Ramsay Scott's amendment was with reference to the future. My amendment also is with reference to the future, but at a reduced rate.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot propose any such thing now.

Dr. Sir Ziauddin Ahmad: I am proposing to reduce the taxation.

Mr. President (The Honourable Sir Abdur Rahim): Clause 3 to which the Honourable Member proposes an amendment has been substituted by a new clause in its place which has been accepted by the House and the Honourable Member cannot reopen the verdict of the House by moving this amendment.

Dr. Sir Ziauddin Ahmad: Then, I ought to have been allowed to speak on the amendment.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member could have opposed the amendment, and if his position was at all sound, he could have carried the House with him in getting that amendment defeated.

Dr. Sir Ziauddin Ahmad: Then I will oppose the whole clause.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not threaten the House in this manner.

The House will now proceed with clause 4.

Maulvi Muhammad Abdul Ghani: Sir, I beg to move:

"That in clause 4 of the Bill, for the words 'twelve annas', occurring in line three, the words 'ten annas' be substituted."

Sir, in the original Bill the duty was 'eight annas' and now this is sought to be substituted by 'twelve annas'. My amendment is that in the original Bill instead of the duty being eight annas, it should be ten annas. In any case the duty is going to be enhanced. The question is whether this enhanced duty should be ten annas or twelve annas. I think the amendment which I have moved is a very modest one. I have not moved this amendment out of any personal end in view. You know, Sir, that I am not accustomed to own a motor car, nor have I any interest in the running of motor buses. I have nothing to do with motor service business. I simply find there is great hardship caused to those who own motor cars and I, therefore, think it proper that the duty should be reduced to ten annas. With these words, I move.

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

"That in clause 4 of the Bill, for the words 'twelve annas', occurring in line three, the words 'ten annas' be substituted."

Dr. Sir Ziauddin Ahmad: Sir, I should like to record this fact that I was asked either to finish the whole thing today or we will sit tomorrow which is a *Chhelum* holiday. The second thing is I was not allowed to speak on the motion of Mr. Scott or of myself.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not in order now.

Dr. Sir Ziauddin Ahmad: I, therefore, quietly withdraw from the House.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, the intention of this amendment is to advise the Government to make an increase of only two annas over the existing duty of eight annas in the petrol duty instead of four annas. I need not weary the House with elaborate arguments to convince the Government of the necessity for this reduced duty. The Government of India must be fully alive to the situation that this means a great hardship to the motor owners. The taxation on petrol in India is probably the highest

in the world. I submit, Sir, that this increase in petrol duty is believed to have been done with the purpose of supporting the railways for its increase of freights and fares. The railways have recently increased the freights by 12½ per cent. and they have increased the fares by 6½ per cent. If this is really the motive of the Government behind this increase in the rate of petrol duty, then I think it is very unfair on the part of the Government to do so. There should be healthy competition between railways and motor buses. It is no good strangling the buses by increasing the petrol duty at a time when the freights and fares on the railways have been increased. The railway is a commercial organisation in India. Some Honourable Members remarked the other day that petrol is a commodity used mostly by higher classes and upper middle classes of people, but the poor also take advantage of petrol inasmuch as cheap petrol can enable travels at cheap rates in motor buses. These lorries run from place to place, from village to village unlike the railways and in this way the poor people get their conveyance at cheap rates. Apart from the passenger traffic, the motor lorries and buses also carry fruits and other eatables from Peshawar to Calcutta and other places. This increase in the price of petrol will mean indirect tax on food stuffs also which are imported from distant places like Peshawar to Bengal and Bihar. The railways have increased the freight rates by 12½ per cent. and it seems that this railway freight increase has been guaranteed by a further taxation on petrol so that the fares of the buses and lorries may not in any way compete with Railways and may not divert traffic. I hope the Government of India will realise that even in our present helpless condition, they are not justified in imposing this sudden increment of petrol duty by four annas, that is about 50 per cent. Even in countries like the United Kingdom and other countries in Europe where petrol is not to be found and where this commodity has to be imported and where the stock of petrol is very limited, the rate of duty that is prevailing there is not even one-tenth of the rate prevailing in India. This increased duty on petrol is mostly due to the effect of freight which is to be paid on the conveyance of this commodity from one place to another and the cost of the duty which has been placed on this commodity has increased very much. I think this really amounts to double taxation on petrol, namely, the railway freight for conveying petrol from one place to another is increased by 12½ per cent. and also the duty on petrol is increased. By one single stroke of the pen, the Government have increased the price of petrol. I hope the Government will realise this fact and try to give relief to the poor people in this country. I do not suggest that there should be no increase in the duty on petrol. I suggest that the Government should be satisfied with an increase from eight annas to ten annas as has been suggested by my Honourable friend, the Mover. Sir, I support the amendment

Sardar Sant Singh: Sir, in the matter of petrol the country has got a very real grievance against the Central Government. The Central Government have always declined to regulate the price of petrol in this country and the result is that the country is being exploited to an enormous extent by the petrol combine. First of all, before I deal with this question, I should like to bring to the notice of the Government the actual prices which, according to my information, are incurred by petrol

[Sardar Sant Singh.]

dealers. The petrol price at the port of disembarkation is 0-1-6 per gallon. If we allow gallon for gallon for leakage, another 0-1-6 may be added to the cost. Then there is the commission paid to the seller at two annas per gallon. If we allow a freight of one anna six pies per gallon, and add another one anna six pies for overhead charges, management and control and profit of 0-1-6 per gallon and add to that twelve annas per gallon the proposed duty, the maximum price at which the petrol should sell in India should never exceed one rupee five annas. In these calculations very liberal rates have been allowed for all kinds of charges. We find that petrol is being sold at this time at Rs. 1-15-0 per gallon, in some places. In Delhi it is being sold at 1-13-6. May I know why this latitude is being allowed to the petrol dealers. I know there is a combine of petrol dealers. One Isardas of Bombay began to import petrol. There was an attempt made to ruin him and he was actually ruined by lowering of the rate to Rs. 1-5-0 and then to one rupee and then to 14 annas per gallon. Whenever an Indian comes in competition, then this combine at once tries to put him down and the result is that we are made to pay for petrol at an excessively high rate. I put questions in this House. I have been putting questions for the last ten years asking whether the Government of India know anything about this combine, and what profits they are making but always an attempt has been made not to furnish the information. At this time when the price of petrol is going so high, I would ask the Government whether they will encourage some company which may import petrol from outside and enter into competition with all these dealers or will introduce some legislation to end this combine of petrol dealers. Otherwise, my friends tell me that they are going to shut up their cars in their garages and wait for better times to come. The horse has become cheaper because the army does not need horses. We shall now revert to the old days of tongas and victorias and other horse-drawn conveyances. Unless the Government come forward with some sort of legislation to control the price of petrol in India, there is no reason why the motor industry should continue to develop in this country. Apart from this there is the other side of the question as well.

My friend, Mr. Nauman, has just stated that on account of the difference in freight, petrol is sold at various rates in different parts of the country but that is not so. In Attock there is a Petroleum Refinery Company and in Rawalpindi, where the locally refined petrol is sold, I find that the price is exactly the same as it is here, if not more. Why should it be so. There is a combine. There is no doubt about it and these companies are paying enormous dividends to their shareholders. Is it not time that the attention of the Government should be drawn to this important commodity which is likely to be used in greater quantity in case war comes nearer home. The time has come when an attempt should be made to regulate the price of petrol and at the same time to control the prices in India. This is a common complaint. I am sure I am voicing the feelings of even the official Members and others when I raise my voice of protest against this price of petrol which is prevailing here. The Honourable the Finance Member will himself be feeling the pinch of these higher prices. Official reticence probably compels him to play that role. He is out to get money out of other people's pockets. Here his own pocket is touched. I would ask the Government to examine this question thoroughly. Let a profit of ten per cent. or 15 per

cent. or even 50 per cent. be allowed to the petrol dealers but not 300 or 400 per cent. which they are getting now. I have tried to give the figures according to my information. If they are wrong, my Honourable friend, the Finance Member, will correct me. The prices of petrol in India are such that they leave a margin of 300 or 400 per cent. to the petrol dealers. I would not mind if the Finance Member raised it by two annas more as a revenue measure. Let him raise the duty to one rupee per gallon. Even then if the prices are controlled, I am sure the price will not be more than Rs. 1-6-0. Here, charging 12 annas yourself and paying 12 annas as a profit to the petrol dealers is a great injustice and the country should not be allowed to be exploited in this manner by the petrol dealers. I hope the Government will take into consideration the facts which I have placed before them and examine the question as soon as they possibly can.

