

18th March 1940

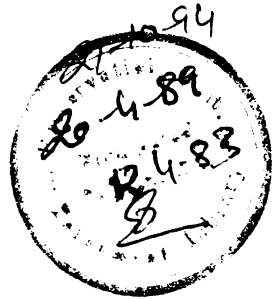
**THE**  
**LEGISLATIVE ASSEMBLY DEBATES**

**Official Report**

**Volume II, 1940**

*(6th March to 26th March, 1940)*

**ELEVENTH SESSION**  
**OF THE**  
**FIFTH LEGISLATIVE ASSEMBLY,**  
**1940**



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.  
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# Legislative Assembly

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SIR ABDUL HALIM GHUZNAVI, M.L.A.

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# LEGISLATIVE ASSEMBLY

Monday, 18th 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.

## MEMBER SWORN

Mr. Jatindra Nath Talukdar, M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### APPOINTMENT OF AN ECONOMIC CORRESPONDENT TO THE ECONOMIC ADVISER IN INDIA.

**407. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please state if it is a fact that the Government of India have appointed an Economic Correspondent in England to the Economic Adviser in India?

(b) What is his salary and allowance?

(c) Was permission obtained from the Finance Department?

(d) What are the duties and functions of the Economic Correspondent?

(e) Was the post advertised?

(f) Do Government propose to publish the despatches which the Economic Correspondent may be writing?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) £350—50—500 per annum. There is no allowance attached to the post.

(c) Yes.

(d) The principal duties of the Economic Correspondent are to keep the Economic Adviser to the Government of India posted with up-to-date developments in general economic and financial matters.

(e) No.

(f) The reports submitted by the Economic Correspondent are confidential and Government do not propose to publish them.

**Mr. Lalchand Navalrai:** May I know if he is an Indian or an European?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** She is an European.

**Mr. Lalchand Navalrai:** Could not an Indian be made available?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** For the type of work that she has to do, I feel myself that an Englishman or Englishwoman is the best qualified in the United Kingdom.

**Mr. Lalchand Navalrai:** Can't Indians be found in England who can do the same type of work?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I have answered the question.

**Dr. Sir Ziauddin Ahmad:** Does she get information of a confidential nature which cannot be published in the papers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Exactly, Sir, that is the point.

**Dr. Sir Ziauddin Ahmad:** Does she really get information from the British Government of a confidential nature?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Not from the British Government necessarily, but from various banks, financial operators and financial people, and so on.

#### CRITICISM OF THE CONSERVATION WORK DONE BY THE DIRECTOR GENERAL OF ARCHAEOLOGY.

†408. **\*Khan Bahadur Nawab Siddique Ali Khan:** (a) Will the Education Secretary kindly state if it is a fact that Sir Leonard Woolley has praised the work of archaeological conservation of old monuments? Is it a fact that the officer in charge of Agra circle is in charge of the biggest, or one of the biggest, circles from the point of view of conservation work?

(b) Is it a fact that the conservation work which was being done under the direct charge of the Director General at certain places like Taxila, Mohenjodaro, Sirkap, etc., has been adversely criticised by Sir Leonard?

(c) Is it a fact that one of the reasons which influenced the appointment of the present Director General as such was his specialised knowledge and experience of excavations? Is it a fact that he was once Deputy Director for Exploration? Has the exploration or excavation work conducted by or under him been approved or condemned by Sir Leonard?

**Sir Girja Shankar Bajpai:** (a) In regard to the first part of the question attention is invited to the reply given to part (e) of question No. 300 on the 8th March, 1940. In regard to the second part the Agra Circle is one of the most important circles.

(b) Sir Leonard Woolley has not criticised the execution of the work of conservation but the policy of conservation of excavated remains hitherto followed by the Department.

(c) The present Director General was selected as being the most suitable officer available. It is a fact that he was at one time Deputy Director General for Exploration. The criticism made by Sir Leonard

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

Woolley relates as already stated to the conservation of excavated remains and is not directed against any particular officer but against the Department as a whole.

**MAINTENANCE OF A BRANCH OFFICE OF THE LEAGUE OF NATIONS IN INDIA.**

**409. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable the Leader of the House be pleased to state:

- (a) whether the League of Nations maintains a Branch office in India;
- (b) the considerations as a result of which the office was moved to Delhi;
- (c) whether Government think that transfer of this office to Delhi has helped the League to promote closer touch with representatives of all parts of India?
- (d) whether it is one of the functions of this office to inform public opinion in this country regarding the work of the League;
- (e) in view of the widespread ignorance in this country about the League's work, whether he is prepared to draw the League of Nation's attention to the desirability of appointing a qualified Indian with journalistic experience to direct the activities of the Branch Office;
- (f) whether it is a fact that since 1937 the League has given repeated assurances to India's representatives to the League Assembly that the Branch Office would be strengthened and re-organised; and
- (g) if so, whether Government are prepared to stress upon the League that the present moment calls for an immediate implementing of those assurances?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) The Honourable Member is referred to paragraphs 72 and 76 of the Report of the Delegates of India to the 1936 Session of the Assembly of the League.

(c) and (d). Yes.

(e) The head of the Branch Office is a competent Indian and the Government of India see no reason to suggest a change in the incumbency of the office.

(f) No. If the Honourable Member will refer to paragraphs 44 and 45 of the Report of the Delegates of India to the 1938 Session of the League he will find that this question was not raised by the representatives of India but that in reply to points which were raised the Treasurer of the League remarked that the Office in Delhi had already been enlarged. I am aware of no assurances which have not been implemented.

(g) Does not arise.

**Mr. Lalchand Navalrai:** With regard to clause (a), may I know, Sir, what is the cost of this Branch in India, and who pays for it?

**The Honourable Sir Muhammad Zafrullah Khan:** The League of Nations pays it, but I do not know what the cost is.

**HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND COMPANY.**

**410. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Education Secretary please state if it is a fact that Messrs. Turner Morrison and Company, had informed the Bombay and Karachi Port Haj Committees that, if pilgrims would be available, they would berth their S.S. "Jehangir" after the S.S. "Rizwani" which sailed from Bombay on 2nd January and from Karachi on 5th January?

(b) If so, why did Government allow the Company to carry about ten per cent. more pilgrims in the "Rizwani", and why did Government not ask the Company to berth the "Jehangir" as promised?

**Sir Girja Shankar Bajpai:** (a) and (b). Government are aware that the Shipping Company had announced that the "Jehangir" would be berthed after the "Rizwani" if sufficient pilgrims were available. All pilgrims who had arrived at Bombay, however, were accommodated in the "Rizwani" which sailed on the 2nd January and it was believed that there would be sufficient accommodation for all the pilgrims likely to come forward at Karachi. Government, therefore, agreed that an additional ship need not be berthed. When the number of pilgrims at Karachi became known, it was too late to arrange for the sailing of the "Jehangir".

**NUMBER OF PILGRIMS REQUIRED TO MAKE "JEHANGIR" A PILGRIM SHIP.**

**411. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Education Secretary please state if it is a fact that a ship carrying pilgrims becomes a pilgrim ship if there is one pilgrim per every 100 gross tons of the ship? If so, how many pilgrims would be required to make the "Jehangir" a pilgrim ship?

**Sir Girja Shankar Bajpai:** As regards the first part, I would invite the attention of the Honourable Member to sub-section (4) of section 149 of the Indian Merchant Shipping Act, 1923. As regards the second part, if the S.S. "Jehangir" were to convey or be about to convey 36 or more pilgrims from or to any port in British India to or from any port in the Red Sea other than Suez, she would be considered a pilgrim ship for the purposes of the Act.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, whether the transfer of a ship into a pilgrim ship requires reshuffling of tonnage and passengers?

**Sir Girja Shankar Bajpai:** No, Sir; the fact is that these pilgrim ships of Turner Morrisons are normally used as freighters, but they are also, during the pilgrim season, used for the carriage of pilgrims, and then there is a definite regulation, more or less to the effect, that if the ship carries one passenger for every 100 tons of the tonnage of the ship at least, then it becomes a pilgrim ship.

**Dr. Sir Ziauddin Ahmad:** In the same manner as the railways use goods wagons for passenger traffic?

**Sir Girja Shankar Bajpai:** No, Sir, I do not think my friend is quite justified in making that assumption, because, if he were to inspect one of these ships, he would find that there is regular accommodation for deck passengers as on other passenger ships carrying deck passengers, besides cabin accommodation for first and second class passengers.

**Dr. Sir Ziauddin Ahmad:** What is the distinction between ships used for carrying goods and those intended to carry passengers?

**Sir Girja Shankar Bajpai:** The ordinary freighter carries just freight and is never used, as far as I know, except in an emergency, for the carriage of passengers.

**APPOINTMENT AFTER RETIREMENT OF THE ASSISTANT SECRETARY, DEFENCE DEPARTMENT, IN THE DEFENCE CO-ORDINATION DEPARTMENT.**

**†412. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Leader of the House be pleased to state whether it is a fact that the Assistant Secretary, Defence Department, after retirement from the Defence Department, was re-appointed as Assistant in the Defence Co-ordination Department?

(b) Is re-appointment of all the persons already retired but in another substantial post under the Government of India permissible under the rules?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) A retired Assistant Secretary of the Defence Department was re-employed as Assistant Secretary, not as an assistant, in the Defence Co-ordination Department.

(b) The re-employment of pensioners is permissible under the Civil Service Regulations.

**PURCHASES THROUGH CONTRACTS MADE BY THE SUPPLY DEPARTMENT.**

**†413. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state the total value of purchases through contracts given by the Supply Department between 1st October, 1939, and 31st December, 1939?

(b) What were the commodities for which orders were placed by the Supply Department? What was the quantity and value of each, separately?

(c) What are the names of the organisations, corporate bodies, associations, firms and individuals, with whom these contracts were entered into and orders given for supply?

(d) What are the conditions generally governing the orders, that is, whether any advance is taken, or a verbal guarantee of fulfilment is accepted?

(e) Were those contracts advertised, and, if so, where? Were the lowest tenders accepted in each case, or at least in a majority of cases and, if not, why not?

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

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The approximate value of the orders given by the Supply Department during these three months was Rs. 9 crores 32 lakhs.

(b) and (c). The commodities were so numerous and the number of firms, etc., so large that the compilation of this information would in Government's opinion take more time than is warranted.

(d) Security deposits are demanded from contractors in exceptional cases only. Firms whose previous dealings have been satisfactory are not, as a general rule, called upon to furnish security deposits. The question of a verbal guarantee does not arise.

(e) Not in all cases. Sometimes for reasons of special secrecy or urgency, it was not considered advisable to invite tenders by advertisement. Normally, when the value of a contract exceeds Rs. 5,000, tenders are invited by advertisement in the *Indian Trade Journal*. As a general rule, the lowest suitable tenders are accepted and where the lowest tender is not accepted, the reasons therefor are invariably recorded and are subject to scrutiny by the audit officers. I may, however, assure the Honourable Member that in the majority of cases the lowest tenders were accepted.

**Mr. Muhammad Nauman:** With reference to the replies to parts (c) and (d), that it is not possible to lay on the table of the House a list of the commodities, may I know whether the Honourable Member will be good enough to place it on the table of the House later on?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Dr. Sir Ziauddin Ahmad:** In view of the misgivings about the Supply Department and the amount of money involved, may I request the Honourable Member to reconsider the position and place this list on the table of the House?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will tell me what the misgiving is, I will be prepared to look into the matter on the basis of that information.

**Dr. Sir Ziauddin Ahmad:** My Honourable friend probably knows what the misgiving is and would not expect me to state it on the floor of the House; but if he will insist on it, I am prepared to state it here.

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member wants a list of the commodities and quantities for which orders were placed. I don't see how that list will help to remove the misgiving, but if he will communicate the misgiving to me, I will look into the matter.

**Mr. Muhammad Nauman:** I have also asked for a list of contractors who were given contracts; probably that will help us.

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid that is an argument.



**Mr. Muhammad Nauman:** With regard to part (c), the total amount is nine crores and odd; was it for the use of U. K. or for other Governments as well?

**The Honourable Sir Muhammad Zafrullah Khan:** I imagine part of it was for other Governments too.

**Mr. Lalchand Navalrai:** Will the Honourable Member be pleased to lay on the table of the House a list of the major articles given on contract?

**The Honourable Sir Muhammad Zafrullah Khan:** I could mention some of them now if the Honourable Member is interested in them. Jute bags, jute cloth, cotton cloth, khaki drill, fabricated steel huts, steel plates, galvanised steel, steel joints, steel water taps, cast iron piping, pig iron, saddlery, cement, paints, asbestos sheets, electric cables, electric fittings, water supply stores, building materials, etc.

#### METHOD ADOPTED FOR FINDING THE BEST SUPPLIER OF A COMMODITY.

**414. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state what is the method adopted for finding the best supplier of a certain commodity?

(b) Is the advice of the Liaison Officer or Controller appointed, taken in matters of accepting the tenders?

(c) Is the recommendation of the Liaison Officers and Controllers accepted for particular individuals, firms or Joint Stock Companies in deciding to offer the contracts?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Before a firm is placed on the list of registered contractors for the supply of a particular commodity, a thorough inspection is made of its workshops and stores. Once the firm is on the list, its general suitability is judged by the manner in which it fulfils its contracts.

(b) Yes.

(c) Not necessarily, but it is taken into consideration.

**Mr. Muhammad Nauman:** With reference to the answer to part (b) of the question, the opinion of the liaison officer is not necessarily accepted. Am I to understand that it is accepted in the majority of cases?

**The Honourable Sir Muhammad Zafrullah Khan:** I am unable to say, but the answer is, it is not necessarily accepted. No doubt, it is taken into consideration.

**Dr. Sir Ziauddin Ahmad:** With reference to the answer to part (b) of the question, may I know why the Supply Department does not make use of the Indian Stores Department and has set up its own officers?

**The Honourable Sir Muhammad Zafrullah Khan:** The Supply Department is using the two normal channels which were already in use, for that purpose,—the Military Directorate and the Indian Stores Department.

**Dr. Sir Ziauddin Ahmad:** May I know if the Indian Stores Department is insufficient to supply all the needs of the Supply Department? Why do you have another Department?

**The Honourable Sir Muhammad Zafrullah Khan:** No fresh Department has been created. The Military Directorate continues to do what it used to do before the war, and the Indian Stores Department continues to do what it used to do before the war. These two agencies, both of which were in operation before the war, continue to exist and are being used by the Supply Department.

#### APPOINTMENT OF LIAISON OFFICERS AND CONTROLLERS FOR INDUSTRIES.

**415. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state whether applications were invited for the honorary post of Liaison Officers and Controllers?

(b) If the reply to part (a) be in the negative, what was the method by which the industries concerned were asked to submit names? If so, will Government lay on the table the correspondence which passed between the different industries and the Supply Department in this connection?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). I am afraid the Honourable Member has not grasped the position or the functions of the Liaison Officers. Let me make it clear that except for the Controller of Jute Purchases, Government have not appointed any other Controller. In other cases, Government, as I have repeatedly explained before, invited the industries concerned to nominate the person whom they considered as most suitable to act as an honorary adviser to Government in regard to that particular industry. The question of inviting applications, therefore, does not arise. Government regret that they are not prepared to place the correspondence on the table of the House.

#### HAJ PILGRIMS CARRIED IN CERTAIN SHIPS.

**416. \*Sir Abdul Halim Ghuznavi:** With reference to his answer given on the 28th February, 1940, to the supplementaries put by Mr. Muhammad Nauman to questions Nos. 236 and 237, in which he said "the first four pilgrim ships left the ports without full complement", will the Secretary for the Department of Education, Health and Lands be pleased to state:

- (a) the names of those four ships and their respective carrying capacity;
- (b) the number of pilgrims carried in each of the above ships; and
- (c) whether it is a fact that the S.S. "Khosrou" which sailed on the 18th December and S.S. "Islami" which sailed on the 28th December, not only carried the full complement but left behind some 300 pilgrims in Bombay for want of accommodation to await the sailing of the next ship?