Maulana Zafar Ali Khan (East Central Punjab, Muhammadan): I want to add only a few words in support of Maulvi Abdul Ghani's amendment which has been so ably supported by my friend, Sardar Sant Singh. I know it is no use raising our voice against the attitude of the Finance Member on the question of sugar, petrol and other taxable commodities. I pointed out very pointedly the other day that all attempts to induce him to appreciate our point of view would be futile. Perhaps Sardar Sant Singh forgets that the Finance Member and those who deal in petrol have formed a league. There is a conspiracy. They get a profit of 400 per cent. God alone knows to what heights the price of petrol would yet soar. It used to be lately Rs. 1-6-0 a gallon. I have set up a small petrol engine in my village of Karamabad, which consumes about four gallons a day. The cost came to Rs. 5-8-0 and now it is Rs. 8 a day, so that I will have to shut up the engine. Prices will go up further still. The profits of dealers in petrol would pile up. They will go up to millions. Then there will be excess profits tax. Have you considered that? Divide the profits half and half and let the people go to the devil. That is the policy of the Government. Then there is another aspect of the question. There is a small industry which keeps the body and soul of the people together, I mean the bus industry. Hundreds and thousands of persons don't know how to make both ends meet. They invest their small capital in the motor industry and then the Government take up the attitude that if there is no rival duty on motor lorries and buses the Railway Department will have to go down. The railways are a commercial concern, they compete with the motor buses and they have got rail *cum* bus services so as to deprive the poor Indian of any chance of making a livelihood. So it is no use our crying: it is a cry in the wilderness. I pointed out yesterday that the taxes imposed and the duties levied will have to remain as officially decided. The modification in regard to duty on sugar allowed by the Honourable the Finance Member came from a European gentleman. Had it been from Sardar Sant Singh, perhaps it would not have been accepted

The Honourable Sir Jeremy Raisman: I repudiate the suggestion made by the Honourable Member.

Maulana Zafar Ali Khan: All right. I am very glad you have given that assurance. But I tell you that all these measures are very unpopular. We do not want them. You want the money: then raise India

[Maulana Zafar Ali Khan.]

industrially. Increase India's wealth. Let India roll in wealth and any number of *arabs*, not merely crores, will be lying at your feet. But circumstanced as we are, poor as we are, you can scrape only a few paltry crores. What is it against the enormous amount of money you require for the war? We want you to win the war. But the war will not be won by men alone—and though the men are there in any number, they are dying of starvation. If we have money you are welcome to it; but at least provide India with the means to raise her status financially. That is the question. You do not look at that. You cause discontent and trouble, and trouble will come. When the motor buswallas will starve, what will they do? There will be revolution. Hunger breeds revolution and you are bringing more and more hunger. With these words I support the amendment, although I know what the fate of the amendment will be.

Mr. M. S. Aney: Sir, I support the amendment with a few observations. I have not been able to see really why the Honourable the Finance Member should have selected this particular commodity for enhancement of taxation. Every objection that can be raised against the imposition of a new tax or the enhancement of an existing tax can be raised against the tax on this particular commodity. It is not a fact that this was a commodity that was lightly taxed in this country and that it could be cheaply had by the people. Even before this Bill was introduced there was a general complaint that petrol was being sold at a very high price, in this country, much higher than in other countries. It cannot, therefore, be said to have been lightly taxed and could, therefore, be singled out for fresh taxation. Secondly, it is also not a commodity which could be said to be a luxury or that only those who have plenty could afford to have it. It is a thing consumed by the poor man. The days are gone when people used to look upon travelling in motor cars as a luxury to be enjoyed by the rich. Even now, it is the rich who use motor cars as such, but with the introduction of buses it is now a common conveyance and used as such by all kinds of people. In fact all those who travel by rail travel by bus also. So, whatever additional tax is imposed on this commodity has to be paid by the poor man also. The test, that it should be a tax upon those who can bear it does not really hold good in the case of this particular taxation because it goes on the poor man who has to pay and whose bill of travel is bound to be increased to the extent of this present tax.

There is also a third reason to which some reference was made by my friend, Maulana Zafar Ali Khan. If we are to have some kind of revival of industry in this country, we have to rely not merely upon manual labour alone, but some kind of power must be used for industrial revival, and the use of power means to a considerable extent the use of petrol. It is a necessary article for that purpose and, therefore, a tax upon petrol is in my opinion putting a condition which will render the larger use of this power more expensive, more difficult. It is increasing the cost of the conditions under which alone the industrial revival can be contemplated. From that point of view, this tax will create more economic disability in the country and I, therefore, feel, that the Government have

not been very—I shall not use very harsh language—wise in selecting this particular commodity for enhanced taxation, and have on the other hand exposed themselves to the charge that they are not at any rate as favourably inclined to the question of industrial revival as we want them to be.

There is another point which strikes me and to which my friend, Mr. Abdul Ghani, made reference. It is suspected very strongly by the people that besides the revenue considerations there are other considerations also. Government having enhanced railway rates and fares, they thought that its rival, *viz.*, the buses ought not really to go untaxed at all and they must bear a corresponding burden in order to equalise the conditions of competition. It strikes one that this consideration also weighed with the Government. If that is so, I do not know whether Government have very carefully examined the question from this point of view. What we find in the case of railways is this: the increase is one anna in the rupee: Here it is about four annas in one gallon

The Honourable Sir Jeremy Raisman: Two annas.

Mr. M. S. Aney: I accept it.

Although I myself do not own a motor car, I very often use the cars of my friends, and from them I learn that with one gallon of petrol they could travel from 15 to 20 miles by car. That is what is considered to be the average capacity of a gallon of petrol when used in a motor car. Now, in the case of the Railway, by paying one rupee only one passenger will be able to travel say between 50 to 60 miles. Of course, I can see the difference between these two things. In the case of the motor car one gallon of petrol will be able to carry four passengers for 15 miles while in the railway for the amount of one rupee only one passenger can travel. But even if this difference be taken into consideration, but the distances travelled be also considered, I find that this is going to be a heavy burden on the bus traveller. You must put upon the carrying capacity of the motor car the same amount of taxation as you put upon the carrying capacity of the Railway. If you had done it, then you would have made an attempt to equalise the conditions under which travelling was possible. You are making those conditions a little more difficult for people who use motor cars or motor buses. My point is this, that in selecting this particular commodity for imposing a taxation, Government has really hit upon a very vital part of a new growing industry. There are already very stringent rules in force under the Motor Vehicles Act under which new regional authorities have been constituted in every province which will make the running of the bus industry extremely difficult, not to speak of their being unable to compete with the Railways. In addition to that, the new burden that is now sought to be imposed on it will add to their difficulties, and these difficulties will have to be shared not merely by the owners of motor cars or buses, but by those who use the motor buses, the common people. For all these reasons, Sir, I think, the Government has not been well advised in singling out this particular commodity for taxation. I, therefore, oppose the original clause and support the amendment moved by my friend, Mr. Abdul Ghani.

The Honourable Sir Jeremy Raisman: Sir, many of the grounds on which this tax is objected to are grounds which could of course be raised

[Sir Jeremy Raisman.]

against any increase of tax. I attempted to show yesterday that out of the comparatively small field of indirect taxes which were available, the taxes which I chose were more suitable than others, because they affected that class of the population which was better able to bear a slightly additional burden than the poorest classes, and I still think that that is the case, and I think that it applies with great force to this particular tax. Of the consumers of this tax there are in the first instance a considerable number of persons who, in Indian conditions, can be said to be distinctly well-off. I realise that there are also a large number of persons who use the motor buses who do belong to the poorer classes of the population, but I think that the incidence of this tax on the users of motor buses is not intolerably high. In fact, my friend, Mr. Aney, endeavoured to calculate the comparative effect of this increase with the increase in the railway rates. It is a somewhat elaborate calculation, and I do not pretend to have gone into it in any detail, but I have a strong impression that, if anything, the incidence of the tax on motor bus fares is probably a good deal lower than the increase in railway fares. Of course, it is complicated by the fact that the increase in railway fares does not apply over the whole range, but only to journeys below a certain distance, and so it is not possible to arrive at an exact comparison of the two: but that in itself proves that my friend was wrong in thinking that we first decided to raise the railway rates and then, purely for that reason, decided to increase the tax on petrol

Mr. M. S. Aney: I do not take that as the exclusive ground.

The Honourable Sir Jeremy Raisman: Well, Sir, I find it very difficult to deal with arguments which could be raised against any additional tax

Mr. President (The Honourable Sir Abdur Rahim): Today being Friday, the House will rise at a quarter to One. The Honourable Member can resume his speech later.

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

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. M. S. Aney, one of the Panel of Chairmen, in the Chair.

The Honourable Sir Jeremy Raisman: I ought to have explained earlier in my speech opposing this amendment, that there appeared to be some misunderstanding in the minds of Honourable Members or some of them who supported this amendment. They did not clearly understand the exact effect of clause 4 of the Bill and some of them seemed to think that what was contemplated was an increase of four annas a gallon. The precise position is that the present duty or rather I should say the former rate of duty is eight annas under the Motor Spirit Duties Act of

1917 plus a surcharge of 25 per cent. on that eight annas which was imposed by the Indian Finance Supplementary and Extending Act of 1931. So that the total duty was ten annas a gallon. The effect of this clause is to sweep up those two enactments and raise the consolidated duty from ten annas to twelve annas. I had been saying before lunch, in the first place, that many of the objections to this tax were objections which unfortunately could be raised to any increase of taxation, and secondly, I had pointed out that it was not intended to produce any precise correspondence between the increase in the rate of petrol duty and the increased rate of railway fare.

There was one other point which you, Sir, raised, and that was the use of petrol for industrial purposes. You thought that the effect of the enhanced duty would be detrimental to industry. I am informed that the use of petrol for industrial purposes, use, that is to say, in stationary engines, is a very negligible fraction of the total use, and it is not, in my opinion, a consideration which should carry any weight in dealing with this increase. A number of Honourable Members dealt with the question of petrol prices. Here, as in the case of sugar, I must take the position that questions of that kind are not directly relevant to the matter of an increase in the contribution which the consumer of petrol must make to the revenue. My Honourable friend, Sardar Sant Singh, said that he did not mind the extra two annas for the revenue, but that he had certain grievances with regard to the price of petrol and the steps which could be taken to regulate that price. I accept his offer to support the increase of two annas and I must leave it to him to raise with my Honourable Colleague, the Commerce Member, or to pursue separately the question of regulation of petrol price. Not that I am prepared to admit, on my own knowledge of that matter, that any drastic change or indeed any change is called for, or that it would be open and justifiable for Government to attempt any far reaching scheme of regulation. At any rate, my point at the moment is that that is a consideration which is not directly relevant to the Finance Bill. Sir, I oppose the amendment.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That in clause 4 of the Bill, for the words 'twelve annas', occurring in line three, the words 'ten annas' be substituted."

The motion was negatived.

Mr. Lalchand Navalrai: Sir, I move:

"That in clause 4 of the Bill, for the words 'twelve annas' the words 'eleven annas' be substituted."

I am not insisting on ten annas, I am increasing it by one anna. I hope my amendment will be accepted.

Mr. Chairman (Mr. M. S. Aney): Amendment moved:

"That in clause 4 of the Bill, for the words 'twelve annas' the words 'eleven annas' be substituted."

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I gave notice of an almost identical amendment and I support the amendment which has been moved by my Honourable friend, Mr. Lalchand

[Dr. P. N. Banerjea.]

Navalrai. The previous amendment which was disposed of a few minutes ago urged that there should be no additional duty on petrol. This amendment is more modest. It is suggested in this amendment that the additional duty should be only one anna instead of two annas per gallon. In this connection we should remember that last year, as has already been pointed out, the price of petrol was increased by a combination among the dealers. Then came war conditions, and owing to these conditions a further rise took place in the price of petrol. Then came the Honourable the Railway Member's Budget and, as a result of the increase in freight rates, the price of petrol was raised for the third time. Now an attempt is being made to raise the price of petrol for the fourth time. Is this right and proper to allow the price of petrol to be increased by leaps and bounds? It has already been pointed out that petrol is no longer a luxury because it is not merely the richer and the more well-to-do classes of the population which use the motor vehicles, but also the poorest classes of the population who resort to buses. Any further increase in the price of petrol will hard hit not only the consumers but also the motor industry. You, Sir, pointed out in the course of your speech that a further rise in the price of petrol will hamper the industrial progress of this country. I am also of the same opinion. For these various reasons I suggest that Government should exercise some amount of moderation in their demand and be satisfied with an increase of an anna per gallon instead of two annas. That is a very modest demand and I hope it will be acceptable to the House. If the Government accept this amendment, the loss to revenue will not be very great, because, whenever an additional duty is placed on an article, there is a tendency for the demand to decrease. But if an additional duty of one anna is placed, there will not be a great decrease in demand and therefore the loss of revenue is not likely to be very great. I hope the Government will accept this amendment.

The Honourable Sir Jeremy Raisman: I regret that on revenue grounds I must oppose this amendment. The amount involved is in the neighbourhood of 70 lakhs which is more than I can afford to forego.

Mr. Chairman (Mr. M. S. Aney): The question is :

"That in clause 4 of the Bill, for the words 'twelve annas' the words 'eleven annas' be substituted."

The motion was negatived.

Mr. Chairman (Mr. M. S. Aney): The question is :

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5 was added to the Bill.

Mr. Chairman (Mr. M. S. Aney): The question is :

"That Schedule I stand part of the Bill."

Dr. P. N. Banerjea: Sir, I beg to move:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the existing entries under the head ‘Postcards’ the following be substituted :

Single	. . . . .	Six pies.
Reply	. . . . .	One anna.”

Sir, it will be in the recollection of the Members of the House that until the year 1922, the price of the postcard was only one pice. It was in the year 1922, in view of a great emergency, that the price of the postcard was raised to two pice. In 1931 the price of the postcard was further raised to 3 pice. Thus in the course of nine years there was an increase by 200 per cent.; and this increase has continued since although in the case of some of the other taxes we find that they were either withdrawn or considerably diminished. Thus we find that in the case of the poor people a tax once levied is not withdrawn whereas in the case of the richer and the well-to-do people the taxes are remitted. Is that right? Is that fair? Is that just? We know that in most countries of the world during the last European war, the price of the postcard and postage rates generally were increased, but soon after the prices were reduced. Here, however, things are very different, and why? We were at one time told that this postal department is a commercial department and it must pay its way. For a time this department was unable to make both ends meet and the justification then was that until the Postal Department was able to make both ends meet, the price of the postcard could not be reduced. Now, however, things have considerably changed. Even in those days there was not sufficient justification for keeping the price of the postcard so high, because there was really in the Postal Department no deficit. There was a deficit in the Telegraph Department and other departments. At the present moment the situation is entirely different. We have a considerable surplus in the Postal and Telegraph Departments combined and even now the Government is unwilling to accede to the demand of the poor people for lowering the price of the postcard. We have cried hoarse over this subject for a number of years, but our cry has fallen on deaf ears. The Government has been adamant so far, but let us hope that on this occasion at least our demand will be acceded to. It may be said that this war has increased the expenditure of the Government. But so many new taxes are being levied that the Government will have no difficulty in financing the war and we strongly urge that the poor should not be made to suffer any longer. If social justice be the ideal of the Government, as was pointed out by my Honourable friend, the Finance Member, he should apply this principle to the case of the postcard and lower it immediately.

Mr. Chairman (Mr. M. S. Aney): Amendment moved:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the existing entries under the head ‘Postcards’ the following be substituted :

Single	. . . . .	Six pies.
Reply	. . . . .	One anna.”

Maulvi Muhammad Abdul Ghani: Sir, I rise to support the amendment just moved by my learned friend, Dr. P. N. Banerjea, who is a co-sharer with me as regards this amendment. Formerly the price of the postcard

[Maulvi Muhammad Abdul Ghani.]

was three pies. Afterwards it was raised to six pies. When it was raised to six pies, even then the figure of the sale of postcards rose up. It rose up to about 585 millions in the year 1928-29 but in the year 1937-38 it has gone down to 382 millions. Evidently there is a fall in the revenue of 203 million postcards. If you calculate at the current rate, the amount comes up to Rs. 95,15,625 and if we calculate at the rate of half an anna it comes up to Rs. 63,43,750. The Government should consider it a heavy loss in the revenue of the Postal Department. The reason of such a fall in the sale of postcards and the revenue is the increase in the price of the postcards from half anna to nine pies. The Government wanted that the businessmen should not use the postcard but they should use one-anna postal stamp or one-anna envelope, but you know, Sir, the businessmen are very clever. They took shelter under the word 'printed matter' or 'typed matter'. Instead of purchasing postcard for nine pies they started sending their communications on big printed sheets with half anna postage under the shelter of 'printed matter' or 'typed matter'. It is because of this that the sale of postcards has so much gone down. Moreover the poorer classes in the country cannot afford to use postcards at such a high price. In the interest of poorer classes, therefore, the Government should come forward to reduce the rate of postcards from nine pies to six pies. As I have said already, Government have not succeeded in compelling the businessmen for using postcards, I hope they should now help the poorer classes by reducing price of postcards. The businessmen are not fool enough to use postcards, a small piece of paper, when they can as well send many times more matter than that under 'printed matter' at cheaper rates. It is high time that Government should accede to the demand of the representatives of poor people which has been urged every year. As you know, Sir, this question of decrease in the price of single and reply postcards has been repeatedly urged in this House. I support the motion and hope that the Government will take into consideration the fall in revenue on account of the rise in price of postcards and reduce the price of postcards from nine pies to six pies per single postcard.

Mr. Lalchand Navalrai: Sir, I am the third proposer of this amendment as it is on the paper.

An Honourable Member: Co-sharer.

Mr. Lalchand Navalrai: Co-sharer in the sense that nine pies should be divided into three and the price of card should revert to its original 3rd share three pies.

Sir, I support the amendment that has been moved. First of all I must point out that the method in which prices of cards and envelopes were raised is absurd. We have been paying nine pies for a postcard and one anna for a letter. Now, in a letter you can send material many times more than you can through a postcard, and yet you pay only one pice more. Thus, the price of the card cannot be justified even from common sense point of view. I do not know whether this argument will appeal to the Honourable the Director General because he is always in the habit of giving a stereotyped reply on this point: "the revenue will

suffer". Of course it will to a certain extent, but there are several other ways of increasing our revenue. The Honourable the Director General will, I feel, come forward with the same reply but it will not be justified this time, for his own budget shows that he has a surplus of 86 lakhs. If he only gives this matter a little consideration he will realise that it will not be proper for him to say that because it will reduce his revenue, he will not change the rates. The time has now come when this case should be given due consideration.

This demand is being made from a very very long time. In 1922 when the price was raised to nine pies, what did the Government say? Again in 1932, promise was made that the price of postcards will be reduced at the earliest opportunity. But these promises have never been fulfilled. As the House will remember, exactly similar demand was put in the House last year and it was carried by a very large majority. I find that last year there were 56 votes against 42, with the result that the card price of nine pies was thrown out. Now, of course, my friend would be very comfortable in his seat because there is none here to carry this amendment or even to divide on this amendment. All the same, I hope that their good sense may prevail. Therefore, I submit that the Government ought to accept this amendment which is a very reasonable one. We have asked the price to be reduced to two pice and not one pice. So, you had better give it a trial especially when you have a surplus budget.