**Sir Girja Shankar Bajpai:** (a) and (b). A statement is laid on the table.

(c) Neither of the ships carried the full complement of cabin or deck passengers when it left Bombay; part of the accommodation was reserved for pilgrims expected to embark at Karachi. Enquiries made have shown that when the S.S. "Khosrou" sailed from Bombay on the 18th December, 1939, there remained 320 would-be pilgrims in Bombay and when the S.S. "Islami" sailed on the 26th December, 1939, there remained 330 pilgrims. All of these pilgrims who had sufficient means found accommodation in the ship that sailed subsequently.

*Statement.*

Name of pilgrim ship.	Certified carrying capacity.	Number of pilgrims carried.	Date of sailing from Karachi.
"Islami" . . . . .	1,614	1,273	7th December, 1939
"Rizwani" . . . . .	1,446	843	12th December, 1939
"Khosrou" . . . . .	1,393	1,386	21st December, 1939
"Islami" . . . . .	1,614	1,555	31st December, 1939

**APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.**

**417. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House be pleased to state the number of Indians and non-Indians who were appointed Advisers, Controllers and Liaison Officers?

(b) Were they all appointed on the advice of the industries concerned?

(c) If the answer to part (b) be in the negative, will the Honourable Member be pleased to state on what other principles was the selection made?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c). The Honourable Member is referred to the replies I gave to Mr. Muhammad Nauman and Sardar Sant Singh's questions on the same subject on the 28th February, 1940, and the supplementary questions and answers arising therefrom.

**Dr. Sir Ziauddin Ahmad:** With reference to the answer to part (b) of the question, may I just ask whether the Honourable Member will show to at least one or two Members for their satisfaction, if he cannot place them on the table of the House, the resolutions of the various industries nominating the liaison officers and advisers? He said they are all appointed on the advice of the industries concerned. May I just have a look at the resolutions of the Chambers or the special nominations of these people by the industries concerned, because I have got . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is making a speech.

**Dr. Sir Ziauddin Ahmad:** I just want to know whether he can show me the papers by which I can be satisfied that these persons were nominated by the industries concerned.

**The Honourable Sir Muhammad Zafrullah Khan:** I suppose the issue is that the Honourable Member does not believe my assurance that that was so.

**Dr. Sir Ziauddin Ahmad:** May I ask whether the Honourable Member has personally examined them?

**The Honourable Sir Muhammad Zafrullah Khan:** I assure the Honourable Member that the answer is perfectly true that the only controller appointed by the Government was the Jute Controller, and, in every other case, the appointment was made on the nomination, which was unanimous, of the industries consulted.

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

**418. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House be pleased to state whether the Controllers, Liaison Officers and Advisers were appointed under the authority of the Honourable Member in charge of the Supply Department? If not, why not?

(b) Did the Honourable Member in charge of the Supply Department make any personal enquiry whether the Liaison Officers, in giving advice about quality and price, don't charge lawful or unlawful fees from suppliers? If not, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member is referred to the replies I gave to his supplementary questions arising out of Mr. Muhammad Nauman's starred question No. 222 on the 28th February, 1940.

(b) There is no basis for the insinuation against which I must strongly protest.

**Dr. Sir Ziauddin Ahmad:** What is the reply to the last part and in part (b), "If not, why not?" The reasons have not been given.

**The Honourable Sir Muhammad Zafrullah Khan:** I have tried to explain before that it is not possible to inform Honourable Members which particular officer in any department personally performed any particular function. The Member in charge is responsible for what happened, and with regard to what he says in the House in answer to questions, and I submit that that ought to be sufficient for Honourable Members. If something has happened which is open to objection, I take the responsibility for it.

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

**419. \*Dr. Sir Ziauddin Ahmad:** Was the Honourable the Leader of the House, in charge of the Supply Department, satisfied that Liaison Officer for Hide and Skin was the most suitable person for this work?

**The Honourable Sir Muhammad Zafrullah Khan:** No Liaison Officer has been appointed for Hides and Skins.

**APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.**

**420. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House please state whether the Commerce Department was consulted in the appointment of Liaison Officers, Controllers and Advisers?

(b) If not, will the Honourable Member give reasons why he did not use the information in the Commerce Department while making the selections?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The appointments were made in the Supply Department and the Honourable Member may take it that they were made in accordance with the ordinary rules for the conduct of Government business.

**Dr. Sir Ziauddin Ahmad:** I have not got a reply whether the Commerce Department was or was not consulted.

**The Honourable Sir Muhammad Zafrullah Khan:** That question is in the same category. Everybody who should have been consulted, in accordance with the usual course of Government business, was consulted.

**FACILITIES FOR BUILDING SHIPS IN INDIA.**

**421. \*Sir Abdul Halim Ghaznavi:** (a) Will the Honourable the Commerce Member please state whether there are any facilities in India for building ships similar to the ships that have been requisitioned by them for the defence of the coast or for their other requirements?

(b) If the answer to part (a) be in the negative, will Government be pleased to state whether they have got any scheme before them which offers such facilities and which the country may avail of?

(c) If the answer to part (b) be in the affirmative, will Government be pleased to state if they are willing to help that scheme in every possible way to enable India to build her own ships?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The Government of India understand that facilities exist in India for building ships similar to the smaller class of vessel which has been requisitioned.

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

**Mr. Lalchand Navalrai:** May I know from the Honourable Member whether there are any facilities for big ships being made here?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The inference from my answer is that there are none.

**Mr. Lalchand Navalrai:** May I know if Government are making a move in that direction to see that, instead of sending for those ships from outside, they are made here?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** They are not sending for any ships from outside.

**Mr. Lalchand Navalrai:** Is any arrangement going to be made for big ships being made here?

**Mr. President** (The Honourable Sir Abdur Rahim): That is a large question.

**Mr. M. S. Aney:** Are Government thinking of any steps to develop the shipbuilding industry in India?

**The Honourable Sir Muhammad Zafrullah Khan:** Certain plans have been put before Government, and Government are considering them.

**HELP TO AN INDIAN SHIPPING COMPANY IN SECURING SITE FOR A SHIP-BUILDING YARD IN CALCUTTA.**

**422. \*Sir Abdul Halim Ghuznavi:** Will the Honourable the Commerce Member be pleased to state:

- (a) whether Government are aware of the opinion of the Indian Mercantile Marine Committee that Calcutta was the best place for starting a shipbuilding yard;
- (b) whether an Indian shipping company has requested Government to help them in securing the site for a shipbuilding yard at Calcutta; and
- (c) if the answer to part (b) be in the affirmative, whether they have been able to help that company in securing the site and, if not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). Yes.

(c) The matter is receiving consideration.

**GRANT OF BOUNTIES FOR BUILDING OF SHIPS IN INDIA.**

**423. \*Sir Abdul Halim Ghuznavi:** Will the Honourable the Commerce Member be pleased to state:

- (a) whether the Indian Mercantile Marine Committee recommended that construction bounties should be given for the purpose of encouraging the Shipbuilding Industry in India and that Government should also advance to the shipbuilding company a cheap loan to the extent of one-third of the paid-up capital of that company and should also guarantee the giving of all Government and Port Trust work to the Indian Shipbuilding Yard at a reasonable price;
- (b) whether the Australian Government have decided to give a bounty for the construction of ships in Australia varying from £10 per ton to £12-10 shillings per ton; and
- (c) if the answer to parts (a) and (b) be in the affirmative, whether Government propose to give suitable bounties for the building of ships in this country; if not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

- (b) Government have seen Press reports to this effect.  
 (c) No occasion has yet arisen for consideration of such a proposal.

**SHIPS REQUISITIONED BY GOVERNMENT FOR DEFENCE PURPOSE.**

**424. \*Sir Abdul Halim Ghuznavi:** Will the Honourable the Commerce Member be pleased to state:

- (a) whether all but one ship of the Bombay Steam Navigation Company, Limited, and of the Indian Co-operative Navigation and Trading Company, Limited, and all the ships of the Ratnagar Steam Navigation Company, Limited, have been requisitioned by Government for the purpose of defence;  
 (b) whether such requisitioning has dislocated the large passenger traffic on the Konkan Coast; and  
 (c) if the answer to part (b) be in the affirmative, what steps Government propose to take to maintain even skeleton services for the carriage of the traffic on that coast?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). Yes.

(c) I understand that the position has improved to some extent recently.

**PROFITS FROM THE WORKING OF THE ENEMY SHIPS SPENT ON THE DEVELOPMENT OF INDIAN MERCANTILE MARINE.**

**†425. \*Sir Abdul Halim Ghuznavi:** (a) Will the Honourable the Commerce Member be pleased to state whether, in accordance with the Report of Mr. Sturdy, the Auditor of the Indian Home Accounts, on the accounts of the High Commissioner for India for the year ended the 31st March, 1922, the profits from the working of the enemy ships under the control of the High Commissioner up to the 31st March, 1922, amounted to £37,90,192-19-8, and that there was in addition to that amount a Reserve Fund of £1,24,358-13-3?

(b) Will Government be pleased to state whether representations were made to the Government in 1924 that the profits referred to in part (a) should be utilised for the development of the Indian Mercantile Marine?

(c) Will Government be pleased to state whether in the reply, dated the 8th February, 1924, to the Indian Merchants Chamber, Government stated that:

“the question of providing money for such a purpose must be considered along with other demands for Government expenditure”?

(d) Will Government be pleased to state how the above profits were spent and whether any amount out of it was spent for the development of the Indian Mercantile Marine; and if not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a), (b) and (c). Yes.

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†Answer to this question laid on the table, the questioner having exhausted his quota.

(d) The profits actually realised, having been taken to revenue, were merged in the general revenues of the Government of India. There was thus no question of appropriating any part of the profits to expenditure connected with any particular object such as a scheme for the development of the Indian Mercantile Marine.

**WITHDRAWAL OF THE SCINDIA COMPANY FROM THE HAJ SERVICE.**

†426. \***Sir Abdul Halim Ghuznavi:** (a) Will the Education Secretary be pleased to state if Government are aware that the withdrawal of the Scindia Company from the Haj service during the last Haj season, consequent on the allotment of only 25 per cent. of the quota of the traffic to that Company, has caused widespread dis-satisfaction amongst the pilgrims and the Muslim community?

(b) Are Government aware that all the three Port Haj Committees of the three Haj Ports, Bombay, Calcutta and Karachi, had welcomed the entry of the Scindia Company into the Haj Line and that they appreciated that the advent of the Scindia Company in that service had raised the standard of comforts and facilities for the pilgrims visiting the holy places of Hedjaz?

(c) Are Government aware that after the withdrawal of the Scindia Company from the Haj service during the last Haj season, resolutions have been passed by the Haj Committee to the effect that it was in the interest of the pilgrims that the Scindia Company should remain in the Haj service?

(d) Are Government aware that the deputation of leading Muslims which waited upon the Honourable Member for Education, Health and Lands, after the withdrawal of the Scindia Company from the Haj service remarked that:

“the entry of the Scindia Steam Navigation Company, Limited, into this Line had resulted in the raising of the standard of comforts and amenities and improvement of the conditions on the ships and therefore the Muslims now fear that withdrawal of this Company from this line may again result in the unsatisfactory conditions that prevailed during the monopoly period being reverted?”

(e) Do Government propose to take into consideration what the Scindia Company had done to better the conditions of the Haj service and also the views expressed by the Muslim leaders and the Haj Committees, and state whether they are prepared to revise the quota of the traffic allotted in the Haj service to this national shipping company, and see that it may not go permanently out of that field?

**Sir Girja Shankar Bajpai:** (a) Government are aware that there have been protests against their decision.

(b) Yes.

(c) The Bombay Port Haj Committee passed a resolution recommending that Government should take such reasonable steps as might be possible to see that more than one company took part in the pilgrim trade. Government have not received resolutions from the other Port Haj Committees.

(d) Yes.

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†Answer to this question laid on the table, the questioner having exhausted his quota.



(e) If it is found necessary to regulate the pilgrim traffic during the next season, Government will take all the relevant circumstances and the views expressed into consideration.

**PROMOTIONS TO ASSISTANT'S GRADE IN THE POLITICAL DEPARTMENT.**

**427. \*Haji Chaudhury Muhammad Ismail Khan:** (a) Will the Honourable the Leader of the House please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940 in the Political Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts which were created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Political Department only came into existence on the 1st April, 1937. The strength of Assistants and clerks on the 1st March, 1940, was as follows:

Assistants.	Second Division clerks.	Third Division clerks.
27	31	10
(b) Vacancies occurred in the assistant's grade since 1st April, 1937 . . . . .		11
New posts created in the assistant's grade since 1st April, 1937 . . . . .		None
(c) Vacancies filled by Departmental promotion since 1st April, 1937 . . . . .		4
Vacancies filled by Home Department nominees since 1st April, 1937 . . . . .		5

(d) None. Two men were confirmed under Rule 21(b)(i) of the Ministerial Establishment (Recruitment, Promotion and Seniority) Rules from the subordinate offices with the concurrence of the Home Department.

**PROMOTIONS TO ASSISTANT'S GRADE IN THE LABOUR DEPARTMENT.**

**428. \*Haji Chaudhury Muhammad Ismail Khan:** (a) Will the Honourable the Labour Member please state what was the total strength of First, Second and Third Division clerks on the 1st May, 1929 and the 1st March, 1940 in the Labour Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The Department of Labour came into existence as a separate Department on the 8th November, 1937. The total strength of the staff on that date and the 1st March, 1940, was as follows:

On the 8th November, 1937.		On the 1st March, 1940.	
First Division . . . . .	24	First Division . . . . .	24
Second Division . . . . .	19	Second Division . . . . .	17
Third Division . . . . .	21	Third Division . . . . .	23
	Total . . . . .		Total . . . . .
	64		64

(b) Three since 8th November, 1937. No new posts have been created since that date.

(c) (i). One.

(ii) Two.

(d) No. The latter part of the question does not arise.

**Mr. Lalchand Navalrai:** May I know if there was a rule that there will be 50-50 as is shown in part (d)?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** There is now a rule.

#### PROMOTIONS TO ASSISTANT'S GRADE IN THE COMMERCE DEPARTMENT.

**429. \*Haji Chaudhury Muhammad Ismail Khan:** (a) Will the Honourable the Commerce Member please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940 in the Commerce Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Total strength as on 1st May, 1929:

Assistants . . . . .	19
Clerks, Second Division . . . . .	22
Clerks, Third Division . . . . .	4

Total strength as on 1st March, 1940:

Assistants	30
Clerks, Second Division	28
Clerks, Third Division	34

(b) First part, 17

Second part, 11.

(c) (i) 17.

(ii) 11.

(d) Appointments to the new posts and permanent vacancies referred to in part (b) of the question were made in conformity with the rules for the time being in force in regard to recruitment for the First Division.

#### PROMOTIONS TO ASSISTANT'S GRADE IN THE LEGISLATIVE DEPARTMENT.

430. \*Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Law Member please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940, in the Legislative Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

The Honourable Sir Muhammad Zafrullah Khan: (a) Assistants—15 and 14 respectively.

Second Division Clerks—22 and 17 respectively.

Third Division Clerks—1 and 7 respectively.

(b) Vacancies—11 of which two have been left temporarily unfilled in pursuance of the economy orders.

New posts—Three.

(c) (i). Nine.

(ii). Three.

(d) The 50/50 rule did not come into operation until the 1st April, 1930. Since that date eight vacancies have been filled—five by direct promotion and three by the appointment of outsiders—and no new posts have been created. The two appointments which were made otherwise than in accordance with the 50/50 rule were made in pursuance of special temporary provision for the absorption in the First Division of members of the Second Division who were qualified for the First Division.

PROMOTIONS TO ASSISTANT'S GRADE IN THE DEPARTMENT OF EDUCATION,  
HEALTH AND LANDS.

**431. \*Haji Chaudhury Muhammad Ismail Khan:** (a) Will the Education Secretary please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940, in the Department of Education, Health and Lands?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

**Sir Girja Shankar Bajpai:** (a) I place a statement on the table of the House.

(b) Twenty and six, respectively.

(c) Sixteen by departmental promotion and ten by external candidates.