The second reason that I would like to advance in favour of this amendment is that these cards are mostly used by the poor people. Of course, rich people also use them but on very rare occasions. Our Honourable friend, the Director General, not only never uses a card but he may be in the habit of affixing two-anna stamps on his envelope, as is the case with most of these rich men, specially because they use very thick letter paper and envelope. It is only the poor man who uses these cards very frequently and if you reduce the price of the cards he will very much appreciate it. Sir, Government always say: "We are for the poor and we help the poor." Well, how are you going to fulfil this profession? Then, they say: "We are doing rural reconstruction and we are helping the poor in rural areas." These cards go to the rural areas and how are you going to help them? It is true that you have installed radio sets and you broadcast information to them. But all this is being done from the political point of view. You must help the poor people from the economic point of view and this you can do to some extent only when you reduce the price of the postcard from nine pies to six pies. Sir, last year very cogent reasons were given in favour of a similar amendment and it was carried out. This year, I hope, the Honourable the Finance Member will give it his sympathetic consideration especially when there is a surplus. I, therefore, heartily support this amendment.

Sir Gurunath Bewoor (Director General of Posts and Telegraphs): Sir, after the very moving appeal from my Professor friend, Dr. Banerjea, and the indignant declamation of my friend, Mr. Lalchand Navalrai, it distresses me very much to have to oppose this amendment. It has been usual to make a review of the Postal Department's working in connection with such an amendment but I do not propose to do any such review. Honourable Members will find in the annual report of the Department a

[Sir Gurunath Bewoor.]

complete review of its working and the book is at their disposal for the asking of it. We have had now the accounts of the Postal Department on a commercial basis for 14 years, since 1925-26. During this period of 14 years we had, in the first two years, a small surplus of about 37 lakhs and 10 lakhs respectively. The next seven years were years of continuous losses and at the end of 1933-34 the accumulated losses of the Department were of the order of 390 lakhs. In the years 1934-35 and 1935-36 we got small surpluses but they were not real surpluses inasmuch as we did not make the full contribution to the Depreciation Fund and we had the pay cut. The real surpluses have occurred in the last three years and in earning these surpluses we have been helped partly by the general recovery in the economic conditions and trade activities and partly by the separation of Burma. Now, Sir, the surpluses which we earned in the last three years and which we hope to earn in the current financial year have gone to pay back the losses which we had incurred. The point to remember, however, is that in this cycle of 14 years we had seven years of considerable losses. I should rather say that in past we had nine years of losses. Now, Honourable Members say: "You have now got a surplus in the current financial year and you hope to have a surplus in the next year, it is, therefore, time that you reduced the rates." This would be an extremely short-sighted step. In order that we should be in a position to spend the surpluses which we have, you should be satisfied first that the surpluses have come to stay and that they are of a permanent character and you should, further, be satisfied that you are in a position to meet the inevitable depression that is bound to come after the years of war inflation.

Now, Sir, the current year's surplus is so obviously due to the war activities that it is unnecessary for me to say that that surplus is not of a permanent character. The surplus that we anticipate for the next year is also based upon the assumption that the war will continue. But it must be remembered that the extra receipts which we got in the earlier months after the declaration of war are not likely to continue for any considerable period and war conditions will tend to become normal conditions. Secondly, we must remember that if the period of depression comes, as it is bound to come, and if we fritter away what little surplus we have been able to earn and accumulate. Honourable Members will be the first to blame the Department for not having put by sufficient to protect the Department from the inevitable demand for an increase in rates or for compulsory retrenchment of staff or for reduction in their emoluments and other conditions of service. The Honourable the Finance Member has made some very cogent remarks about this in his speech on the Budget as well as in the reply to the general discussion on the Finance Bill and, therefore, it is unnecessary for me to repeat them. My point is that as the surplus which we have got is not of a permanent character and as it is essential that we should provide for the period of depression that is likely to come, nay, that is almost sure to come, this is not the proper time for a reduction of rates. In fact, if this reduction were carried out, we shall, as I pointed out last year, lose revenue to the extent of 66 lakhs. That will turn the Department from a surplus of about 36 lakhs to a deficit of 30 lakhs and would inevitably affect the general budget.

My Honourable friend, Mr. Lalchand Navalrai, spoke about the benefit to the poor man. He said rich men never use postcards.

Mr. Lalchand Navalrai: I said rarely, not never.

Sir Gurunath Bewoor: It is always difficult, of course, to know who a poor man is, and who a rich man is.

Mr. Lalchand Navalrai: Not you and me.

Sir Gurunath Bewoor: We have in this House often heard of rich men and poor men and the definition varies according to the subject under discussion. In order to find out whether we can get some indication of the extent to which poor men use postcards, I decided to obtain separate figures of the number of post cards which were delivered from branch post offices and the number of postcards which were delivered from other post offices. As the House is aware the branch post offices are in rural areas and there are nearly 20,000 of them and we may take it that the postcards which are delivered there are generally for the poor men and from the poor men. Our estimate is that out of a total of about 370 million cards delivered in a year, just over 102 millions are delivered in rural areas and the balance of nearly 268 millions are delivered in urban areas. It would, therefore, appear that people living in urban areas use postcards to the extent of $2\frac{1}{2}$ times those of rural areas. By reducing the price of postcards, you would not be benefiting the poor man, as much as the others.

Mr. Lalchand Navalrai: Are there no poor men in urban areas?

Sir Gurunath Bewoor: Not to the same extent. What we have done for the poor men in rural areas is, as my Honourable friend, Mr. Lalchand Navalrai, is always anxious, to give extra postal facilities in those areas. As I have mentioned before, it is no use having the half anna postcard and no post offices where to buy or post them. In the last five years, we have increased the number of post offices in rural areas by 2,500 and the number of postmen who go to deliver in rural areas has been increased by 1,800. I believe, Sir, that the best way of giving benefit to rural areas is by expanding postal facilities. The reduction in the price of the postcard would involve a very heavy burden on the finances of the Department and it would not give any commensurate benefit to the poor. Sir, in this Department we have not raised the rates. In certain countries of the Empire, the postal rates have been raised by putting a surcharge. War time is not the period when we can afford to reduce the rates and add more burden to the finances which will have to be made good by imposing fresh taxes. I, therefore, oppose the motion.

Mr. Lalchand Navalrai: May I know if it is a fact that since 1930-31 the sale of postcards has decreased from time to time.

Sir Gurunath Bewoor: Yes, Sir. But letters have gone up.

Mr. Lalchand Navalrai: And yet no pity to the poor.

Mr. Chairman (Mr. M. S. Aney): The question is:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the existing entries under the head ‘*Postcards*’ the following be substituted :

Single	•	Six pies.
Reply	•	One anna.”

The motion was negatived.

Maulvi Muhammad Abdul Ghani: Sir, I beg to move:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, before the existing entries under the head ‘*Parcels*’ the following be inserted :

‘For a weight not exceeding twenty tolas Two annas’.”

Sir, my amendment relates to parcel rates. The present parcel rate is a minimum of four annas for a weight not exceeding forty 3 P.M. tolas. Formerly it was up to a weight not exceeding twenty tolas and the rate was two annas. But in order to have all the golden eggs, an effort was made to kill the goose. Even then you know the result is that the purpose was not served. They wanted to get more money and they thought that by this process the Government would be able to compel everybody to pay at least four annas even for a *chatak* weight of parcel. If you look to the diagram prepared by the Postal Department under the guidance of the present Director General, you will find that the position is still the same. No change has been effected. In the beginning there was a little change, a little increase from 12 millions to 13 millions. But today the number of parcels has gone down from 12 millions. So by my amendment they will earn a larger amount. There are innumerable people who wish to send parcels of less than 20 tolas but cannot do so on account of the charge being 4 annas; and, thus, the Department loses revenue. I do not say there should be any decrease, but I have split it up into two parts. The rate may be four annas up to 40 tolas but for parcels less than 20 tolas in weight the rate should be two annas. As there will be no loss to the Department the Honourable Member may consider whether this advantage should not be granted. I have pointed out the progress which has been made by mixing up the two rates of two annas and four annas and I urge that it should be accepted and introduced. Sir, I move.

Mr. Chairman (Mr. M. S. Aney): Amendment moved:

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, before the existing entries under the head ‘*Parcels*’ the following be inserted :

‘For a weight not exceeding twenty tolas Two annas’.”

Sir Gurnath Bewoor: Sir, the amendment proposes a reversion to the rate which existed prior to the 1st April 1937. When that revision was made in 1937 the Honourable Member in charge of the Department explained fully the reasons why we did it. The rate of two annas for 20 tolas had existed from the year 1895 at which time the letter rate was half an anna for 2½ tolas. The letter rate was revised and went through various changes but somehow the parcel rate remained unchanged. The

rate of two annas for 20 tolas led, as a result of the revision of the letter rate, to the diversion of a very large amount of the letter traffic to the parcel category. It became advantageous to the sender to send his letter as an unregistered parcel as soon as its weight exceeded three tolas. We took statistics in July, 1936, and we found that the number of unregistered parcels was increasing considerably and that most of these so-called parcels contained not articles but communications. When we revised the rate in 1937 and took statistics in February, 1938, we found that we had arrested this large diversion of letters to the category of parcels. In 1936 the statistics showed that 52 per cent. of the total parcel traffic was below 20 tolas, whereas in 1938 we found that 26 per cent. of the total parcels were below 20 tolas in weight.

The parcel traffic is intended for the sending of goods and articles and was never intended for the sending of communications. The initial unit of weight and the initial charge fixed in India compare very favourably with the rates for parcels in other countries of somewhat comparable size. In South Africa and Canada, for example, as well as in a large number of countries in Europe and in the United States of America the sending of any communication by the parcel post is entirely prohibited. In the United States of America, no article weighing less than eight ounces, *i.e.*, 20 tolas, can be sent by the parcel post at all. In Australia, Canada, Germany and the United States of America, the parcel rates vary according to distances whereas in India they are uniform for all distances. It is, therefore, wrong to observe that the parcel rate in this country as fixed at four annas per 40 tolas is excessively heavy. If the rate is revised as proposed, there will be considerable loss in the revenues of the Department. First of all, we shall lose revenue on all parcels weighing 20 tolas or less which constitute, as I have mentioned, 26 per cent. of the total parcels. But this would be only a small part of the loss. What would happen is a great diversion of letters which weigh more than 3 tolas to the category of parcels and we shall lose very heavily on the letter traffic revenue. It is of course difficult to estimate the extent of this diversion, but the diversion will start immediately with the revision and will go on accumulating momentum; and we anticipate that the loss may reach the maximum figure of about 46 lakhs. Sir, the revision was introduced for a very sound reason and I consider it would be a great mistake to revise this rate and to bring back the evil which the revision was intended to remedy. I, therefore, oppose the amendment.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, before the existing entries under the head 'Parcels' the following be inserted:

'For a weight not exceeding twenty tolas

Two annas.'

The motion was negatived.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That Schedule I stand part of the Bill."

The motion was adopted.

Schedule I was added to the Bill.

Clause 6 was added to the Bill.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That clause 7 stand part of the Bill."

Mr. Lalchand Navalrai: Sir, I move:

"That to part (a) of sub-clause (1) of clause 7 of the Bill the following be added at the end:

'with the substitution of the figures 2,000 for the figures 1,500.'

Clause 7 reads thus:

"Subject to the provisions of sub-section (2):

(a) income-tax for the year beginning on the 1st day of April, 1940, shall be charged at the rates specified in Part I of Schedule II to the Indian Finance Act, 1939."

To understand my amendment, we must read this clause with the schedule to the Indian Finance Act of 1939. My amendment has reference to the second Schedule of that Act, and wants that the exemption therein should be revised. I shall read a portion of that schedule. It says:

"In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B of this Act applies, the rate will be as under:

(i) on the first Rs. 1,500 of the total income—nil."

That is to say, in calculating income-tax, the first Rs. 1,500 has to be exempted. I shall read items (ii) and (iii) just to make my point understood:

"(ii) On the next Rs. 3,500 of the total income—nine pies in the rupee.

(iii) On the next Rs. 5,000 of the total income—one anna and three pies in the rupee."

My amendment says that instead of exempting the first 1,500, the first 2,000 rupees should be exempted. It was in 1935 that the former rate was put in the schedule and it remained unchanged during 1936, 1937 and 1938. In 1939 this new system came in, this slab system, in place of the former step system. It may be mentioned that under the old step system the incidence was lower for the first category. The limit of exemption was the same but the incidence was lower. In 1939 the minimum was taken up to 2,000, with exemption for the first 1,500: if it was only one rupee or even one hundred rupees over 2,000, the first 1,500 was exempted and the remaining 600 was calculated for income-tax, at the rate which was raised to nine pies in the rupee from six pies. My first point is this. When this new system was introduced last year, it lies on the Finance Member to show us what is the effect of this new system introduced last year by his predecessor. When the change was made last year we were told it would be on a trial or test. We are entitled to know whether it has proved beneficial to the treasury and also not detrimental to the public, or whether it has been otherwise. Without facts and figures and without going into the audited accounts we cannot say whether the system is good or bad. But we are entitled to know the results. We have had no indication so far that there has been loss to the treasury or gain by this change to the slab system. But I find there is a surplus under the Income-tax head in the budget and I presume therefore that the treasury has benefited. I am, therefore, asking by this amendment that there should be another trial given to a change in this system and I propose that

the first 2,000 should be exempted instead of the present 1,500. Let us try it and see whether the revenues suffer and whether the public are paying more than they should. That is one of the reasons why my amendment should be accepted. The Honourable Member himself, I think, should have made this change when he introduced the budget and extended the exemption to at least some degree over 2,000 rupees, if not more. Anyway I submit that this slab system is being continued this year without giving us any reasons and I, therefore, say that my amendment should be accepted. We have seen throughout the Finance Bill or the Budget that we have had got to be optimistic, because on the other side they are very unreasonable and have been carrying out anything that they wished to carry out in this thin House. I would, therefore, submit that this amendment is one which should be accepted by everybody in this House, because the object is only to try this for a time, as an experiment.

Mr. Chairman (Mr. M. S. Aney): Amendment moved:

"That to part (a) of sub-clause (1) of clause 7 of the Bill the following be added at the end:

'with the substitution of the figures 2,000 for the figures 1,500.'

The Honourable Sir Jeremy Raisman: Sir, I oppose this amendment. If the main object of my friend is to test the effects of certain changes, then it is too early to make any changes, because we have not yet had the results of one complete year's working since the new scale of rates was introduced. But in any case my friend rightly said that the object of the new scale was to provide a gradual and smooth progressive line of incidence instead of the previous step system. He will also remember, I think, that in substituting this smooth line for the step system, we relinquished in the lower ranges of income a very large amount of revenue. If I remember aright, it was estimated to be in the neighbourhood of 93 lakhs a year in the lower and middle ranges of income and five sixths of the assesses in that class found themselves with a reduced assessment, and in the case of the other one sixth, the change was negligible but the main effect of the change was to give a considerable measure of relief. Now, Sir, the amendment proposed by my friend would mean a further considerable relinquishment of revenue. I have not been able to calculate what it would amount to, but I think that in the circumstances of this year the income-tax payer should feel, and I have every reason to believe that he does feel, greatly relieved that there is no change in the scale of income-tax rates. I think, if I may say so, that it shows great hardihood on the part of my friend to bring to my notice at this stage the scale of rates of income-tax. I should have thought that he would have been very happy to pass over in silence that part of the Finance Bill. Sir, I oppose the amendment.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That to part (a) of sub-clause (1) of clause 7 of the Bill the following be added at the end:

'with the substitution of the figures 2,000 for the figures 1,500.'

The motion was negatived.

Mr. Chairman (Mr. M. S. Aney): The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That the Bill, as amended, be passed."

The only remark that I would add is to express my gratification that the House has shown itself so reasonable this year.

Mr. Chairman (Mr. M. S. Aney): Motion moved:

"That the Bill, as amended, be passed."

Sir George Spence (Secretary, Legislative Department): Sir, may I, with your permission, move a formal Third Reading Amendment to clause 3 of the Bill as passed this morning as the result of the adoption of an amendment moved by a Member of the European Group. Examination has since shown that there are several small defects in this clause. The principal one is that

Dr. P. N. Banerjee: Will the Honourable Member read the amendment first?

Sir George Spence: I move :

"That in clause 3 of the Bill, for substituted clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following be substituted, namely :

(ii) on all other sugar except palmyra sugar at the rate

(a) of two rupees per cwt. in the case of sugar produced on or before the 29th day of February, 1940, and either issued out of a factory on or after that date or used within a factory on or after that date in the manufacture of any commodity other than sugar; and

(b) of three rupees per cwt. in the case of sugar produced on or after the 1st day of March, 1940."

I was saying, Sir, that two or three small defects in the wording of the amendment adopted this morning have since been discovered. The first defect is, that the amendment adopted this morning said "all sugar except palmyra sugar." This was wrong, because clause (i) of sub-section (2) of section 3 of the principal Act already imposes an entirely different and much lower duty on *khandsari* sugar, and this duty is imposed in all other sugar except palmyra sugar.

Then a second point which has just been brought to my attention, and I am much indebted to a Member of the establishment of this House for doing so, is that the amendment failed to give the unit of charge. It only said Rupees Two, and it left to the imagination to say whether it was Rupees Two per ton, per ounce or what. Obviously it meant Rupees Two per cwt.

Then, Sir, there are two or three other changes of wording which, I think, I need not go through in detail

Dr. P. N. Banerjea: On a point of order, Sir. This amendment should have been circulated to all the Members.

Mr. Chairman (Mr. M. S. Aney) : This is a drafting amendment.

Dr. P. N. Banerjea: It is impossible to follow.

Mr. Chairman (Mr. M. S. Aney) : It has been the established practice of this House that drafting amendments can be made at the Third Reading.

Sir George Spence: I may say that I have handed a copy of the amendment to Pandit Lakshmi Kanta Maitra. Perhaps in view of what Dr. Banerjea has said, I ought to go through the changes in detail. The remaining changes are, whereas the amendment adopted this morning had "whether issued out of a factory after that date", a more correct wording is adopted here, namely, "and either issued out of a factory on or after that date". The amendment this morning in clause (a) says "issued out of a factory after that date or used within a factory on or after such date". It clearly means on or after in both cases, and that has been put right. The only other point is, I think, that we change the first day of March; we put the "first" in figures instead of in words to correspond with "29th February" written in figures in clause (a).