(d) Rules laid down by the Government of India were followed.

*Statement.*

Grades.	1st May, 1929.	1st March, 1940.
Assistants	31	33
Clerks, Second Division	35	31
Clerks, Third Division	10	19

HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND  
COMPANY.

**432. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Education Secretary please state if it is a fact that Messrs. Turner Morrison and Company carried in their pilgrim ship "Rizwani" on the 5th January last from Karachi pilgrims over and above the ten per cent. excess allowed by Government?

(b) If so, what steps have Government taken, or propose to take, against the Company?

**Sir Girja Shankar Bajpai:** (a) No.

(b) The question does not arise.

PENALTY FOR CARRYING MORE PILGRIMS IN A SHIP.

**433. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Education Secretary please state what penalty has been laid down under the law for a ship carrying more pilgrims than the certified number?

**Sir Girja Shankar Bajpai:** The attention of the Honourable Member is invited to the provisions of section 167 of the Indian Merchant Shipping Act, 1923.

VACANCIES OF CLERKS FILLED IN THE GOVERNMENT OF INDIA PRESS,  
NEW DELHI.

434. \*Sardar Sant Singh: Will the Honourable the Labour Member be pleased to state:

(a) the number of vacancies;

(i) permanent and (ii) temporary that were filled by direct recruitment in the clerical establishment of the Government of India Press, New Delhi, during each of the last four years;

(b) the number of Sikhs, Muslims, Hindus and others recruited;

(c) whether it is a fact that one post of other minority community has recently been given to a Hindu; and

(d) whether any Sikh was entertained in any of the vacancies since 1936; if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) and (b). A statement is laid on the table.

(c) A Hindu has been working in certain purely temporary vacancies of less than three months' duration. Such vacancies are not covered by the orders regarding communal representation.

(d) No. The community is already adequately represented.

Statement showing permanent and temporary vacancies in the clerical establishment of the Government of India Press, New Delhi, filled by direct recruitment during the years 1936, 1937, 1938 and 1939.

		Hindus.	Muslims.	Sikhs.	Others.	Total.
1936	Permanent . . .	..	..	..	..	..
	Temporary . . .	1	1	..	..	2
1937	Permanent . . .	6*	2	..	1	9
	Temporary . . .	9	3	..	1	13
1938	Permanent . . .	4	2	..	..	6
	Temporary . . .	2	1	..	..	3
1939	Permanent . . .	5	2	..	1	8
	Temporary . . .	..	..	..	..	..

\*Including one member of depressed class.

VACANCIES FILLED IN THE COMPOSING AND BINDERY ESTABLISHMENTS OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

435. \*Sardar Sant Singh: Will the Honourable the Labour Member be pleased to state:

- (a) the number of vacancies (i) permanent and (ii) temporary for a period of above three months that were filled by direct recruitment in the Composing and Bindery Establishments of the Government of India Press, New Delhi, during each of the last four years;
- (b) the number of Sikhs, Muslims, Hindus and others recruited;
- (c) the total number of men of each community in the existing permanent establishment;
- (d) whether it is a fact that there is not a single Sikh in the Bindery Department of the Press; and
- (e) whether it is a fact that no Sikh has, since 1936, been appointed in the above establishments against a number of members of other communities; if so, why and what Government propose to do to appoint Sikhs in future vacancies of compositors and daffries (book binders)?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a), (b) and (c). Statements are laid on the table.

(d) Yes.

(e) A Sikh was recruited as a binder in 1937 against an unreserved vacancy, but he subsequently resigned. No Sikh was appointed against posts reserved for "Other minority communities" during the years 1936-39. The claims of Sikhs will be given due consideration if suitable candidates are available.

*Statement showing the number of men of each community in the permanent establishments of the Composing and Bindery Branches of the Government of India Press, New Delhi, on the 1st January, 1940.*

	Hindus other than Depressed classes.	Depres- sed classes.	Muslims.	Domiciled Europeans and Anglo- Indians.	Indian Chris- tians.	Sikhs.	Total.
<i>Composing Establishment.</i>							
Compositors . . .	65	4	63	1	4	2	139
Operators . . .	19	..	6	1	1	..	27
Total . . .	84	4	69	2	5	2	166

	Hindus other than Depressed classes.	Depres- sed classes.	Muslims.	Domiciled Europeans and Anglo- Indians.	Indian Chris- tians.	Sikhs.	Totals.
<i>Bindery Establishment.</i>							
Binders . . .	5		24			..	29
Warehousemen . .	24	3	21	..	4	..	52
Total . . .	29	3	45	..	4	..	81

*Statement showing the permanent and temporary vacancies for a period of more than three months in the Composing and Bindery establishments of the Government of India Press, New Delhi, filled by direct recruitment, during the years 1936, 1937, 1938 and 1939.*

*Composing Establishment*

	Permanent.					Temporary.				
	Hindus.	Muslims.	Sikhs.	Others.	Total.	Hindus.	Muslims.	Sikhs.	Others.	Total.
1936										
Compositors . . .	10	4	..	..	14	5	2	..	..	7
Operators . . .	..	..	..	..	..	1	..	..	..	1
Total . . .	10	4	..	..	14	6	2	..	..	8
1937										
Compositors . . .	1	1	..	1	3	2	2	..	1	5
Operators . . .	1	..	..	..	1	..	..	..	1	1
Total . . .	2	1	..	1	4	2	2	..	2	6
1938										
Compositors . . .	1	1	..	..	2	..	1	..	..	1
Operators . . .	..	..	..	1	1	..	1	..	..	1
Total . . .	1	1	..	1	3	..	2	..	..	2
1939										
Compositors . . .	*6	4	..	1	11	..	..	Nil	..	4
Operators . . .	..	1	..	..	1	..	..	..	..	..
Total . . .	6	5	..	1	12	..	..	Nil	..	..

\*Including a member of depressed class.

*Bindery Establishment.*

	Permanent.					Temporary.				
	Hindus.	Muslims.	Sikhs.	Others.	Total.	Hindus.	Muslims.	Sikhs.	Others.	Total.
<b>1936</b>										
Binders . . .	10	9	..	1	20	3	3	..	..	6
Warehousemen	..	1	..	1	2	1	..	..	..	1
<b>Total . . .</b>	<b>10</b>	<b>10</b>	<b>..</b>	<b>2</b>	<b>22</b>	<b>4</b>	<b>3</b>	<b>..</b>	<b>..</b>	<b>7</b>
<b>1937</b>										
Binders . . .	..	..	1	..	1	2	1	..	..	3
Warehousemen	9	6	..	1	16	4	2	..	..	6
<b>Total . . .</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>17</b>	<b>6</b>	<b>3</b>	<b>..</b>	<b>..</b>	<b>9</b>
<b>1938</b>										
Binders . . .	..	1	..	..	1	..	..	..	..	..
Warehousemen	2	2	..	..	4	1	..	..	1	2
<b>Total . . .</b>	<b>2</b>	<b>3</b>	<b>..</b>	<b>..</b>	<b>5</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>1</b>	<b>2</b>
<b>1939</b>										
Binders . . .	..	..	..	..	..	..	..	<i>Nd</i>	..	..
Warehousemen	2	1	..	1	4	..	..	..	..	..
<b>Total . . .</b>	<b>2</b>	<b>1</b>	<b>..</b>	<b>1</b>	<b>4</b>	<b>..</b>	<b>..</b>	<b><i>Nd</i></b>	<b>..</b>	<b>..</b>

**APPOINTMENT OF SIKHS IN THE OFFICES OF THE SUPERINTENDENT OF EDUCATION AND THE SECRETARY, BOARD OF SECONDARY EDUCATION, DELHI.**

**436. \*Sardar Sant Singh:** (a) Will the Education Secretary please state why no Sikh has so far been appointed on the staff of the Superintendent of Education, Delhi and the Secretary, Board of Secondary Education, Delhi, ever since its creation, or at least from the time of the orders of the Home Department for affording representation in the services to all communities?



(b) Is he prepared to order the recruitment of a sufficient number of Sikh clerks in those offices? If not, why not?

**Sir Girja Shankar Bajpai:** (a) It is not correct to say that no Sikh has been appointed in the office of the Superintendent of Education, Delhi. A Sikh clerk was once appointed but resigned on securing a better appointment elsewhere.

(b) No. In view of the small clerical strength of the offices of the Superintendent of Education and the Board of Secondary Education it is not possible to reserve appointments for members of every minority community; but the claims of Sikhs to future vacancies will be considered in accordance with the declared policy of Government regarding the representation of minorities in appointments under their control.

#### DEFECTS IN COMBINED "C" TYPE ORTHODOX QUARTERS IN NEW DELHI.

**437. \*Seth Haji Sir Abdoola Haroon:** (a) Will the Honourable Member for Labour be pleased to state the number of combined type of C class orthodox quarters on Ibbetson and Maude Roads in New Delhi?

(b) Will he be pleased to state the year when those quarters were built and the total amount of money spent per quarter excluding the cost of land, and also the cost of a D type orthodox quarter built at that time excluding the cost of land?

(c) What will be the approximate total cost of a C class orthodox quarter, excluding the cost of land, if it is built now?

(d) Will he be pleased to place on the table of the House a comparative statement showing the total area occupied by each of the various types of orthodox C class quarters in New Delhi?

(e) Will he be pleased to place on the table of the House a comparative statement showing the rents fixed for the various types of C class orthodox quarters in New Delhi with reasons for and dates from which the relative rents were increased or decreased?

(f) Will he be pleased to state whether it is a fact that the Imperial Secretariat Association, the Civil Accounts Association (A. G., C. R.), and the Tenants' Association, New Delhi, represented to Government for carrying out certain additions and alterations in the combined 'C' type quarters?

(g) Will he be pleased to state whether it is a fact that in the middle of 1938, most of the occupants of the quarters in question individually represented to the Central Public Works Department, New Delhi, suggesting certain additions and alterations therein?

(h) If the answers to parts (f) and (g) above be in the affirmative, will he be pleased to state what practical steps were taken by the Central Public Works Department in meeting the demands of the associations or individuals who protested in the matter referred to above?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) to (d). A statement is laid on the table.

(e) The rents of all types of 'C' class orthodox clerks' quarters in New Delhi are pooled. A statement showing the pooled rents in force since 1924 and the reasons for increase or decrease is laid on the table.

(f) Representations were received from certain Associations.

(g) Yes.

(h) No action was taken as the expenditure involved did not warrant the modifications suggested.

*Statement showing the pooled rents of orthodox clerks quarters class C in New Delhi from 1924 to date.*

Name of the year.	Rent.			Reasons for decrease or increase.
	Rs.	A.	P.	
1st April, 1924 to 31st March, 1925	21	0	0	....
1st April, 1925 to 31st March, 1929	22	0	0	Increase is due to additions and alterations.
1st April, 1929 to 15th October, 1939.	21	8	0	Decrease in rent is due to the transfer of sub-mains (electric) and meters (water) to the New Delhi Municipal Committee and consequent decrease in the capital cost.
16th October, 1939 onwards	24	7	0	Increase due to additions and alterations.

*Statement showing the No. and the cost of C combined and D orthodox clerks quarters and the year in which constructed.*

No. of C combined orthodox clerks quarters on Ibbetson and Maude Roads.	Year in which constructed.	Cost of each of		
		C. Combined clerk quarters.	D orthodox clerks quarters.	Cost of C orthodox clerk quarters if built now, including all latest improvements.
		Rs.	Rs.	Rs.
38	1915-16	4,998	3,707	7,450

*Statement showing the total area occupied by each of the various types of orthodox clerks quarters class 'C' in New Delhi.*

Serial No.	Number of quarters.	Locality.	Plinth area.
1	40	Ranjit Place, Ibbetson and Maude Roads.	S. ft. 1,298
2	20	Market Square . . . .	1,549
3	90	Minto Road . . . . .	1,570
4	178	Havelock Square, Irwin Road, Baird Road, Baird Square and Market Road.	1 496

**DEFECTS IN COMBINED "C" TYPE ORTHODOX QUARTERS IN NEW DELHI.**

**438. \*Seth Haji Sir Abdoola Haroon:** Will the Honourable Member for Labour be pleased to state whether Government are aware :

- (a) that there are no proper arrangements for ventilation in any of the three rooms as compared with the latest design of ventilators in the independent type of orthodox C class quarters;
- (b) that the two side-rooms therein do not get sufficient light even with their doors open;
- (c) that holes have been made in the roofs of the rooms for light and air which are covered with pieces of stone and small glass measuring about six inch square, and that these holes do not supply the full amount of light and air which are the first essentials of human life;
- (d) that, in strong winds and during the rains, those holes become a source of nuisance to the tenants when dust and rain water get into the rooms through them;
- (e) that the two side-rooms have no independent entrances from the courtyard, and that one has to enter the side-rooms either through the kitchen, the bathroom or the middle room;
- (f) that the room adjoining the kitchen is uninhabitable, and that instead of the morning and even fresh air, clouds of smoke with carbon-dioxide and other poisonous gases accumulate into it and take a very long time to clear;
- (g) that the verandah inside a combined type quarter has only one door which is too small to be availed of at night during rainy season, etc., as against the two commodious verandahs inside the independent type of C class orthodox quarter;
- (h) that the godown therein has no regular window and is small as compared with that in the independent type of orthodox C class quarters;
- (i) that there is no room for servants, as is provided for in the independent type of orthodox C class quarters;

- (j) that there is only one bath-room without a regular window as against two bath-rooms in a C class quarter of the independent type;
- (k) that the tile roofing of the inner verandah not only gives trouble during rainy season, but is also a breeding place for sparrows and various kinds of small insects;
- (l) that the width of the various doors of the rooms in these quarters is so small that in cases of death the dead body of a Hindu or a Muslim resident of those quarters can only be taken out on hands instead of on a *arthi* or cot as required according to their religious tenets; and
- (m) that there are no wall shelves and pegs in those quarters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The combined 'C' type of quarter is not as well ventilated as the independent 'C' type.

- (b) Yes.
- (c) The ventilator holes are defective in some respects.
- (d) Yes, in heavy storms.
- (e) Yes.
- (f) No. Fumes enter the room if the adjoining door is left open.
- (g) Yes.
- (h), (i) and (j). Yes, in some cases.
- (k) No.
- (l) Yes.
- (m) Pegs are not provided in any quarters.

**Dr. Sir Ziauddin Ahmad:** May I know whether there is any house committee with the Central P. W. D. or the Secretariat which looks into these recommendations of a minor nature?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** There is a Secretariat Association which brings to the notice of the Government from time to time defects such as, these. I may say that some of these quarters were built 25 years ago and I have personally decided to inspect some of these quarters as soon as I am a little less engaged than I am at present.

**Mr. M. S. Aney:** With reference to (l), do Government realise the immediate urgency of some improvements in those quarters with a view to enabling dead bodies to be taken out in the manner prescribed by the religious practice of the community to which the person belongs?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I hope there will be no casualties at all, but in spite of that I will look into that.

**Dr. Sir Ziauddin Ahmad:** May I know whether the Honourable Member will consider the appointment of a house committee connected with the Central P. W. D. to which the recommendations made by various individuals or suggestions may be referred and they would be able to decide what action should be taken?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I cannot see how a house committee or an advisory committee can decide these matters which range over various types of quarters and concern various grades of clerks. There is, as I said, an Imperial Secretariat Association on which are represented all the different grades of clerks, Assistants, Superintendents, and so on, and they have in the past brought to the notice of Government from time to time certain defects in accommodation.. and Government have, in the past and quite recently within the last three months, given their best consideration to some of these representations.

#### DEFECTS IN COMBINED " C " TYPE ORTHODOX QUARTERS IN NEW DELHI.

**439. \*Seth Haji Sir Abdoola Haroon:** (a) Will the Honourable Member for Labour be pleased to state whether it is a fact that certain additions and alterations in the combined type of orthodox C class quarters were under the contemplation of Government for a long time, and that the plans and estimates for them had also been prepared?

(b) If the answer to part (a) above be in the affirmative, will he kindly state why the proposed additions and alterations have not been carried out so far when Government had been spending lakhs of rupees in building new houses and providing luxuries in the various types of existing bungalows and quarters in New Delhi?