Mr. Chairman (Mr. M. S. Aney) : The question is :

"That in clause 3 of the Bill, for substituted clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following be substituted, namely :

- (ii) on all other sugar except palmyra sugar at the rate
 - (a) of two rupees per cwt. in the case of sugar produced on or before the 29th day of February, 1940, and either issued out of a factory on or after that date or used within a factory on or after that date in the manufacture of any commodity other than sugar; and
 - (b) of three rupees per cwt. in the case of sugar produced on or after the 1st day of March, 1940."

The motion was adopted.

Mr. Lalchand Navalrai: This is a time when we get up either to congratulate or to

An Honourable Member: Condemn.

Mr. Lalchand Navalrai: I won't say, condemn, but to criticise bitterly. Any way my Honourable friend, the Finance Member, is now very happy, his Finance Bill having passed the consideration stage without a change of even a comma or a semi-colon

An Honourable Member: By the substitution of a clause.

Mr. Lalchand Navalrai: excepting the amendment which also came from that side. I would certainly congratulate him on his consistent obduracy and unmoving manner on this question of the Finance Bill. He has not succeeded in this Bill by matching his strength with the Members on this side, but the numerical strength on this side being what it is, there cannot be any claim that he has succeeded in a fair fight. That

[Mr. Lalchand Navalrai.]

can be judged from what happened last year, and reading the debates of last year, the amendments which have been raised here were actually fought out and there were successes in getting those amendments passed. No doubt, if the Treasury follows the present constitution and says that these things will be certified, that is another matter. But we are concerned only with what happens in this House on a consideration of the strength on either side. I have nothing more to say except this that the Finance Member is, of course, quite different from his predecessor. As I have said before, in the manner of dealing with us and in the kindly way in which he answers questions,—and also he does it in a milder manner— from that point of view I congratulate my Honourable friend, but from the Finance Bill point of view I cannot. This is what I have to say.

Maulvi Muhammad Abdul Ghani: In opposing the passage of this Bill I have to make some observations. By this taxation Bill money is extracted or extorted from every possible source. I do not grudge it, but what I want to urge is that the money realised should be well spent. I find that an enormous amount of this money is spent on universities. I want to make it clear that I do not want to stand in the way of giving them grants, but certainly I shall be justified in pressing upon the Government to see that the students, for whose welfare the money is being given to the universities, should not be a source of trouble. There are three universities which are given grants from the Central Government, namely, the Delhi University, the Aligarh Muslim University and the Benares Hindu University. I have come to know that in the Delhi University there is some system of compartmental examination, which is not to be found at Aligarh or Benares. I do not see what fault the students of these two universities have committed that they are not given the same facilities which are enjoyed by their brethren in the Delhi University. The system prevailing in Aligarh and Benares is that if a student passes in all the subjects but gets plucked in a subject, say, practical carrying only 15 marks,—he is debarred and stopped in the class for one more year. In the law examination we have the preliminary examination and students, even though they do not pass the preliminary, are not debarred from appearing at the higher examination.

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

They are allowed to pass the higher stage, but the certificate is stopped on the ground that they have to pass the preliminary examination. Why is not the same privilege allowed to students of the Aligarh and Benares Universities which are under the Central Government? If they are allowed those facilities, it will confer an enormous benefit. Their health is sadder and their eye sight is gone.

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member speak up. The Chair cannot follow.

Maulvi Muhammad Abdul Ghani: I want to suggest that the two Universities of Aligarh

Mr. President (The Honourable Sir Abdur Rahim) : There is nothing about Universities in this Bill. This is the third reading stage. Discussion of that character may be allowed in the general consideration of the Finance Bill, but not at this stage. The Honourable Member must confine himself to the Bill as it has been accepted by the House. The Honourable Member cannot go beyond that.

Maulvi Muhammad Abdul Ghani : I am not going beyond that. I know there are limitations, but I was simply submitting that the money realised be well spent

Mr. President (The Honourable Sir Abdur Rahim) : No, no. This has got nothing to do with it—how the money is going to be spent.

Maulvi Muhammad Abdul Ghani : However, there are other Departments

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must bear in mind that that stage is over.

Maulvi Muhammad Abdul Ghani : I am not discussing any Department. I am only saying that the money is not well spent.

Mr. President (The Honourable Sir Abdur Rahim) : It has nothing to do with the third reading.

An Honourable Member : The third reading is only for condemning.

Maulvi Muhammad Abdul Ghani : Then I am condemning the agency which realises money from the taxpayers and does not care to see that the money is well spent.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot go on like that. He must confine himself to the Bill.

Maulvi Muhammad Abdul Ghani : We have just discussed various amendments to the Posts and Telegraphs Head and also about sugar and petrol and all have been negatived. I do not like to enter into the decision that has already been taken but I will say that it is the irony of fate of the taxpayers that their representatives have not been heard as much as they ought to have been because the authorities here are supreme; on account of the thinness of the House, they have a greater advantage. So, they have easy prey.

An Honourable Member : You miss the certification this year.

Maulvi Muhammad Abdul Ghani : I was submitting to you that this is not the way in which the representatives of the House should be treated and at least the Government should have some consideration to give a patient hearing to them and we expected that this year good sense will prevail upon them. We have to be disappointed this year again, even so much so that the price of the post cards has not been reduced. There

[Maulvi Muhammad Abdul Ghani.]

are various other modest demands with which I do not like to take up the time of the House. I am not in favour of the various amendments made to the various sections of the previous Acts and it is not to the satisfaction of the taxpayers. I oppose the Bill.

Mr. M. S. Aney: Sir, I only rise to say that I oppose the third reading of this Bill. It is only for this reason that as I was placed in a position in which I had to put all the amendments for the opinion of this House, my attitude towards this Bill might have been misunderstood. To remove that misunderstanding, I get up and say that I oppose the third reading of this Bill.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, it is so long since a debate took place on the third reading that the faculty of replying to it has become atrophied, and I have nothing to say.

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

"That the Bill, as amended, be passed."

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS.

DEMAND NO. 2—CENTRAL EXCISE DUTIES.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That a supplementary sum not exceeding Rs. 1,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Central Excise Duties'."

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

"That a supplementary sum not exceeding Rs. 1,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Central Excise Duties'."

The motion was adopted.

DEMAND NO. 7—STAMPS.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 3,24,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stamps'."

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

"That a supplementary sum not exceeding Rs. 3,24,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stamps'."

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): I want to make a few general observations.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the Demand before the House.

Maulvi Muhammad Abdul Ghani: Not a single comma beyond that. I find here that there are 21 demands of supplementaries. If we total the amounts it comes to Rs. 1,97,35,000. Such a big amount is going to be asked here. The Departments should have taken care to incorporate big amounts like 91,30,000 and 33,40,000 in the budget. They are very big amounts and they should have anticipated the necessity of incurring such a heavy expenditure at the time of framing the Budget. Our difficulty is that we are debarred from discussing any defects, any injustices in the Departments.

Mr. President (The Honourable Sir Abdur Rahim): I think they have been recommended by the Finance Committee.

Some Honourable Members: No, there was no Committee in existence.

Maulvi Muhammad Abdul Ghani: The second thing which I want to point out is, Sir, that we have been supplied here with a small pamphlet containing no definite information. Some of the demands contain no information at all and others contain very very meagre information indeed. They should give the House the reasons and their plea for asking such heavy demands. You know, Sir, that during the last few years I have never opposed a supplementary demand in the way in which I am doing today. But it is better here today to sound a note of warning from this bench that the Government should not in future treat us in this way. We do not like to stand in their way at all. But we are representatives of the taxpayers, and what is the harm if they give us full information about their requirements.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member wants any information, why does he not ask the Honourable the Finance Member?

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): May I suggest that the Honourable the Finance Member will explain every demand as briefly as possible.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Members can ask for any information which is not contained in the explanatory notes for supplementary demands.

Maulvi Muhammad Abdul Ghani: Here is a demand for Rs. 1,59,000.

Mr. President (The Honourable Sir Abdur Rahim): We are dealing with demand No. 7 on the supplementary list.

Maulvi Muhammad Abdul Ghani: In the explanatory notes there is a demand of Rs. 1,59,000 but no explanation is given.

Mr. President (The Honourable Sir Abdur Rahim): That has been passed by the House.

The Honourable Sir Jeremy Raisman: I must protest against the complexion which my Honourable friend has given to these demands. Although it is true that the total amounts to a sum of Rs. 1,97,35,000 this contains a transfer to revenue reserve fund amounting to Rs. 91,30,000 which is merely the carrying forward of the surplus of this year to next year, and then there is also a sum of Rs. 33,00,000 for Ajmer-Merwara which is entirely due to relief operations which is explained in the budget speech. That takes Rs. 125 lakhs out of these demands. In addition, if my Honourable friend will have read the explanations under the various heads, he will find that the result of the War on various production and commercial departments has been to make it necessary to lay in stocks and this accounts for a great part of the remaining sum. The result is that what is left are a few comparatively small sums spread over a large number of heads, and that is why I do not think it necessary to make any speeches on these Demands. If the House wants any further information on any particular point, my colleagues and I will be glad to furnish it as the Demands come on.

Dr. P. N. Banerjee: Thanks.