(c) Is he prepared to consider the desirability of having the defects detailed in the preceding question removed immediately, or, in the alternative, state the reasons for not doing so?

(d) In case he is prepared to have the defects detailed in the preceding question removed immediately by carrying out necessary additions and alterations in the quarters, is he prepared to consider that the courtyard thereof may also be extended by a few feet towards the service roads where spare land is lying and that the space utilized for additions and alterations from the existing courtyards may be adjusted to some extent by the proposed extension?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) The Honourable Member is referred to the reply to part (b) of starred question No. 437.

(c) No. I have already indicated the reasons.

(d) Does not arise.

†440\*.

†This question was withdrawn by the questioner.

LOCATION OF A TUBERCULOSIS CLINIC IN KAROL BAGH, DELHI.

441. \*Bhai Parma Nand: (a) Has the attention of the Education Secretary been drawn to the following articles:

'Tuberculosis Hospital' in the *Tribune*, dated the 23rd January, 1940; and

'T. B. Hospital' and 'T. B. Clinic in Karol Bagh', in the *Hindustan Times* of the 15th and 16th November and 21st December, 1939?

(b) Will he please state the policy of Government in the Health Department in regard to the selection of sites for the building or location of such clinics and hospitals in the populated areas in the Centrally Administered Areas?

(c) On what basis are such sites selected, and are public objections and opinions given any consideration or weight in regard to such selections of the sites amidst populated areas?

(d) What principles and rules have been framed by Government in regard to the location of such clinics, and how much minimum total area should each clinic have?

(e) How far should a clinic be from a populated building or a house? If no limit of distance has been laid down, why?

(f) Is the selection of a site for clinic wholly and solely dependent on the free choice of one individual, e.g., the Health Officer of a locality or district, or is it dependent on certain conditions laid down by a board of experts on the subject?

(g) Is he prepared to have the whole question examined thoroughly by a board of experts consisting of Indian doctors who are fully conversant with Indian conditions and habit regarding spitting, etc., and who will lay down conditions which must be fulfilled before the location of a clinic in a populated area of a city and meanwhile have such allotments of sites reserved for such kind of clinics and particularly in Karol Bagh cancelled? If not, why not?

Sir Girja Shankar Bajpai: (a) Yes.

(b), (d) and (e). No conditions to be satisfied in the selection of sites for tuberculosis hospitals and clinics have been laid down by Government.

(c) and (f). Sites are selected by the provincial administration in the case of Government hospitals and clinics and by the bodies concerned with the approval of the Health Officer in the case of institutions established by non-Government bodies.

(g) The question is under the consideration of Government.

HOLDING OF THE AUTUMN SESSION OF THE LEGISLATIVE ASSEMBLY.

442. \*Bhai Parma Nand: (a) Will the Honourable the Leader of the House please state the grounds on which the month of September was selected as one of the best suited and most convenient months for holding the autumn Session of the Legislative Assembly (Central) each year, and how is it that it has always been held in that month?

(b) Do Government propose to select the whole month of September for the transaction of legislative business and start the next Session of the

Central Assembly from the 1st of September, if not earlier, which will afford the benefit of the holidays in that month to the Members of the legislature? If not, what would be the difficulties?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member is mistaken in supposing that the autumn Session has always been held in September. The main reason for which September is normally found to be the most suitable month for the autumn Session is that a Session in September leaves the longest possible interval available for preparation of the legislative programme between the autumn Session and the preceding and succeeding spring Sessions.

(b) The general intention for the future was stated in my reply to starred question No. 259 on the 20th September, 1939. Arrangements for the autumn Session of the current year have not been specifically considered.

**Mr. Lalchand Navalrai:** May I know what would be the normal season suitable for holding the autumn Session in Delhi?

**The Honourable Sir Muhammad Zafrullah Khan:** How can I say what would be the normal season.

**Sir Muhammad Yamin Khan:** Does the Honourable Member know that September is the worst month as regards the health in Delhi and it will not at all be desirable to hold the autumn Session in Delhi in September?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member says so. The Honourable Member who put the original question says that September is the most suitable season for the autumn Session, whereas the Honourable Member who puts the supplementary question says that Delhi is too bad a place to hold the Session in September. I note both views.

**Sir Muhammad Yamin Khan:** Has the Honourable Member made any enquiry from the people who have lived in September in Delhi?

**The Honourable Sir Muhammad Zafrullah Khan:** I have myself lived in Delhi in September.

**Sir Muhammad Yamin Khan:** What is the Honourable Member's experience?

**The Honourable Sir Muhammad Zafrullah Khan:** It is not too bad.

#### INSTALLATION OF SANITARY FITTINGS, ETC., IN KAROL BAGH, DELHI.

†443. **\*Mr. Muhammad Azhar Ali:** With reference to the statement laid on the table of the House in reply to starred question No. 254, asked on the 20th September, 1939, regarding installation of sanitary fittings, etc., in Karol Bagh, Delhi, will the Education Secretary please state what

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

further action has so far been taken by the Delhi Improvement Trust to see sanitary fittings and sewer connections put up in the existing houses and when they hope to have this work finished?

**Sir Girja Shankar Bajpai:** Notices under section 136 of the Punjab Municipal Act, 1911, requiring sullage connections to be made are being served systemically on house owners in Karol Bagh. 131 houses have already been connected with the sewers, and 97 more connections are actually being made. At least a year will be required to complete the work.

**NON-INVITATION OF REPRESENTATIVES OF HAJ COMMITTEES TO CONFERENCES HELD BETWEEN THE GOVERNMENT OF INDIA AND SHIPPING COMPANIES ENGAGED IN PILGRIM TRAFFIC.**

**444. \*Mr. H. M. Abdullah:** (a) Will the Education Secretary please state if any representatives of the Central Standing Haj Committee or the Port Haj Committees were invited at the Conferences held between the Government of India and the Shipping Companies engaged in the pilgrim traffic during 1938 and 1939 for discussing and deciding matters relating to pilgrim traffic, particularly, when the question of rate war and the allocation of traffic was being considered?

(b) Have Government received any resolutions of protests from the Bombay and Karachi Port Haj Committees against the policy of the Government of ignoring the Port Haj Committees—Committees which have been established by an Act of the Central Legislature to look after the interest of the pilgrims—when discussing and deciding such important matter?

(c) If so, do Government propose to change this policy in future?

**Sir Girja Shankar Bajpai:** (a) No.

(b) Yes, from the Port Haj Committee, Bombay.

(c) Government will consult the Committees whenever they consider such consultation desirable.

**ALLOCATION OF QUOTA OF PILGRIM TRAFFIC TO SHIPPING COMPANIES.**

**445. \*Maulana Zafar Ali Khan:** (a) Will the Education Secretary be pleased to state the basis on which the allocation of the quota of the pilgrim traffic was made between the Mogul Line and the Scindia Company during the last Haj season?

(b) Is it a fact that while the carrying capacity of the seven ships of the Mogul Line was taken into consideration in fixing their quota, only three ships were employed by that Line for carrying pilgrims from India to Jeddah during the last Haj season?

(c) If the allotment of quota was based on the carrying capacity of the seven ships of the Mogul Line, how do Government think that the Mogul Line was entitled to the quota of 75 per cent. of the trade, even if they employed only three ships for the carriage of pilgrims from India to Jeddah?

**Sir Girja Shankar Bajpai:** (a) On the carrying capacity of the pilgrim ships of the two Companies.



(b) Yes. Actually there were five sailings with three ships.

(c) The allocation was made on the basis of the carrying capacity of all the pilgrim ships of both the Companies. The actual number of ships used must naturally depend on the number of passengers to be carried.

**COMPENSATORY ALLOWANCES AND AMENITIES TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.**

**446. \*Bhai Parma Nand:** (a) Will the Honourable the Labour Member kindly state if any memorials have been received on behalf of the ministerial establishment of the Imperial Secretariat asking for certain concessions, compensatory allowances and amenities in connection with the stoppage of exodus to Simla?

(b) If so, will he state what requests have been made, and which of them have been acceded to, and which have not been accepted and the reasons therefor?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) Many of the requests made concern Departments other than the Labour Department, and some of them are still under consideration. Details of the requests will be made known when final decisions have been reached on all points. In the meantime, the attention of the Honourable Member is drawn to the statement laid on the table in connection with my reply to starred question No. 68, which contains particulars of certain amenities which have already been sanctioned for the ministerial staff.

**Pandit Lakshmi Kanta Maitra:** Will the final decision be arrived at before the end of this month?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I cannot say that it will be arrived at before the end of this month seeing how busy some of us have been, but the decision will be arrived at very soon.

**COMPENSATION TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.**

**447. \*Mr. Lalchand Navalrai:** (a) Is the Honourable the Labour Member aware:

- (i) that the employees of the Government of India Secretariat are entitled to (1) compensatory allowance and (2) house allowance, during the summer season at Simla; and
- (ii) that, as a result of the partial stoppage of the exodus to Simla, those employees who will stay in Delhi permanently will be deprived of the concessions mentioned in part (a) above, in addition to the loss of amenities enjoyed by them for a considerable number of years at Simla as a part of their condition of service?

(b) If the replies to parts (a) (i) and (ii) be in the affirmative, do Government contemplate giving the employees mentioned in part (a) (ii), any relief in view of the additional financial burden thrown on them by way of rent for their quarters during the summer season, by either reducing the maximum rent payable by them from 10 per cent. to 5 per cent. of their salary, as was done in the case of the employees of the Government of India Press, transferred from Calcutta to Delhi, or by the grant of some compensatory allowance, or both? If not, for what reasons?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) A representation on the subject is under consideration.

**Mr. Lalchand Navalrai:** May I know if it is a fact that these persons have been enjoying these privileges for about 20 or 25 years past?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I will take it from the Honourable Member that it is so.

**Mr. Lalchand Navalrai:** Will the Honourable Member also take it from me that it is more or less an implied condition of their service?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am unable to take it from the Honourable Member.

**Mr. Lalchand Navalrai:** Will the Honourable Member give consideration to that fact also and find out whether there is implied or expressed condition of their service?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I said the whole matter is under consideration.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### ENQUIRY ABOUT THE SALE OF HOUSES BUILT WITH LOANS FROM GOVERNMENT BY THE GOVERNMENT OF INDIA STAFF.

**84. Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Labour Member please state whether it comes within the functions and powers of the Estate Officer, Central Public Works Department, to enquire from such of the staff of the Government of India and other offices who are applicants for a Government quarter in New Delhi, and who, while building their own houses, took advances or loans for that purpose, into the circumstances leading to the sale of the house and the selling price thereof?

(b) In how many cases were such enquiries made from the staff of the Government of India, the Central Public Works Department and other offices, separately, during the last ten years and on what grounds were these made?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) The information is not readily available and its collection would not justify the labour involved.

##### CENTRAL PUBLIC WORKS DEPARTMENT STAFF OWNING HOUSES IN DELHI OR NEW DELHI AND RESIDING IN GOVERNMENT QUARTERS.

**85. Mr. Muhammad Azhar Ali:** Will the Honourable the Labour Member please state the number of such of the Central Public Works Department staff who own houses in Delhi or New Delhi and are residing in Government quarters and the type of quarters each one is eligible for?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Twenty members of the staff of the Central Public Works Department living in Government quarters in New Delhi possess their own houses. Eight of them are eligible for 'C', 11 for 'D' and one for 'E' class quarters.

#### ALLOTMENT OF QUARTERS IN NEW DELHI.

**86. Mr. Muhammad Azhar Ali:** Will the Honourable the Labour Member please state the total number of applicants for the winter season of 1939 for each type of clerks' quarters at New Delhi from each of the offices who are entitled to get Government accommodation and how many quarters of each type were allotted to each of the offices and what was the percentage of such allotments to each office?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The information is not readily available and its collection would not justify the labour involved.

#### STAFF ATTACHED TO THE ESTATE OFFICE, CENTRAL PUBLIC WORKS DEPARTMENT.

**87. Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Labour Member please state the number of the staff attached to the Estate Office, Central Public Works Department?

(b) Is the staff of this section transferable to other sections, or branches of the Department, or are they only meant for this section?

(c) Has there ever been a Sikh in this office? If so, when and for how long and if not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Eighteen.

(b) Members of the staff of the Estate Section are not ordinarily transferred to other Sections or Branches of the Department, as their work is of a special nature and requires a thorough knowledge of the allotment rules.

(c) No. The staff of this Section is not recruited separately. It is part of the Chief Engineer's office, and the absence of Sikh representation is purely fortuitous.

#### CERTAIN TYPES OF QUARTERS OCCUPIED BY THE CENTRAL PUBLIC WORKS DEPARTMENT STAFF.

**88. Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Labour Member please state separately the number of the Central Public Works Department staff living in 'C' and 'D' type of orthodox quarters, and the total number of staff eligible for each type of quarters?

(b) How many of such member of the staff are allowed by the Estate Office and the Health Office to keep buffaloes or cows in their own quarters?

(c) What is the total number of 'C' and 'D' unorthodox quarters and how many of these are in possession of the Central Public Works Department staff?

(d) How many of the staff are keeping buffaloes and cows in their own quarters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Seven 'C' and 186 'D' class orthodox quarters are occupied by the staff of the Central Public Works Department. The number of applicants for each class is eight and 203 respectively.

(b) None by the Estate Officer. I have no information as regards the Health Office.

(c) The total number of unorthodox clerks' quarters of 'C' and 'D' classes is 97 and 158 respectively. Out of these 14 'C' and 17 'D' are occupied by the staff of the Central Public Works Department.

(d) Government have no information on the point.

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#### STATEMENTS LAID ON THE TABLE.

*Information promised in reply to unstarred question No. 12 asked by Mr. Muhammad Azhar Ali on 6th February 1940.*

#### SENIORITY OF TRAIN EXAMINERS ON THE EAST INDIAN RAILWAY.

(a) Yes, but I would point out that the General Manager, East Indian Railway's Circular No. 464, dated the 26th January, 1927, states that the placing of old East Indian and old Oudh and Rohilkund Railway subordinates in a common seniority list had reference only to senior subordinates.

(b) This arrangement was made by the Agent.

(c) The Honourable Member's attention is invited to the reply given to his unstarred question No. 15 on the 9th February, 1940.

(d) There is no such notification.

(e) No. The General Manager revised the original determination of the corresponding grades in order to remove what he was satisfied was a justified grievance, and I see no reason to interfere.

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*Information promised in reply to starred question No. 104 asked by Dr. Sir Ziauddin Ahmad on the 15th February, 1940.*

#### INSPECTORS OF WORKS ON THE EAST INDIAN RAILWAY.

(a) 63, of whom two are Muslims.

(b) and (c) These are selection posts, and the conditions of appointment and the method of election are as laid down in the rules for the recruitment and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways, a copy of which is in the Library of the House.

*Information promised in reply to parts (c), (d) and (e) of starred question No. 211 asked by Mr. Muhammad Nauman on the 27th February, 1940.*

**RECRUITMENTS TO THE OFFICE OF THE TRANSPORT ADVISORY OFFICER.**

(c), (d) & (e) The following statement gives the information required.

Designation.	Temporary post sanctioned under Transport Advisory Officer.	Substantive grade on East Indian Railway.	Number of Hindus and Muslims.
One Inspector	Rs. 500	Rs. 280—20—500	
One Inspector	Pay not yet fixed	Rs. 110—10—210 + fixed allowance of Rs. 150.	Hindu.
One General Clerk	Rs. 150 including Calcutta allowance.	Rs. 116—5—131	Do.
One Stenographer	Rs. 120 plus Rs. 12 Calcutta allowance.	Rs. 100—5—120	..
One Statistical Clerk	Rs. 120 including Calcutta allowance.	Rs. 60—5—90 (officiating on the Railway the next grade of Rs. 100—5—120.)	Hindu.
One Typist (sanctioned but not yet appointed).	Rs. 45—5—60		
One Orderly Peon	Rs. 18—1—23 plus Rs. 3 Calcutta allowance.	Recruited direct	Muslim.
Four Peons and one Farash.	Rs. 12—1—17 plus Rs. 3 Calcutta allowance.	Ditto	2 Hindus & 3 Muslims.

*Information promised in reply to starred question No. 221 asked by Mr. H. M. Abdullah on the 27th February, 1940.*

**COOLIES PROMOTED TO THE POSTS OF JOURNEYMEN ON THE NORTH WESTERN RAILWAY.**

1937-38—One Anglo-Indian.

1938-39—Nil.

*Information promised in reply to unstarred question No. 57 asked by Mr. Suryya Kumar Som on the 27th February, 1940.*

**COURT INSPECTORS ON THE NORTH WESTERN RAILWAY.**

(a) Four, attached to the Headquarters Office.

(b) Rs. 200—10—270 (Old Scale).

(c) Partly by direct recruitment and partly by selection from suitable employees already in service.

(d) A Degree in Law from a recognised University.

*Information promised in reply to starred questions Nos. 293 and 294 asked by Mr. Muhammad Azhar Ali on the 6th March, 1940.*

#### RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

*Starred question No. 293.*—(a) Certain Muslims were recruited as class I grade I guards, the equivalent of grade II guards on the old scales, in December, 1935, and were posted to Divisions after training in 1936.

(b) No. Recommendations were called for from Divisions against future vacancies, but as these vacancies did not materialise no selection board was held.

(c), (e) and (f). Do not arise in view of the reply to part (b).

(d) No.

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#### RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

*Starred question No. 294.*—(a) The Honourable Member is referred to the reply to part (b) of his starred question No. 293. No list of selected candidates were prepared.

(b) None.

(c) Guards class I grade I are eligible for training in Course T-5 only after they have completed five years permanent service as guards.

(d) 23 Muslims and 4·2 Hindus.

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#### ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Friday, the 15th March, 1940, the time fixed for receiving nominations for the Standing Committee for the Department of Communications four nominations were received. As the number of candidates is equal to the number of vacancies I declare the following four non-official Members to be duly elected to serve on the Committee, namely:

- (1) Bhai Parma Nand;
- (2) Pandit Krishna Kant Malaviya;
- (3) Mr. Umar Aly Shah; and
- (4) Mr. C. C. Miller.

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#### ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

**The Honourable Sir Andrew Olow** (Member for Railways and Communications): Sir, I beg to move:

“That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940.”

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

“That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940.”

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I want to draw the attention of the House to a few important points in connection with this Committee. I do not wish that the Honourable Member should commit himself here and now, and definitely say yes or no. I am drawing his attention so that he may seriously consider the matter and form his own opinion later on. First, I submit that it is fundamentally wrong that the person who prepares the budget should preside over the Finance Committee. This is not done anywhere. The budget of the railway is prepared by the Financial Commissioner, and, properly speaking, he should be the Secretary of the Railway Standing Finance Committee. It is very desirable that the meeting ought to be presided over by some other officer. I believe that probably the best person is the Communications Member himself, but in case he thinks that he cannot have the time to consider the question, he can find some other person to preside over the meetings of the Standing Finance Committee for Railways. I think it is rather desirable, to my mind, that he should preside and he should be in touch with what is going on. The responsibility will not be his, the responsibility will always rest with the Financial Commissioner, because he has gone through all these matters himself. It is, however, desirable that the Communications Member should know exactly how the finances of the railways for which he is responsible actually stand. This is my first point, to which I desire to draw the attention of the Honourable Member. The question whether the Standing Finance Committee for Railways should be presided over by a person other than the Financial Commissioner should be seriously considered. If you examine the constitution of similar committees elsewhere, you will find that the Treasurer who is responsible for the drafting of the budget does not preside over this Committee. It is always presided over by somebody else. I do not want the Honourable Member to commit himself on the spur of the moment, but he should think during the course of the year and decide whether a change of this kind is not desirable.

The second point to which I desire to draw the attention of the Honourable Member is this. I referred to this last year as well. We were given to understand last year that the Standing Finance Committee for Railways should meet as far as possible in Delhi just before, during and after the Assembly Session. The present practice of giving trips all the year round to different places is not desirable. We should all sit down just before and after the Assembly Session and consider this entire question seriously. I hope the Government will consider this point whether the Railway Standing Finance Committee should not confine its sittings to Delhi about the same time as the Assembly Session.

The third point to which I wish to draw the attention of the Honourable Member is whether it is desirable to change the personnel of the Standing Finance Committee for Railways every year. After all, there are certain things which require continuity. Certain things might be done in a particular year and the experience gained by Members could be utilised by the Committee in later years when analogous questions come up for decision. I wish the Government to consider whether it is not desirable to have no change in the personnel for the Railway Standing Finance Committee as you have for the Public Accounts Committee, that is, to get the Committee elected for three years so that some people may be

[Dr. Sir Ziauddin Ahmad.]

responsible for the budget. At present, the responsibility, as far as the members are concerned, cannot be located, because everybody says "We were only members for one committee for one year: we do not know what happened later on". New men go in every year. Therefore, it is desirable that, like the members of the Public Accounts Committee, the members of this Committee also should serve for three years.

These are the three points to which I should like to draw the attention of the Honourable Member. Of course, he cannot change it at the present moment: for the present he will have to follow the old practice, but it does require consideration. As regards the venue of meetings, he can do it straightway himself; as also the point about convening the meetings just about the time of the Session.

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhammadan Rural): May I ask, Sir, what the Honourable Member meant when he talked about giving tips to Members?

**Dr. Sir Ziauddin Ahmad:** I said "trips", not "tips".

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): Sir, as regards the first point raised by my Honourable friend, Dr. Sir Ziauddin Ahmad, that the Financial Commissioner should not preside because he is responsible for the budget which he presents for consideration, I may say that the various railways prepare their own budgets. It may be wrong, but this has been my experience for the last fifteen years. The railways submit their individual budgets for the consideration of the Railway Board. The Financial Commissioner in consultation with his colleagues scrutinises those budgets and he then sends the budgets back to the railways for further consideration and, thereafter, they are presented to the Standing Finance Committee. So he has practically nothing to do with the original framing of the budgets. . . . .

**Dr. Sir Ziauddin Ahmad:** Who prepares the consolidated budget for all the railways?

**Sir Abdul Halim Ghuznavi:** The consolidated budget is presented before this House. The Railway Board does it after they get our sanction. I, therefore, personally, see no reason why the Financial Commissioner should not preside. His presiding has one advantage, because he studies these budgets when they are sent from the different railways and then he helps the Members to understand when objection is raised in regard to any items in the budget. . . . .

**Dr. Sir Ziauddin Ahmad:** May I ask. . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has had his say.

**Sir Abdul Halim Ghuznavi:** It is not possible to have the Communications Member to preside over the Committee. . . . .

**An Honourable Member:** Why not?



**Sir Abdul Halim Ghuznavi:** My friend easily says "Why Not?" The Communications Member has a lot of things to do, and if he is to preside over these meetings which are held once in Bombay and once in Calcutta and so on—which my Honourable friend, Sir Ziauddin Ahmad, objects to—he cannot find time to preside over these meetings. The reason why meetings are held in different places is this: members want to know first-hand how a particular railway is working: it is not a mere trip to Bombay or Karachi. Every facility is given to Members to understand the position by examining things directly and seeing how the affairs of a particular railway are carried on. . . . .

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): That knowledge is gained in two hours?—

**Sir Abdul Halim Ghuznavi:** Yes, after you arrive in Bombay, that knowledge is gained in two hours. It is not a mere trip to Bombay: my Honourable friend has never been in the Standing Finance Committee. When we go to a province, the whole day is occupied in visiting various workshops, and so on and so forth. It is hard work. This is what I wanted to say in this connection.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): Sir, with regard to the suggestions put forth for the consideration of the Honourable Member for Railways and Communications, I have to make one or two observations. As to the desirability of keeping the Financial Commissioner as chairman of the Committee, my friend, Sir Abdul Halim Ghuznavi, has shown that the Financial Commissioner is no doubt technically responsible for presenting the budget in the form in which it is to this House, but that the preparation of the budget goes on for months together beforehand and the procedure is as he has stated it, that the different proposals from the railways are first brought together and they are scanned for each railway separately by the Standing Finance Committee for Railways and they are sent back to the railways and come back again in an improved form, which is ultimately sanctioned by the Standing Finance Committee and then the budget is presented to this House. He has that technical responsibility that he is in charge of framing the budget, but those who have worked on that committee have not found that that technical responsibility of his has come in the way seriously of the members effectively discharging their duties or caused any interference on his part. That is my experience. However, it matters little to me whether he presides or some other member presides: it is no concern of mine, but I have not found any serious difficulty in the work now entrusted to members of the committee on account of the Financial Commissioner being the chairman.

On the second point, I would gladly agree with my friend that the meetings should be held at Delhi, but I cannot agree with him that the meeting could be held a few days before the Session meets or a few days after the Session terminates. The procedure we adopt in the preparation of the Railway Budget is like this: there is first the consideration of the proposals of the various railways: it takes some days to do this. Therefore, before the final budget is prepared there must be some date on which the railway committee must meet—I do not mind whether you meet at Delhi or some other place. The choice of the place is sometimes made by the Financial Commissioner himself and sometimes on the suggestion of certain members also. If it meets at Delhi, it is all right, but the present

[Mr. M. S. Aney.]

practice of having one meeting at least for some days before the Session meets is of great help because that gives the committee an opportunity of considering proposals in their crude form. If that is not done then we shall have a budget which will have to be modified considerably on the floor of the House, and that will be difficult: the discussions of minute details which we carry on in the committee to understand the proposals and explanations from the various railways on various items will be impossible if the meeting is going to be held only once, a few days before the Session begins. In fact, a proper examination of the Railway Budget would not be possible at all. I do not mind the choice of the place being left to the members, though I do not like that idea personally.

Anyhow we shall have to meet at least a month or two before the Session first and then again two or three days before the Session starts, so that by the time the Railway Budget is introduced a final shape is given to it. So one meeting at least outside the period of the Session is, in my opinion, essentially necessary if proper justice is to be done to it. The place of meeting is of course a matter for the administration to decide and they do it. I know this opportunity which the members of the Railway Finance Committee get of meeting once outside the period of the Session is in itself considered a kind of privilege and that creates some kind of discontent among many members, but that is a different matter which has nothing to do with the efficiency of the work on which alone we must concentrate our attention in discussing this point. As regards the third point I have nothing to say.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa : Muhammadan): Sir, as regards the question of Chairman I have nothing to add to what Sir Ziauddin said. But as regards the venue I certainly prefer Delhi and Simla rather than outside as we would then be able to get the papers from the Railway Board. I, of course, visited Bombay and other places and we were shown the workshops but two or three hours or even a day can hardly suffice to give us any idea of the working of that particular railways or their workshops.

Another thing is that we get the agenda at the last moment which is very unfair. We should get them much earlier so as to be able to contribute to the discussion. Sometimes a telegram is sent that we will get them in Delhi and we get them when we have come here. This should be stopped. Again, I have found that meetings are held for one or two days only. There should be an accumulation of subjects and meetings should be held for three or four days or even longer, for having a full discussion.

**Sir Abdul Halim Ghuznavi**: Who prevents you from discussing for a longer period? There is no time-limit.

**Mr. Muhammad Nauman**: Of course not; but, as I said, the agenda are given late enough and we have no time to study them. I request the Honourable Member to consider this matter.

**Maulvi Syed Murtaza Sahib Bahadur** (South Madras: Muhammadan): Sir, during the 17 years I have served the Assembly, I have been a member of the Railway Standing Finance Committee for 15 years and it

is only last year that I could not be nominated in time and failed to get in. So I can speak with some authority on the subject when I say that the present system is working quite satisfactorily. The Financial Commissioner is the Chairman, and the Director of Finance is the Secretary, and when it has worked satisfactorily for so many years past, I do not see why the procedure should be changed. Moreover, we know that the Communicatiions Member has multifarious duties to attend to and cannot be expected to preside at the meetings. As to the agenda, I agree with Mr. Nauman that some delay is caused in sending them, specially in the case of members like myself who come from Madras and take three or four days to arrive here, and we get the papers only after we come here. This, however, is not usually the case although it happened on some occasions, and this may be set right by the Chairman.

As regards convening the meetings in Delhi, I agree with Mr. Aney that we should necessarily have the meetings some time before the Assembly, so that we may be ready with the budget, etc. As regards the preparation of the budget, the present procedure is this. First of all, the Agents submit their reports which, after being examined in the Railway Board, are presented to the Standing Finance Committee for approval. So it has worked satisfactorily, and, from my long experience, I can say that there is no reason to change the present procedure in favour of the one suggested by Sir Ziauddin Ahmad.

As regards annual elections, I agree that . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That does not arise here.

**The Honourable Sir Andrew Clow:** Sir, various suggestions for adding to the utility of this committee have been made. As regards the question of chairmanship, I am of course flattered by Sir Ziauddin's suggestion, but I have already given reasons in this House for thinking that on the whole the balance of advantage rests with the present system.

As regards the venue of meetings I shall see that the remarks made in this House are conveyed to the Chairman of the Committee; but I do not think there is really much ground for complaint on the score of meeting away from Delhi. This committee had to have six separate sessions totalling twelve days during the last year, and all but one of these sessions was held in Delhi or Simla. It cannot always meet during the session because matters like budget proposals have to be considered a reasonable time in advance of the session.

The third point made was that it was desirable to have continuity in the personnel. No amendment has been moved to my motion, which is for one year; and I gather from Maulvi Syed Murtuza's speech that there is continuity to a large extent in the personnel. Quite obviously, if any Party in this House considers that its representatives should have continuous experience, it is open to that Party to re-nominate them and to secure their election.

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

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940."

The motion was adopted.

## ELECTION OF THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

**The Honourable Sir Andrew Olow** (Member for Railways and Communications): Sir, I move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

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

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

The motion was adopted.

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## ELECTION OF THE STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

The motion was adopted.

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## ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Referring to this particular Committee again, Sir, I would like to ask the Honourable Member in charge whether the Committee did meet last year and, if so, how many times? We did not receive the proceedings of the deliberation of this Committee. A complaint was made even year before last that the members elected on this

particular Committee were not given as much information as should have been given to them. I do not know what has been the improvement after that complaint was made from this House and I would like to know from the Honourable Member in charge what has been the result in the year 1939-40?

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): Sir, I would like to know from the Honourable the Commerce Member whether the budget of his Department is placed before this Committee or not. If not, may I ask what is the harm in placing it before this Committee so that they may have an opportunity of advising the Department?

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I also want to ask a question about this Committee. The Honourable Member says in his motion that the Committee will advise on subjects in the Department of Commerce. May I know what are those subjects in the Department of Commerce on which the advice of this Committee will be sought? Does he intend to include the Public Works Department in these subjects or whether it will come under the Labour Department?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Yes, it will come under the Labour Department.

**Dr. Sir Ziauddin Ahmad**: Then, may I ask whether the reports of the various Trade Commissioners will be considered by this particular Committee and also whether this Committee will consider the directions that have been given to various industries from time to time? What would be functions of this Committee and what are the subjects which come within the purview of this Committee?

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): Sir, the objection of the Honourable Members has for many years, in this House, been that no meeting is called and that it is useless to form a Committee because you do not consult the Members and no meetings are held at all. That is the reason why my Honourable friend, Mr. Muhammad Nauman, has just asked how many meetings were held in the year 1939-40.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I wish that some Member who was a Member of the Advisory Committee had got up earlier than myself to reply to these points. There was one meeting convened of the Standing Committee with reference to the subjects in the Commerce Department . . . . .

**Mr. Muhammad Nauman**: In the whole year.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Yes, for the whole year. There could be only two meetings, one in the September Session and the other during the present Session, or more meetings in either of these Sessions. It all depends upon the subjects that

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

are ready for consideration and that are put before the Advisory Committee. There was no subject which was ready for this Advisory Committee in September last, but I took the earliest opportunity this Session to convene a meeting of the Advisory Committee to place before it such subjects as may be discussed, such as, problems relating to price control, which was discussed at a recent meeting of the Advisory Committee.