Mr. M. S. Aney (Berar: Non-Muhammadian): Sir, I want to ask a 4 P.M. question. We are required now to vote for 3,24,000 rupees. An explanation to this Demand is given in paragraph III. The details are given there. The main reason that is given is "stores purchased in India" at a cost of Rs. 2,78,000. That is the main item mentioned there. I want to know whether these have been purchased after the date of war.

The Honourable Sir Jeremy Raisman: It includes stocks purchased before the date of War. As soon as it became obvious that there might be difficulty, all departments increased their stores. In view of the possibility of derangement of supply they began to hold larger inventories in those months and this was so in the case of stamps.

Mr. M. S. Aney: How many months before the outbreak of the War did they begin to feel that they would be required to have additional stores?

The Honourable Sir Jeremy Raisman: In the few months preceding the actual outbreak of War, say two or three months before.

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

"That a supplementary sum not exceeding Rs. 3,24,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stamps'."

The motion was adopted.

DEMAND NO. 9—IRRIGATION, NAVIGATION AND DRAINAGE WORKS.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Irrigation, Navigation and Drainage Works'."

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

"That a supplementary sum not exceeding Rs. 12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Irrigation, Navigation and Drainage Works'."

The motion was adopted

DEMAND NO. 12—EXECUTIVE COUNCIL.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 13,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Executive Council'."

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

"That a supplementary sum not exceeding Rs. 13,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Executive Council'."

The motion was adopted.

DEMAND NO. 16—LEGISLATIVE DEPARTMENT.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 15,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Legislative Department'."

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

"That a supplementary sum not exceeding Rs. 15,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Legislative Department'."

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): Sir, I find that this relates to the claims made by the Provincial Governments for expenses incurred in connection with the elections to the Indian Legislature. I want to know from the Honourable Member if the election referred to in the note is the election of the Members of this Assembly which took place in the year 1934. If so, why was it deferred so long? I want to know what was the total amount spent on elections? How much of it has already been paid down and how much of it is still in arrears and all other matters relating to this amount of Rs. 15,000.

Sir George Spence (Secretary, Legislative Department): Sir, this has nothing whatever to do with the general election of this Assembly in the year 1934. Apart from possibly some very small sums involved on a few by-elections to this Assembly and the Council of State, broadly speaking, the whole of the expenditure incurred by the Provincial Governments and reimbursed to them by the Centre was in connection with the preparation of electoral rolls of this Assembly in the year 1938.

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

"That a supplementary sum not exceeding Rs. 15,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Legislative Department'."

The motion was adopted.

DEMAND No. 22—CENTRAL BOARD OF REVENUE.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 69,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of the 'Central Board of Revenue'."

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

"That a supplementary sum not exceeding Rs. 69,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of the 'Central Board of Revenue'."

The motion was adopted.

DEMAND No. 23—INDIA OFFICE AND THE HIGH COMMISSIONER'S ESTABLISHMENT CHARGES.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 3,33,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of the 'India Office and the High Commissioner's establishment charges'."

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

"That a supplementary sum not exceeding Rs. 3,33,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of the 'India Office and the High Commissioner's establishment charges'."

Mr. M. S. Aney: May I ask, Sir, whether the Honourable the Finance Member is in a position to give separate figures for these two separate items. They say: "The excess under 'Office Contingencies' is mainly due to capital expenditure on Air Raid Precautions". May I know how much this thing has cost by itself? Then, they say: "That under 'probable savings' to the non-realisation of the reduction to be realised from the re-organisation of the Stores Department which has been postponed." I want the details under these two items separately.

The Honourable Sir Jeremy Raisman: The figures are given under this Demand. The High Commissioner's proportion of the Office Contingencies is Rs. 79,000 and that of the Stores Department Rs. 32,000. The amount of probable savings due to the postponement of the re-organisation of the Stores Department is Rs. 1,47,000. The details are given there.

Mr. M. S. Aney: Does this amount of Rs. 79,000 represent the air raid precautions?

The Honourable Sir Jeremy Raisman: Yes, Sir.

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

"That a supplementary sum not exceeding Rs. 3,33,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of the 'India Office and the High Commissioner's establishment charges'."

The motion was adopted.

DEMAND No. 24—PAYMENTS TO OTHER GOVERNMENTS, DEPARTMENTS, ETC.,
ON ACCOUNT OF SERVICES RENDERED.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Payments to other Governments, Departments, etc., on account of services rendered'."

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

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Payments to other Governments, Departments, etc., on account of services rendered'."

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I would just like to know what work the various Provincial Governments and their Departments do on behalf of the Central Government for which this payment was made?

The Honourable Sir Jeremy Raisman: The position is that there are a number of Central subjects in respect of which the agency of the Provincial Governments is used and since they often have to employ extra establishment, etc., on our behalf, we pay them for the services done.

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

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Payments to other Governments, Departments, etc., on account of services rendered'."

The motion was adopted.

DEMAND No. 27—POLICE.

The Honourable Sir Jeremy Raisman: Sir, I move:

“That a supplementary sum not exceeding Rs. 4,88,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Police’.”

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

“That a supplementary sum not exceeding Rs. 4,88,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Police’.”

Mr. Muhammad Nauman: Sir, the note on this demand says:

“The excess is due to the reimbursement to Provincial Governments of the cost of police employed by them on agency functions and to grants for meeting additional expenditure incurred by them as a result of the situation created by the War.”

I want to know whether any additional police has been employed because of the war? It will satisfy the House if we are informed as to how this position has been arrived at and why the Provincial Governments had to make additional demands on the Central Government for this purpose?

Sardar Sant Singh (West Punjab: Sikh): Sir, I would like to know what are the agency functions for which this additional amount is to be granted to the Provinces. Does it or does it not include the work done by the Provincial Governments in connection with the Defence of India Act? I would also like to know if the Central Government is paying to the Provincial Governments for work done under the rules made under the Defence of India Act?

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I wish to point out that my Province, the United Provinces, is prominent by its absence in the details given under item II-A) and item II-B. May I know the reason for this? When every province gets its quota from the Central Government, I do not know why the United Provinces alone have been ignored in connection with this. Is it due to the fact that the United Provinces do not require any police grant from the Central Government, or am I right in concluding that in the United Provinces the people are so quiet and so sober and peaceful that they do not require any additional police. I suggest that some supplementary grant should be given to the United Provinces, so that in future they might make proper arrangements for the police and for the peaceful citizens of the province.

Mr. M. S. Aney: Sir, I just want to get some explanation on certain items mentioned here. In the first place I should like to have an exhaustive statement from the Finance Member or from any other Member on the Treasury Benches who is in a position to give as to what is the situation created by the war that the Provincial Governments demand more money for additional establishment to police. That is the first point on which I should like to have some explanation that will satisfy this part

of the House. The second point is this. I really fail to understand the distinction between these two items. For example, let me draw the attention of the House to the item on page 11 relating to Bengal. Under item B. 3. Police for agency functions a sum of Rs. 1,26,700 is put in. Payment to Provincial Government for additional expenditure on police is put down as Rs. 97,300. I want to know whether the grant of the first item of Rs. 1,26,700 is made directly to the police by the Central Government and the Provincial Government have nothing to do with it. Is that the position? Otherwise I do not understand the distinction between these two items. If it is also a payment to Provincial Government it should have been included under one sub-head and not under two sub-heads.

The second point is this. So far as our knowledge goes the agency function which the Provincial Government is called upon to perform is due to the powers delegated under the Defence of India Act to the Provincial Governments to carry out those functions. But if there are any other agency functions for which the establishment of police is necessary, we should like to have some light thrown upon that mysterious item also, because these items are shown under some of the other provinces also.

A very interesting point has been raised by my Honourable friend, Mr. Azhar Ali, with reference to the United Provinces. What is the reason why the United Provinces have had no occasion to make any demand upon the Central Government in connection with this expenditure.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I will deal first with the point raised by my Honourable friend, Mr. Aney, as regards the distinction between payments for agency functions and payments to Provincial Governments for additional police expenditure. In war conditions certain of the functions which fall on the police in the provinces appertain to Central subjects such as the control of aliens. That is one of the most important duties that fall upon the police.

Sardar Sant Singh: Under what Act?

The Honourable Sir Reginald Maxwell: There are certain other matters for which in war conditions the Provincial Governments find it necessary to strengthen their police establishments. They have to undertake more in the way of guarding property of the Central Government in the Provinces or guarding places declared to be protected and the prevention of sabotage and matters of that kind. Therefore, where Provincial Governments have had to strengthen their police for purposes definitely relatable to war, the Central Government have taken up the attitude that they will grant them so much of the necessary expenditure as has been approved by the Central Government. That is the general principle accepted. The Central Government, generally speaking, are responsible for the successful conduct of the war. The position, therefore, is that if any of the provinces for lack of necessary funds is unable to carry out the functions which we regard as necessary, then we must give them what is really a subvention and that is permitted by section 150 of the Government of India Act. That is quite different from the payment merely for agency functions. The latter is a responsibility which falls directly on the Central Government under section 124 of the Act: it arises where the Central Government entrust to the Provincial Governments certain functions of

[Sir Reginald Maxwell.]

their own, such as that of dealing with aliens which I mentioned just now. I think that will really answer the question raised by the Honourable Members Mr. Nauman and Sardar Sant Singh.

Mr. M. S. Aney: May I ask whether this money is shown in the Provincial Budgets also?