**Mr. Muhammad Nauman:** What are those subjects on which you require the advice of this Committee?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That depends upon the nature of the subjects and the circumstances from time to time. I cannot anticipate what subjects may be brought for discussion before the Advisory Committee.

As regards the question of my Honourable friend, Dr. Sir Ziauddin Ahmad, the subjects in the charge of the Commerce Department may come up at any time before this Advisory Committee. They are certainly subjects relating to tariff and protection, mercantile marine, commerce and industrial policy, and so on. The subject of the Public Works Department itself is under the charge of the Labour section, and it would come before the Advisory Committee on Labour. I hope that the Honourable Members are satisfied that, so far as I am concerned, I have done my best to bring these subjects before the respective Advisory Committees.

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

The motion was adopted.

#### ELECTION OF THE STANDING COMMITTEE ON EMIGRATION.

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands) Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, eight non-official members to serve on the Standing Committee on Emigration."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, eight non-official members to serve on the Standing Committee on Emigration."

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): Sir, the Standing Committee on Emigration is a very important Committee. Unfortunately, not many meetings of this Committee were held last year. To the best of my recollection, only two meetings were held in the year commencing on the 1st of April, 1939. One was held in May, and the other was held in September. Very short notice of both meetings was given. In fact, the notice of the first meeting was so short

that I found it extremely difficult to reach Simla in time. All the same, it was a well-attended meeting. I would suggest, while we are discussing this subject, that more meetings of this Committee should be held and the advice of Members should be sought on important subjects from time to time. The question of emigration is a very delicate one, and I am afraid, as time goes on, the position of our countrymen overseas within the British Commonwealth of Nations will be, it seems, more difficult. We have not been able to get any substantial relief for them in the year which will close on the 31st of this month, and, therefore, it is very necessary that the Emigration Department should take non-official Members into its confidence. At the first meeting of this Committee, I cannot say that any important information was withheld, but it is unfortunate that not more meetings were held.

Now, the Honourable Member who will be in charge of this Department from the 1st of April will be one who knows very thoroughly the position of our countrymen overseas, and I do hope that he will consider the advisability of holding meetings more often than was the case in the past year.

**Mr. F. E. James** (Madras: European): No more meetings: we have had enough.

**Sir Syed Raza Ali:** All I can say is that if the Honourable Member finds it difficult, on account of the idiosyncrasies of the Grand Trunk Express, to take a trip from Madras to Delhi, I regretfully would suggest his keeping back. Surely, one Honourable Member's convenience or inconvenience is no ground for cutting down the number of sittings of this important Committee. As a matter of fact, the position is very difficult. I do not want to go into the question in detail at this stage, but the position of Indians overseas is very very difficult indeed, and, therefore, I would strongly suggest that more meetings should be held. As a matter of fact, I would expect that something like six meetings in a year should be held. No meeting was held in Delhi though we have been in Session now for more than six weeks. I expect a meeting to take place, but none has taken place so far. There is yet time, and I for one cannot agree with my friend, Mr. James, and I do certainly think that at least five or six meetings of this important Committee should be held every year.

**Sir Girja Shankar Bajpai:** Sir, I am very grateful to my friend, Sir Syed Raza Ali, for bringing out the importance of this Committee, and also for conceding that when meetings had been held, no important information had been held back from the Committee. As a matter of fact, so far as the Standing Emigration Committee is concerned, the policy of the Government has invariably been to place before it all matters of importance on which non-official opinion is likely to be a safe and sure guide with regard to the determination of questions that Government have to settle.

Now, Sir, as regards what my friend has to say about the shortness of the notice for the meeting last May, I hope he will realise that that meeting was held in very special circumstances. We held it because of a certain critical situation in South Africa, and it was only when the critical situation was reached that the meeting could be convened; in other words, it was not our fault, but the fault of the fates above us which unfortunately are not subject to our control.

[Sir Girja Shankar Bajpai.]

Then, as regards the number of meetings to be held, I do not think, Sir, that in the very nature of things, it is possible to prescribe an arbitrary number—3, 4, 5, 6, 10 or 12, whatever it might be. Meetings must be convened whenever an important question demanding the attention of the Committee arises. In the course of last year, the calendar year I am talking of now, and not the financial year, questions relating to Ceylon, to Malaya and to South Africa arose. Each one of these three questions was referred to a meeting of the Standing Emigration Committee. Similarly, Sir, I can assure my friend that we shall not hold two or three to be the limit of meetings that may be held in any particular year: If situations arise calling for more frequent meetings, then more frequent meetings will be held, but as I said before, it is not possible to assign an arbitrary number of meetings to be held every year.

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

“That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, eight non-official members to serve on the Standing Committee on Emigration.”

The motion was adopted.

#### ELECTION OF THE STANDING FINANCE COMMITTEE.

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

“That this Assembly do proceed to the election, for the financial year 1940-41, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee.”

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

“That this Assembly do proceed to the election, for the financial year 1940-41, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee.”

**Mr. F. E. James** (Madras: European): Sir, I am very glad indeed that the Honourable the Finance Member has so quickly implemented his promise to give the House an opportunity of having either a Finance Committee or an Estimates Committee. We have preferred the Estimates Committee, and I want to put before the House our reasons for preferring this type of Committee. I understand that the Honourable the Finance Member has no particular choice in the matter if the House would prefer an Estimates Committee to the one he has now proposed. The matter was discussed on the 8th April, 1938, and on that occasion the then Finance Member, Sir James Grigg, pointed out the disadvantages of the Finance Committee. The disadvantages are really three-fold. First of all, the Finance Committee only considers expenditure regarding the new services, and such proposals as are regarded as new services are placed before the Committee shortly before the Finance Member's Budget is introduced in the House. I have been on that Committee for some years, and so has my friend, Mr. Ramsay Scott. Therefore, I can speak



from experience. We found, either that the time was not adequate to give full consideration to all the administrative aspects of the new proposals, or that those proposals were considered solely from a political aspect. When, shortly before the Committee was finally not re-elected, most of the proposals which came before the Committee were regarded purely from a political point of view. Thirdly, Sir, once the Committee had already dealt with certain of these proposals, there was no means whereby, save on the initiative of the Government itself, these matters could be re-opened.

Now, what is an Estimates Committee? I take it that the Estimates Committee which the Honourable Member may agree to, if the House chose that form, would be on the lines suggested by Sir James Grigg. That Committee consists of 15 members with a non-official Chairman, with the Deputy Secretary of the Finance Department dealing with budgetary matters as Secretary. The terms of reference of the Committee would be, first to recommend changes in the form of the presentation of the estimates, and, secondly, to report what, in its view, could be achieved in the way of economies. Before that the Estimates Committee would be placed in possession of bloc estimates relating to various departments after they had passed the vote of the House, and the scrutiny of the departments would be detailed and continuous. Either Committee, whether it is the Finance Committee or the Estimates Committee, is of course an Advisory Committee, because neither Committee should be in a position to share or diminish in any way the final responsibility of the executive for ministerial policy. Therefore, from the point of view of policy, there is nothing to choose between them.

Let me remind the House that during the budget discussion this year, my friend, the Leader of the European Group, and others from these Benches, stressed the importance of a very careful and rigid scrutiny of the departmental expenditure of the Government of India. If that is what the House wants, then it cannot achieve that by the appointment of a Finance Committee, which merely deals with expenditure on new services. The Estimates Committee, on the other hand, will enable the House to achieve a continuous and detailed scrutiny of departmental expenditure. It will go on from year to year and the recommendations of that Committee will be recommendations made not on political grounds, not on grounds whether a new service should be admitted or not, but they will be based upon such economies as the Committee feels are possible in the departments of the civil administration of the country. I feel very strongly that the House will only achieve what it expressed as its desire during the budget discussions through an Estimates Committee. The Honourable the Finance Member is prepared to give the one or the other. He has offered to us on the one hand an Estimates Committee and on the other a Standing Finance Committee. He was offering in one hand something which is very useful and in the other hand a lemon. If the House really want something useful, I would recommend to them the Estimates Committee. If the House want a lemon and the Members want to go back to their constituencies and say, "I have got something" which is of no real value, let them choose the Finance Committee. For our purpose we would much prefer the Estimates Committee and I hope the House will take the same view.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): A discussion has arisen over the two Committees, but it is well to point out

[Dr. P. N. Banerjea.]

that the Estimates Committee is no substitute for a Finance Committee. Sir Hilton Young in his book on "National Finance" describes the functions of the Estimates Committee in these words:

"It has no responsibility for the estimates which it examines. It cannot reject or approve any estimate, nor can the minister in charge of any estimate be condemned by its adverse decision or relieved of his own responsibility. Its functions are those of a critic and scrutineer of details. In practice it takes a single estimate or group of estimates, . . ."

Thus it appears that it can only examine a very small part of the estimates in a year. He concludes by saying:

"There is a consensus that as an instrument of economy the Committee has not justified all of the high hopes that were held for it at its first appointment."

So far as regards the proposed Indian Estimates Committee is concerned, those hopes are not likely to be realised. The Finance Committee, as has been rightly pointed out by my Honourable friend, Mr. James, has also certain disadvantages. The Finance Committee in this country is really a substitute for the Committee of Supply of the whole House of Commons in Britain. The Committee of Supply goes through the entire body of estimates. It is not an advisory body but a body which can give effect to its decisions.

**The Honourable Sir Jeremy Raisman:** As I understand the position in England, the Committee of Supply is the whole House and corresponds to this House when it is dealing with the demands for grants.

**Dr. P. N. Banerjea:** The Committee of Supply is a Committee of the whole House, but it sits informally and its decisions are placed in the form of recommendations which are ratified by the whole House later on.

**The Honourable Sir Jeremy Raisman:** The reason why it is a Committee is in order to speed up the procedure of the House.

**Dr. P. N. Banerjea:** The business is less formal. In India the Finance Committee examines only the expenditure on new services, and to that extent the functions of the Committee are extremely limited. Still it would be an advantage to the elected representatives of the House to know what new expenditure is incurred and to record their opinion on it. Therefore, I do not think that there is any necessity for drawing any comparison between these two Committees. Both the Committees may be appointed, but if only one Committee is to be appointed, let us have the Finance Committee. For the last three or four years the Finance Committee has not been appointed. The reason was that in the year 1937 Mr. Satyamurti moved an amendment to a motion similar to the motion which has been moved by my Honourable friend, Sir Jeremy Raisman, today. His amendment was to the effect that the Chairman of this Committee should be a non-official; he also suggested that the functions of the Finance Committee should be enlarged. These suggestions were not acceptable to the then Finance Member, Sir James Grigg, and he refused to move his motion. I hope and trust that we shall for the present elect the Finance Committee, and if possible, later on we may have the Estimates Committee as well, because the functions of the two Committees are entirely different.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): My Honourable friend, Mr. James, has very prominently brought for the consideration of this House the proposal which the late Finance Member, Sir James Grigg, had made regarding the appointment of an Estimates Committee as a substitute for the general Standing Finance Committee which was till then functioning. My Honourable friend, Dr. Banerjea, has shown how the Estimates Committee itself has failed to fulfil the expectations formed of it even in England. The main point which this House has to bear in mind in connection with the Estimates Committee is this. No proposals are placed for consideration before the Estimates Committee before the estimates are passed. The estimate or budget is prepared and passed in the House, and after that budget is so passed, it is in connection with the expenditure to be incurred in pursuance of the recommendations of that budget that the Estimates Committee has got to do the work of scrutinising. It sits to consider the detailed points of expenditure out of the estimates that have already been sanctioned by this House. That is the position. In a way it does the work which the Public Accounts Committee does as regards the year for which accounts are complete. This Committee is expected to do that work while the expenditure is being incurred and spent but after it is sanctioned. In the case of the Public Accounts Committee we do that kind of work after the year is complete and the accounts for the year are ready.

**An Honourable Member:** Post-mortem examination.

**Mr. M. S. Aney:** The difference is this. Those who are conversant with the correspondence which took place in regard to this matter know that Sir James Grigg was not much pleased with the work of the Public Accounts Committee itself . . . . .

**The Honourable Sir Jeremy Raisman:** The Standing Finance Committee, not the Public Accounts Committee.

**Mr. M. S. Aney:** As regards the work of the Public Accounts Committee also there are one or two adverse remarks made by him which I do not want to read out. I mean to say that he thought that the Committee was going into unnecessary criticism and unnecessary details, and all that. That was his view. So, he wanted to find out some kind of compromise between the Public Accounts Committee and the general Standing Finance Committee and he tried to take his model from the Estimates Committee that was then in existence in England. My difficulty in accepting that suggestion is this. I certainly like that there should be a committee of this House which should be in a position to scrutinise the expenditure of the Government which has been sanctioned by this House during the year itself. So an Estimates Committee would no doubt be of advantage but at the same time I am not prepared to lose that little control which this House has got in the form of a general Standing Finance Committee, because the general Standing Finance Committee is empowered at least according to the practice that was in existence till then to go into all new expenditure, particularly that of appointments of new services which were to be made during the course of the year. It gave the House at least some idea as to what were the new services which are going to be introduced in the course of the coming year and what is the new expenditure which this House has got to incur on that account. This scope of the work of this committee was not sufficiently wide, that was the reason why my

[Mr. M. S. Aney.]

Honourable friend, Mr. Satyamurti, wanted to enlarge the scope of the work of that committee and also to enable the committee to work with greater latitude and liberty by having a non-official Chairman.

**Mr. F. E. James:** May I just interrupt my Honourable friend. Mr. Satyamurti is not here but may I remind my Honourable friend that he was in favour of an Estimates Committee rather than of a Finance Committee.

**Mr. M. S. Aney:** I do not deny that. Nothing that I have said was intended to convey that he was opposed to having an Estimates Committee. The suggestion that he actually made on the floor of the House was this. The result was that we had then neither the Estimates Committee nor the general Standing Finance Committee. That was the position in which we found ourselves for a period of three years. Now, I would like to have both and I would appeal to the Honourable the Finance Member that he need not hold out two things in his hands and say to us like little boys 'you must take this or the other'. We are entitled to say that you hold two precious things. Both have defects and advantages. We are prepared to have both with their defects and advantages. I suggest that the proposal as has been put forward now should be accepted and even if the Honourable Member may not initiate any proposition like that on his own responsibility we should try to place before the House proposals for an Estimates Committee at some later stage. We should accept the proposal as it is in the present form and make an attempt for the Estimates Committee at some other stage and in that I believe my Honourable friends of the European Group will support us because they want an Estimates Committee even if there is a general Standing Finance Committee or not.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): I take this opportunity to express my thanks to the Finance Member for bringing this Committee into existence after the lapse of three years. I think Mr. James will agree with me in this at least, that one of these two Committees, either the general Standing Finance Committee or the Estimates Committee is better than no committee at all, and the only question that is left is whether we should have an Estimates Committee or the Finance Committee. Now, the objects of both these Committees have already been explained in full by my Honourable friends, Dr. Banerjea and Mr. Aney, and, therefore, I need not repeat them. In fact, the thing which is exceedingly important and in which I lay very great stress is that in case of new appointments, especially under the present conditions when these appointments have to be made in larger number, it is necessary that all these new appointments should be scrutinised by a Committee of the House. Now, of course, its importance cannot be minimised, but on the present occasion its importance is much greater than its importance in normal time. Now, if we are given the choice of one of these two Committees, each time I will vote for the Finance Committee, because, on account of the special conditions which have arisen, scrutiny of expenditure by a Committee of the House is absolutely necessary.

As regards the other Committee, the Estimates Committee, my friend, Mr. Banerjea, has already dealt with it and I think Mr. James will probably do well if he reads about the working of the Estimates Committee

in books in the Library of the House. This Committee is not so useful as the Finance Committee. Of course, I would like to have both, because I would like to have the scrutiny of new appointments and also the scrutiny of the budget as a whole which the present Finance Committee does not do. The work of the Estimates Committee is done partially by the Public Accounts Committee by way of a post-mortem examination, but it does it too late. We should like to have both these Committees, because their functions are entirely different, but if one is appointed each time I will say we will have the general Standing Finance Committee. Therefore, I support the motion as it is now moved by the Finance Member. I hope he will reconsider the question of appointing an Estimates Committee, not in lieu of the Finance Committee, but in addition to it, at some later date.

**The Honourable Sir Jeremy Raisman:** Sir, my friend, Mr. James, has very correctly pointed out the exact scope and functions of the two types of committee. I myself am of opinion that the Estimates Committee is really a more educative type of institution because although it is true, as my friend, Mr. Aney, has remarked, that they deal with blocks of the estimates which have already been voted, it must be remembered that a large proportion of the standing charges come before the House again, year after year, and if an Estimates Committee works steadily through those blocks of estimates they are in a position to make recommendations which the Finance Department can take into account in framing later budgets. However, I indicated that I was quite prepared to leave this matter to the free choice of the House and my position is still that. In regard to the suggestion that the House should be given a third option now of having both committees, I must point out that we already have a Public Accounts Committee which sits for nearly three weeks in Simla and during that period the whole of my time and that of a considerable part of my department and important officers is entirely taken up with working through the accounts of the year which are being examined. Now, we have the Standing Finance Committee which will meet from time to time during the year, and it will be necessary for myself and certain of my officers and officers of other departments to be in attendance on that committee. If to this were to be added at the same time a third committee, namely, the Estimates Committee, for which material would have to be prepared, the officers not only of my own department but of all other departments would have to be in attendance to answer enquiries and give evidence. The degree of interference with and interruption of the ordinary work of the Secretariat would really become very serious indeed. Therefore, I regret that I must maintain the attitude of my predecessor in this respect which I think is summed up in the words of a famous song. "How happy could I be with either, Were t'other clear charmer away".

I think that was Sir James Grigg's attitude, and for three years neither Committee was in existence.

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

"That this Assembly do proceed to the election, for the financial year 1940-41, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of members for the Standing Finance Committee for Railways, Central Advisory Council for Railways, Standing Committee for the Labour Department, Standing Committee for the Department of Commerce, Standing Committee on Emigration and the Standing Finance Committee, the following dates have been fixed for receiving nominations and for holding elections, if necessary, namely:

	<i>Nomination.</i>	<i>Election.</i>
1. Standing Finance Committee for Railways . . . . .	20th March.	28th March, 1940.
2. Central Advisory Council for Railways . . . . .	29th March.	1st April, 1940.
3. Standing Committee for the Labour Department . . . . .	20th March.	28th March, 1940.
4. Standing Committee for the Department of Commerce . . . . .	19th March.	27th March, 1940.
5. Standing Committee on Emigration . . . . .	19th March.	27th March, 1940.
6. Standing Finance Committee . . . . .	20th March.	29th March, 1940.

The nominations for all the Committees and the Council will be received in the Notice Office upto 12 Noon on the dates mentioned above for the purpose. The elections which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will be held in the Assistant Secretary's Room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M.

#### THE INDIAN MINES (AMENDMENT) BILL.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Mines Act, 1923.

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

"That leave be granted to introduce a Bill further to amend the Indian Mines Act, 1923."

The motion was adopted.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I introduce the Bill.

#### THE EXCESS PROFITS TAX BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Excess Profits Tax Bill, clause by clause. The question is:

"That clause 6 stand part of the Bill."

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : Sir, I move :

“That to sub-clause (1) of clause 6 of the Bill the following further proviso be added :

‘Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period.’”

Sir, the purpose of this amendment is very simple. It has been provided in the Bill that ten per cent. profit on the capital invested in the business will be taken as a statutory percentage for the purpose of calculating excess profits for such concerns which have come into existence after March, 1936. This equitable principle having been accepted in one case, the amendment seeks only to give the same facilities to those merchants who are trading in foreign countries and have got their offices in foreign countries. Remittance having been the basis before 1938; these people did not feel the necessity for bringing their books from foreign countries. I need not explain in this connection the difficulties that will be experienced in bringing the books, as that point also was fully debated upon at the time when the Income-tax Bill was under discussion. I understand from merchants that they do not even prepare their books of accounts on strict lines of the system of book-keeping and accountancy. The bringing of books, prior to the year 1938, was not at all necessary as the Income-tax Department did not require those books at all and the income-tax was charged on the remittances that were received here. I hope the Honourable Member will appreciate the point and would be better advised if he gave this particular facility to the merchants who are trading in foreign countries. I think it will also make the work of the officer easier because it is easier to calculate the statutory percentage of profit on the capital involved in the business rather than examine the entire set of books. That being the case, I hope the Government will accept this amendment as there is no chance of any loss of revenue in the total collection on the basis of calculation for taxes. Normally, the profits of the business of these people, particularly those who are trading in foreign countries, are not expected to be anything above ten per cent. on the average. That is why I do not seek anything which may amount to any substantial loss in revenue or which may amount to something which may reduce the tax substantially and may change the entire financial position as estimated. By moving this amendment I only propose that the Government should give a little facility in the matter of calculation to their own officers and to those merchants who are having their offices in foreign countries. To ask these merchants to bring their books from 1936 onwards is rather putting them to such difficulties which amounts to harassment for no purpose. That is the simple provision I want to be made in the Bill. This being the purpose of my amendment, I hope the Government will accept it without any difficulty in the matter.

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

“That to sub-clause (1) of clause 6 of the Bill the following further proviso be added :

‘Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period.’”

**Mr. Lalchand Navalrai** (Sind : Non-Muhammadan Rural) : Sir, I rise to support the amendment. It is quite plain that this amendment again has relation only to those Indian merchants who trade abroad.

**An Honourable Member** : It relates to Sindhi merchants.

**Mr. Lalchand Navalrai** : I said Indian merchants. I would be glad if it is even restricted to my Sind merchants. All the same, it applies to others also. We cannot hide that fact. My Honourable friend, Mr. Chambers, said that such people are very few in Sind and, therefore, it is no use giving them these facilities which could have been given only if there were many such merchants.

If you can help those who go abroad and bring money here and make use of that money here, it will be very good. Their money is useful here. I, personally, know of Sindhi merchants in Hyderabad, Sind, who actually bring money from outside and make use of it in many ways in helping the public. What they are asking is only a facility. Now, by this amendment what they are asking is that the determination of the standard profits should be made in a particular manner. It should not be in the way of creating any difficulties for them and also difficulties for the Government. They want that the standard profits should be determined by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period. Now, Sir, this way of determining the standard period has been acceded to by the Government, but is being restricted to certain classes of profits. When the conditions and the position of these merchants abroad are also different from those who have been trading in India, then why not extend that facility to them also. The reasons they have given are very clear. The House knows that before 1938, the procedure by which income-tax was levied was on the basis of actual remittance to this country. That is to say whenever money is brought here from foreign countries, they were charged income-tax. In those days there were no difficulties in bringing money here and, therefore, they were charged on a remittance basis. There was then no question of keeping any accounts. The Government also were not put to the trouble of going through their accounts and finding out how much they were liable to assessment. But, by the present method of Government, which is based on the accrual system, they are assessed income-tax. By that accrual system it is very necessary that their accounts should be examined to find out what that accrual basis is. It was made clear during the debate on the Income-tax Act and also it has been made clear now, that those account books are such that they cannot easily be brought over here. Of course, they have also got very many difficulties in bringing them over here. It might be said that they can bring over these accounts in a statement audited by some auditor. But then that would not apply in this case. When there was no accrual basis, they actually kept no proper accounts and so they cannot be properly audited now and a declaration made that these are the proper accounts. That will be a difficulty not only to the businessmen but also to the Government. I submit this should also be taken as an exception to determine the standard period by certain number of years. Since you have given the concession to those traders who have come into existence after 31st December, 1936, you must apply the same principle to these men also. This amendment claims that and requests the Government to consider that.



There is also another difficulty as regards the accounts of these Sindhi merchants. Owing to the inherent difficulty of Sindhi merchants, most of the firms do not close their books every year. Here also they find the accounts written not in English character, but in some different character, i.e., Hindu-Sindhi, which, of course, very few can decipher (Interruption). It will also be difficult for my Honourable friend, Sir Abdoola Haroon, to read out what his writer writes. I do not suppose you want to follow this method of keeping accounts. You are more shrewd. I submit, therefore, that in the case of these men also, give them the concession and apply the general principles which applies to businesses started after 1936. As regards the books the business is managed there by working partners who remain at the place of business for three or four years and when their term expires they are relieved by other working partners from India. The accounts are adjusted only once on the expiry of the term of the working partner in charge of the business . . . . .

**The Honourable Sir Jeremy Raisman** (Finance Member): The Honourable Member's point is not relevant to this amendment.

**Mr. Lalchand Navalrai:** I am only giving the reasons.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the amendment.

**Mr. Lalchand Navalrai:** The point is this. I started by saying that the main reasons for giving them this concession which I am asking is because they do not keep proper books and the Government also will be handicapped in fixing the proper assessment. I hope I have shown fully that the case of foreign merchants is different from Indian merchants. These persons who trade outside India have got their own difficulties so they must be given this concession that is being asked for by this amendment. Sir, I support the amendment.

**Mr. Husenbhai Abdullahai Laljee** (Bombay Central Division: Muhamadnan Rural): Sir, I rise to support the amendment that has been moved: I do not think many words are required from me after what my Honourable friends, Mr. Nauman and Mr. Lalchand Navalrai, have said. So far as I am concerned, it is not only the Sindhi merchants alone, but all the other classes of merchants as well who trade in outside places and I regret that it is very difficult to get even statistics of them. I want to make this point clear because during discussion on the last motion Mr. Chambers wanted to draw my attention to the fact that those Indians who are permanently there are not taxed at all. Surely, that cannot be done and they cannot be taxed further because they are never approachable. What I am concerned with I repeat is with regard to interest of the large number of people of this country trading outside whose record, unfortunately, is not found because of the lack of any interest in them by the Government and the public bodies. However since we know very well their difficulties it is no use my stating again in detail all those difficulties and handicaps under which they work. I only hope that taking into consideration all the great and various difficulties that they are in and the circumstances which I have explained exist with regard to their business in my previous motions, I do hope and trust that in all fairness the Government will accept this amendment which is entirely fair and equitable.

**Mr. S. P. Chambers** (Government of India: Nominated Official): Sir, I oppose this amendment. We are asked to believe that a number of merchants who are ordinarily resident in India have not kept accounts in respect of business carried on, on their behalf, abroad by other persons, where the total income so carried on exceeds Rs. 30,000. And then we are asked to give special consideration to those persons who do not keep books in respect of that business. In the first place, I doubt whether there are many persons who will trust other persons to carry on business abroad and who keep no adequate records of that business. Secondly, the amendment does not merely deal with those who fail to keep proper records; it covers all persons. Here again it covers the large corporations to which I referred some days ago. All these concerns are under this amendment to be entitled to an additional option under the Bill. Let me, however, admit that there may be a few cases in which, owing to the peculiar system of keeping accounts, it is difficult to determine the standard profits accurately for years which have already passed. Even so, for those persons it will be necessary under this amendment to determine the amount of capital employed. Without knowing what the profits are, without keeping proper records, it is almost as difficult to determine what the capital is as it is to determine what the profits are. I suggest, therefore, first of all, that the amendment goes too far; secondly, that for the genuine cases which it is sought to meet it does not go far enough. However, I have admitted that there may be some cases in which there are inadequate records and that it may be difficult to determine the standard profits. The Bill already provides for this method of assessment: under clause 14 of the Bill the Excess Profits Tax Officer merely has to determine to the best of his judgment what the excess profits are on the basis of the evidence before him. He cannot ask for the impossible. If there were no good records it is no good his asking for good records. He must, therefore, determine the standard profits, that is in a case such as this case the profits of the standard period, to the best of his judgment relying upon such evidence as is available. Having done that he then determines the excess profits made in the chargeable accounting period. If he has dealt unfairly or harshly with the assessee the assessee has a right of appeal to the appellate Assistant Commissioner or, after the 1st April, 1941, to the Appellate Tribunal. He can also go to the Board of Referees and he can also go to the Central Board of Revenue under clause 26. I suggest, Sir, that for those cases in which inadequate records have been kept where these traders have been trading abroad and making more than Rs. 30,000 in a standard period and making an excess profit in the chargeable accounting period, the reliefs which are already provided in the Bill are adequate and that this amendment is unnecessary. Sir, I oppose.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, none of the speakers in favour of the amendment contended that these traders trading abroad do not make good profits or that they should not be assessed to this tax. Their contention is that, situated as they are, and considering the way their business is carried on, it is almost impossible for them to keep any regular accounts as is done in other kinds of business. My friend, Mr. Chambers, said that he finds it difficult to believe that any businessman can trust another businessman to carry on business on his own responsibility and without keeping any regular accounts. But this is a fact which cannot be denied. These Sindhi merchants carry on business in partnership. One of the partners

carries on the business outside India for a number of years after which another partner goes out to take charge and he carries it on for another number of years. The principle underlying it is that, if one partner proves to be dishonest, the other partners have the same opportunity of being dishonest when their time comes. But generally they trust each other, and I hope that, if Mr. Chambers is satisfied as to the correctness of these facts, he should give the concession to these foreign traders. They do not want to escape the assessment. They only point out the difficulty in their way and ask that the statutory percentage principle which has been already conceded should be applied to them. I trust my Honourable friend will realise the position and give them the concession they ask for.

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

"That to sub-clause (1) of clause 6 of the Bill the following further proviso be added:

"Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period."

The motion was negatived.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I beg to move:

"That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be—' the following be substituted:

'(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater.'

The object of my amendment is to replace the alternatives given in sub-clause (b).

In the original proposal only three alternatives were given, i.e., the year 1935; 1936 or 1937 combined with 1935; 1937 combined with 1936. Then a fourth one was added by the Select Committee, to add one more year, that is, 1938 combined with 1937.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Already there were four.

**Dr. Sir Ziauddin Ahmad:** 1935 and 1936 are spoken in a different manner. It depends on how we consider it. The first year is 1936 if you like: then 1936 and 1937 separately, 1938 combined with 1937, or 1938 combined with 1936, and now a new option has been added by the Select Committee of 1939 combined with 1938. We noticed that different industries have been benefited in a different way in a different year. Certain industries, especially those in Bengal, were benefited in 1935 and 1936 but not in 1937 or 1938; while on the other hand cotton mills and iron and steel and coal were benefited particularly in the last two years 1937 and 1938. Therefore in order to be fair to all the industries and evolve a new formula it is very desirable that we should take the average of the four years together, that is 1935, 1936, 1937 and 1938. If we take the industries together and not any particular class of industry, then we find that taking the average of 1928 to be 100, the profit index of all the

[Dr. Sir Ziauddin Ahmad.]

industries was 69 in 1935, 63 in 1936, 61 in 1937 and 71 in 1938: if we take the average for all industries it comes to 66, which is very fair. No particular industry will be losing and we will evolve a uniform formula if we take the average of all the four years. We had enormous difficulty by adding a fourth option in the Select Committee, that is, 1939 and 1938. This particular option will be discussed on my next amendment—I shall not discuss it in detail now—but on a very modest calculation this particular option will cost the exchequer about two crores of rupees, and that is a very big slice to give up.

I would have supported any reduction in the tax provided that the incidence fell entirely on the Finance Member, but if the incidence of reduction falls upon the taxpayers of other classes, then we will have something to say. If the Finance Member must collect so much amount, then it ought to be collected from those who can afford to pay: the burden should not fall upon those who are already feeling a great deal at present on account of the rise in prices owing to war conditions. The question is not whether this particular tax is fair or not, or whether we can show a little more leniency to those whom I may call as those on whom wealth is rolling. Had it been entirely given up, I would certainly say, give them up altogether. Nobody likes taxation. Everybody hates it and I hate it just as much as anybody else: but if the taxes are to be imposed then they ought to be imposed on those who are able to bear it. . . .