The Honourable Sir Reginald Maxwell: In the Provinces they make their own provision for all the police they entertain whether additional or normal police, but we give them a subvention. We discuss it with them and they make out a case showing how much extra police they had to entertain as due to war conditions and how much is their normal expenditure. We agree, after discussion with the provinces, that so much appears to be definitely relatable to war. That brings me to the point raised by the Honourable Member, Mr. Muhammad Azhar Ali, namely, that the United Provinces Government have not yet got anything. The case regarding their claim for help from the Central Government is still under discussion. That is the only reason why nothing is shown in their case.

Sardar Sant Singh: I rise to a point of order. This demand is put down as a supplementary demand. May I know if it is not included in the last budget, whether it can be put in the form of supplementary demand when it is an entirely new matter. This is an entirely new matter and I think it cannot come under supplementary grant.

Mr. President (The Honourable Sir Abdur Rahim): What other demand can be made now except a supplementary demand?

Mr. M. S. Aney: The point which Sardar Sant Singh was driving at is whether it cannot be brought forward as an excess demand rather than a supplementary demand.

Mr. President (The Honourable Sir Abdur Rahim): An excess demand is in respect of a matter for which provision has already been made in the budget, but the expenditure has exceeded the original allotment. The question is:

"That a supplementary sum not exceeding Rs. 4,88,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Police'."

The motion was adopted.

DEMAND NO. 29—LIGHTHOUSES AND LIGHTSHIPS.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 19,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Lighthouses and Lightships'."

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

"That a supplementary sum not exceeding Rs. 19,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Lighthouses and Lightships'."

The motion was adopted.

DEMAND No. 55—EMIGRATION—EXTERNAL.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Emigration—External'."

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

"That a supplementary sum not exceeding Rs. 12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Emigration—External'."

The motion was adopted.

DEMAND No. 58—CURRENCY.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 1,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Currency'."

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

"That a supplementary sum not exceeding Rs. 1,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Currency'."

The motion was adopted.

DEMAND No. 59—MINT.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 2,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Mint'."

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

"That a supplementary sum not exceeding Rs. 2,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Mint'."

Mr. F. E. James (Madras: European): Sir, may I know what measures have been taken to protect the mints in Bombay and Bengal from air raids?

The Honourable Sir Jeremy Raisman: I understand it is a very small amount which has been provided for Bombay where certain air raid precautions have been taken.

Mr. F. E. James: What are those precautions?

The Honourable Sir Jeremy Raisman: It is quite possible that certain things had to be put in underground vaults.

Dr. P. N. Banerjee: This relates to additional coinage and not to air raid precautions.

Mr. M. S. Aney: What was the extent of the demand for small coin last year, may I know?

The Honourable Sir Jeremy Raisman: I mentioned that in my budget speech. It was a very considerable increase.

Mr. M. S. Aney: Can we have any exact idea of what it was?

The Honourable Sir Jeremy Raisman: I cannot say. The cost of the raw material necessary to make the small coin is of course only a small proportion of the actual value of the small coin. It is something quite large. My impression is that there was something of the order of 33 lakhs mentioned in my budget speech.

Dr. P. N. Banerjee: With regard to complaints made about the new two anna coin, may I know whether those complaints have been considered by Government?

Mr. K. Sanjiva Row (Government of India: Nominated Official): The complaint was that the coin would not go into the automatic telephone boxes, but we have since heard that the slots in those boxes have been somewhat enlarged so that the new coin can be put in.

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

"That a supplementary sum not exceeding Rs. 2,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of Mint'."

The motion was adopted.

DEMAND No. 63—STATIONERY AND PRINTING.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 6,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stationery and Printing'."

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

"That a supplementary sum not exceeding Rs. 6,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stationery and Printing'."

Maulvi Muhammad Abdul Ghani: Sir, I beg to submit that we as Members of the Assembly are not given any publications, and whenever we want them, we are refused on some or other pretends. We are not given the Audit and Account Code so that we may get all information. These publications are given to us free when they are 100 years old and are eaten by ants. When none want, they are burnt. Why then less copies are not printed? Government do not want to give these to persons and waste paper.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, I submit this is not in order. The Honourable Member is talking on the subject of old publications. This money is required for extra paper required this year.

Mr. President (The Honourable Sir Abdur Rahim): This is not the time for ventilating general grievances.

The question is:

"That a supplementary sum not exceeding Rs. 6,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Stationery and Printing'."

The motion was adopted.

DEMAND NO. 64—MISCELLANEOUS.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 3,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Miscellaneous'."

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

"That a supplementary sum not exceeding Rs. 3,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Miscellaneous'."

The motion was adopted.

DEMAND NO. 67-A.—TRANSFER TO THE REVENUE RESERVE FUND.

The Honourable Sir Jeremy Raisman: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 91,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Transfer to the Revenue Reserve Fund'."

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

"That a supplementary sum not exceeding Rs. 91,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Transfer to the Revenue Reserve Fund'."

The motion was adopted.

DEMAND NO. 68.—DELHI.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Delhi'."

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

"That a supplementary sum not exceeding Rs. 65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Delhi'."

Pandit Lakshmi Kanta Maitra: Sir, I find a note that this demand is intended to meet additional expenditure due to the scarcity in Delhi province caused by failure of the rains. I find an item here "Maintenance of stud bulls." What has that to do with the rains? Are stud bulls employed for breeding during the rains?

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir the fact of the matter is this: that the stud bulls in a normal year derive their sustenance from fields in which they graze: but in as much as the rains failed this year, there was no grazing. There was the same demand on the services of these stud bulls as happens in normal years.

Mr. M. S. Aney: May I ask as to what is the normal income they make from these stud bulls?

Sir Girja Shankar Bajpai: That is a point on which I should not like to hazard an answer: I can find out exactly what the figures are and supply them.

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

"That a supplementary sum not exceeding Rs. 65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Delhi'."

The motion was adopted.

DEMAND No. 69.—AJMER-MERWARA.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 33,40,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Ajmer-Merwara'."

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

"That a supplementary sum not exceeding Rs. 33,40,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Ajmer-Merwara'."

Mr. F. E. James: May I make one small point? In the note it is said that this excess is 'anticipated' due to the famine relief works. Does the Honourable Member mean 'expected'? Surely there is some difference between the case of two happy young persons who anticipate marriage, and two happy young persons who expect marriage. As a student of the English language, may I ask the Honourable the Finance Member to recognize the difference between 'expect' and 'anticipate'?

The Honourable Sir Jeremy Raisman: Sir, I think that in this case the expenditure has actually been anticipated: it has not yet been brought to book. I am afraid it has actually been incurred in excess of this grant.

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

"That a supplementary sum not exceeding Rs. 33,40,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Ajmer-Merwara'."

The motion was adopted.

DEMAND No. 75.—CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Capital Outlay on Vizagapatam Harbour'."

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

"That a supplementary sum not exceeding Rs. 30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of 'Capital Outlay on Vizagapatam Harbour'."

The motion was adopted.

DEMAND No. 76.—DELHI CAPITAL OUTLAY.

The Honourable Sir Jeremy Raisman: Sir, I move:

“That a supplementary sum not exceeding Rs. 17,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Delhi Capital Outlay’.”

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

“That a supplementary sum not exceeding Rs. 17,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Delhi Capital Outlay’.”

Maulvi Muhammad Abdul Ghani: Sir, may I know from the Honourable the Finance Member what is the nature of the expenditure regarding this item “Legislative Buildings”, whether there was any reconstruction or anything of the sort? I want the information.

The Honourable Sir Jeremy Raisman: The detail is given on page 27: Provision of five additional cooling plants in the Legislative Assembly Building, New Delhi, . . . Rs. 1,69,350—Supplementary—Rs. 97,100.

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

“That a supplementary sum not exceeding Rs. 17,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Delhi Capital Outlay’.”

The motion was adopted.

DEMAND No. 78.—INTEREST FREE ADVANCES.

The Honourable Sir Jeremy Raisman: Sir, I move:

“That a supplementary sum not exceeding Rs. 25,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Interest Free Advances’.”

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

“That a supplementary sum not exceeding Rs. 25,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1940, in respect of ‘Interest Free Advances’.”

The motion was adopted.

STATEMENT OF BUSINESS.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Sir, it is the desire of some Members that the House should not sit tomorrow, Saturday, and as the most urgent business for tomorrow was

Supplementary Demands, which have been disposed of, I would request that tomorrow's sitting may be cancelled.

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it that that will suit the convenience of the House.

Some Honourable Members: Yes.

Mr. A. Aikman (Bengal: European): No, Sir, we feel very strongly about this. Tomorrow was put down for business and we do not think there should be any alteration. We would like to go on.

Mr. President (The Honourable Sir Abdur Rahim): If it is desired to go on till 5 o'clock today, the Chair is quite prepared to sit.

Mr. A. Aikman: I mean tomorrow, Sir.

The Honourable Sir Muhammad Zafrullah Khan: There is one point which the Honourable Member does not seem to appreciate, and that is that we must take up the Drugs Bill if we sit tomorrow, and then, till the Drugs Bill is finished, we cannot take up any other item of business.

Mr. A. Aikman: In that case, Sir, we would concur in the suggestion made by the Leader of the House.

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it now that it will suit the convenience of Honourable Members not to have any meeting tomorrow. The Chair adjourns the House till next Monday at Eleven O'clock.

The Assembly then adjourned till Eleven of the Clock on Monday, the 1st April, 1940.