**An Honourable Member:** Like Mr. Bajoria?

**Dr. Sir Ziauddin Ahmad:** My friend interrupts and rightly that if taxes are to be levied on Members of the Assembly, I would certainly suggest two persons, one to my right and the other to my left. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can go on with his speech after Lunch.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

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**Dr. Sir Ziauddin Ahmad:** Sir, before lunch I was discussing that the four alternatives which we have offered in this Bill are confusing, and to do justice to everybody it would have been better if we had adopted uniformity for all the industries in India, and that uniformity which is just and equitable is that we should take the average of the last four years. I have not worked out the figures in detail, but I see that justice is not done to any industry if we follow this particular practice. There are certain industries which are specially benefited by the addition of sub-clause (d), but they are protected industries and are a class by themselves, and therefore we need not seriously consider them. Now, if we take the average of the last four years, then the index of the profit of all the industries taken together is about 66, taking 100 as the profit in 1928. In

the case of cotton mills, their index will 145, which is a very good average; in the case of Iron and Steel, it works out to 225, which is  $2\frac{1}{2}$  times the profit of 1928: and the coal will be 88.5. No doubt they will be well off if we take the last 4 years' average. I have added one other thing, and that is, I have given them the option of having the statutory profit. That puts them in a very favourable and advantageous position. There are some industries in which the profit is not very great, although they have large sums of money. To such I am willing to give a benefit of eight and ten in the case of old industries, and ten to twelve in the case of nascent industries, leaving them to decide whether they will have the statutory profit or the flat rate, i.e., average of the last four years. If we follow this practice, it will be equitable to everybody, but the people who will be specially benefited by the mistake which, in my opinion, we made was by adding clause (d) to sub-clause (6), and those people will oppose this suggestion tooth and nail because they will have to pay a large sum of money which will ultimately come from the pockets of the poor consumers and the taxpayers on a small scale. It is pity that on account of my engagement in the House I did not have the opportunity to discuss the details of these options in detail in the Select Committee stage, and therefore I have no other alternative but to discuss it here, and I think everybody will agree—and the Central Board of Revenue can verify it—that by adopting this uniform principle it will do justice to everybody, that is to say, take the average of the last four years, and give them the option to take either this or to take the statutory profit whichever is best suited to them, and not to give option to the Income-tax officers to decide. I cannot think of any arrangement more just and equitable than this, because in that case we eliminate altogether the special circumstances in which a particular industry may have enjoyed the benefit. Though the war did not really commence till the 1st September, 1939, still the conditions produced by the war in some other countries had been created with respect to certain industries in India, and they were benefited, and they made unfair use of high tariff wall. We know very well that the iron and steel industry as well as the textile industry from whom the opposition will come with greater force and vehemence are just the industries which have no business to charge high prices. We have given them protection by assuming and fixing a fair selling price, and when we have given them a profit of eight per cent. over and above other things, they have increased their prices, I think it is very reasonable that we should give them the statutory profit and also the benefit of the profits they have made during the last four years. Therefore the suggestion I make will appeal to every one to be reasonable and just, in fact this suggestion should have come from the Treasury Benches at the very commencement, instead of leaving the options from A to E taking note of the average of the last four years. With these words, I move my amendment.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Amendment moved:

"That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be—' the following be substituted:

'(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater'."

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, my friend, Dr. Sir Ziauddin Ahmad, has moved this amendment with the intention that every industry should be treated with equity and justice. If the meaning of equity and justice in his dictionary is that each and every industry should suffer and pay much more than the Bill as it has emerged from the Select Committee provides, he could not have moved a better amendment than this . . . . .

**Dr. Sir Ziauddin Ahmad:** You should contribute uniformly to the exchequer.

**Babu Baijnath Bajoria:** "Should contribute uniformly to the exchequer" according to this amendment would mean that all industries and business should contribute uniformly a greater amount to the exchequer. I would explain this from the very chart which Dr. Sir Ziauddin Ahmad has given in his Minute of Dissent. Take the case of Cotton mills. At present the cotton mills will naturally choose the option given in part (d) of clause 6(1) which will give them the average of index Nos. 138 and 253. Now, if they have to pay on the average of the last four years, they will have to add to these two figures the index figures of 89 and 99 which are less than the two figures for the years 1937 and 1938, just quoted, and so they will have to pay much more if the averages of the four years have to be taken instead of the average of the years 1937 and 1938. Take the case of Jute mills; at present they will take the option of the year 1935. The index figure for this is only 40. If his suggestion is accepted, the average of the years will be 40 plus 26 plus 11 minus 8, the average will thus come to about 17 instead of 40. Similarly, in the case of iron and steel. In 1937 and 1938 they have got 209 and 311, and I find that the industry will have to pay much more if this amendment is accepted. Same is the case with sugar, paper and all those industries which have been mentioned in his chart. I think my Honourable friend is more eager to get more money from the taxpayer than even the Finance Member. This amendment is even much more exorbitant than the Bill itself. I strongly oppose the amendment.

**The Honourable Sir Jeremy Raisman:** I believe that if one were certain that the war is going to last four years or longer, there would be a great deal to be said for a tax on the basis which my Honourable friend, Dr. Sir Ziauddin Ahmad, has proposed. But it would, as the last speaker has pointed out, have a much more drastic effect than the Bill which is now before the House. It would particularly operate against industries which have had successful periods during the four years in question but which have also had bad periods. The scheme of the Bill, as it has emerged from the Select Committee, is to allow businesses to choose either a single year at a time which is somewhat remote from the beginning of the war, that is, years 1935 or 1936, and then as you get nearer the period of the war, to allow them to choose the average of two years, the best which they can find, including, of course, the last two years 1937 and 1938. That is undoubtedly much more favourable to industries than what my Honourable friend has proposed. But having come before the House in the first instance with a different type of scheme and having, after long discussion and negotiation in the Select Committee with the doughty champions of industry, accepted the basis more favourable to the taxpayer I do not feel that it is open to me to grasp at the tempting bait which my Honourable

friend now puts before me. I regret, therefore, in many senses that I must oppose this amendment.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be—' the following be substituted:

'(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater'."

The motion was negatived.

**Dr. Sir Ziauddin Ahmad:** No. 46 is consequential to No. 47, and so I do not move it. I move No. 48. I move:

"That in part (a) of sub-clause (2) . . ."

Sir, this should be "part (d) of sub-clause (2) . . .".

**Mr. Deputy President (Mr. Akhil Chandra Datta):** If this is a mistake, and if it should be "part (d)", it will come later on. We are now dealing with part (a). No. 49, Mr. Bajoria.

**Babu Baijnath Bajoria:** I move:

"That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words 'the year ending on', where they occur for the first time, the words and figures 'the 31st March, 1936, or the previous year as so determined for the year ending on' be inserted."

The effect of my amendment will be to give an additional option to the assessee to take the profits of the year 1934-35 as the standard period. I will give my reasons for moving this amendment. This is based on equity and justice. I will prove this from the chart which Dr. Sir Ziauddin Ahmad has appended to his Minute of Dissent. This amendment of mine will be of special advantage to the jute mills in Bengal and to the jute trade generally in Bengal. The jute trade has been very unjustly treated under the options of standard profits as stated in the clause as it stands at present. I will explain this. (Interruption.) I won't raise any provincial issues. I am very glad that Bombay cotton mills have got more, iron and steel have got more, and I want that Bengal also should be reasonably treated. Here you will find that the best period which it can choose from the standard periods which have been given in the Bill is the year 1935. The index figure for that period is only 40, as compared with 100 in 1928, whereas the industries, say—the cotton mills will have an average of about 200 if they take the basis of the combined profits of 1937 and 1938. Same will be the case with tea which has 108 in 1937 and the figure for 1938 is not given. The index figure for iron and steel will also be 250. For sugar also it will be about 140, for paper about 185. The best that jute can get is only 40. Is this fair and just I ask the Finance Member? Jute mills can have only 40, as against over 100, 200, etc. in the case of other industries.

**The Honourable Sir Jeremy Baisman:** If the Honourable Member is asking me whether the jute industry has not been unfairly treated as compared with other industries, my answer is emphatically in the negative.

**Babu Baijnath Bajoria:** When the Honourable Member replies to me he will explain how I am wrong, and I shall be very pleased if I am wrong. But, as the figures stand, I think that the jute industry has not been properly treated. If this amendment is accepted, as the year 1934 is a little better than 1935 and so the jute industry can have a better option than index No. 40. I would request the Honourable the Finance Member to accept this amendment.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Amendment moved :

“That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words ‘the year ending on’, where they occur for the first time, the words and figures ‘the 31st March, 1936, or the previous year as so determined for the year ending on’ be inserted.”

**Dr. Sir Ziauddin Ahmad:** In my previous speech, I gave Mr. Bajoria a very good offer and that offer was that if he is not satisfied with the low profits in the jute industry, they were given the option to choose the standard profit which is eight or ten per cent. but he rejected the offer and also spoke against it. After speaking against such a good offer which I have presented him for the benefit of the jute industry, I do not think it looks nice that he should move another amendment when he explicitly rejected a very good offer which I made just two minutes ago. While going through the figures carefully I had in my mind all the time that there are certain industries which have not been doing well for the last four years and the best thing for them would be to choose the standard profit which is 8 and 10, 10 and 12, which is a very reasonable one in these days when the bank rate of interest is only three per cent., but after rejecting a good offer he comes forward now to open out a new door through which not only the jute mills will pass but many other persons will also pass. If my friend brings forward any proposal by which the jute industries will be benefited, I will support him but when I tried to do justice to him he himself rejected the offer very vigorously.

**The Honourable Sir Jeremy Raisman:** I must oppose the proposal to extend any further options under the Bill and in reply to my Honourable friend, Mr. Bajoria, who asked whether the jute industry was not particularly harshly treated under the measure I said in an interruption that my answer was an emphatic negative. I cannot at the moment lay my hands on an analysis which I have seen of the effect of the measure as it emerged from the Select Committee on the jute industry but even the original Bill which was regarded as a much more drastic measure evoked the following comments in *Indian Finance* of February the 10th. With your permission I will read two or three sentences :

“A table is published elsewhere in this issue showing the position of the important jute companies in relation to the Excess Profits Tax Bill published recently. It will be seen that most of the important companies are affected by E. P. T. only after a high level of earnings is reached. In the case of Anglo-India, for instance, profits are taxable only after 30·26 per cent. is earned on ordinary capital, in the case of Agarpura 52·15 per cent, Fort Gloster 40·59 per cent, Gourepore 40 per cent, Kamarahatty 44·78 per cent, Kanknarrah 37·16 per cent, Northbrook 31·09 per cent, and Reliance 58·86 per cent.”—

and the article goes on to indicate the effect. I suggest that viewed in relation to amendments which are attempting to ensure to assesses a standard profit of eight per cent. on their capital these figures indicate that the jute industry at any rate was not likely to be particularly severely affected by the measure. Sir, I oppose the amendment.



**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words 'the year ending on', where they occur for the first time, the words and figures 'the 31st March, 1936, or the previous year as so determined for the year ending on' be inserted."

The motion was negatived.

**Mr. Lalchand Navalrai**: Sir, I move:

"That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end:

'or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940'."

The object of this amendment is to allow the year 1938-39 to be adopted as a standard period in respect of foreign incomes. With regard to foreign incomes, I have tried to get some concessions. Two amendments hereafter are being accepted but I want a third and it is with that object that I have moved this amendment to persuade the Honourable the Finance Member to give this concession also to these foreign Indian traders. Now, Sir, in the case of these Indians trading in the foreign countries they used to be charged on the remittance basis but then, until the year 1938-39, they were taxed on the remittance basis and the accrual basis was adopted only in the year 1938. So then as the Excess Profits Tax is to be levied on accrual basis and the income of the standard period is to be determined on accrual basis there is no standard period available except the year 1938-39. It is quite plain on account of the accrual system that they now keep very regular and accurate accounts. Therefore, to find out the standard period, it is quite plain that they can also give the option for 1938-39, so that they will find accurate accounts and the standard period will also be considered to have been reasonable and a right one. Now, of course they were keeping the accounts before but they were not properly kept in such a manner that they can be called accurate accounts. Therefore, you cannot find out the standard period on those accounts. It is no use your wasting time over them. Therefore, give convenience to these people and give option for the year 1938-39 and on that account it will be that these men will also be in a position to show their standard profit on a certain fixed basis. Otherwise, there will be difficulty both to the Government as well as these men. By this amendment a little option is given to them but they are not going to be let off. They are going to pay all the same but when you are so generous to give options, give this option to these men also. I hope that this amendment will be accepted by the Government.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end:

'or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940'."

**Mr. Muhammad Nauman**: Sir, I rise to support this amendment. I think the amendment has been necessitated because the first amendment that I moved was not accepted by the Government wherein I said that ten per cent. statutory profit should be the basis of calculation. Anyhow, this is more modest and I hope Government will not see any difficulty in

[Mr. Muhammad Nauman.]

accepting this at least. It is more suitable in the sense that actually the method of calculation of all the merchants who have foreign offices is based on accrual basis in 1938 and that is the only year for which Government can have a record. Previous to that, Government have not got records at all and I think it would save the difficulties of the merchants and of the officers of the Government if that particular year is accepted as a standard year. I am not in a position to say or calculate or stipulate or even speculate upon what difference it would make in the amount of the tax estimated but I will take this opportunity of replying to the speech which Mr. Chambers delivered on behalf of the Government when he wanted that my amendment should be negatived. He said that it was very difficult to believe that those merchants in foreign countries were not having regular books of account and were doing all business without any account. My submission on that point is that it was not at all the statement that I made and never have those merchants submitted that they were doing their business without any accounts. What I submitted was that their accounts were not based on a particular book-keeping system such as prevailed in the system of accountancy. They have their own methods of accounting to find out their profits and losses. Everybody, even a "Biriwala" or a "Panwala", has some sort of account but at the same time it cannot be expected that they do have any account which the Government will be prepared to accept. That is the difficulty. So I thought it would be more feasible if the Government had accepted a certain stipulated profit and made a statutory profit on the working capital, but that not having been done, I think this amendment is more modest because it says that 1938-39 should be taken as a standard year for the calculation of the profit.

Now, Sir, for the purpose of the income-tax, these merchants were never required to bring their books of 1936-37 from foreign countries and, naturally, they have not got those books here and enormous difficulties may come in their way in bringing them out here. All this can be avoided without any substantial loss in taxation if the Government would only accept that 1938 should be taken as a standard year for those people who have their business in foreign countries. I do not suppose I need dilate on this subject any more because the matter is so clear and I hope Mr. Chambers is fully alive of the effect it will bring and will accept this amendment without much ado. With these few remarks I support the amendment.

**Mr. S. P. Chambers:** Sir, I am afraid I must oppose this amendment again. The arguments in favour of it are precisely the arguments in favour of No. 45. It is merely a matter of saying: "Under 45 we asked for one premium for not keeping good books and, as we were refused that premium, give us this other premium we ask for in No. 50." Under 45 you asked for the statutory percentage and under this you are asking for a different year. That is all it comes to and the arguments are substantially the same. I appreciate what my friend has just said about not keeping books in a form which was suitable for income-tax purposes. I understand that it is a practice or was a practice to keep books and not to close them for three or four years at a time. I fully understand that, and I am

interested to learn that to some extent records are available even though they have not been closed for two or three years.

**Mr. Muhammad Nauman:** Sometimes they cannot be brought down here. That is the difficulty which has been explained in this House on many occasions.

**Mr. S. P. Chambers:** On the question of the records themselves, the position is, therefore, somewhat better than what I thought it was when I was speaking on No. 45. In relation to No. 45 I had the impression from Honourable Members' speeches that there were no records. Now, I am told that there are records but the books have not been closed and they are not in a suitable form. The reply is exactly the same, but in so far as there are records available every effort must be made by the Excess Profits Tax Officer to arrive at the standard profit in the standard period from the materials put before him. If he does not do that as well as the assessee wishes, the assessee can appeal.

There is one further point about the production of books from a distance. I cannot quite follow that point because I should have thought that it would have been easier to have produced books in respect of long past years than in respect of a year which has only just been completed. But on the whole subject of the production of books and records from a distance, may I remind the Honourable Member that Sir James Grigg, when he was Finance Member, gave an assurance that instructions will be issued that books should not be called for if audited accounts were available in this country or—he went a step further—if it was at all possible to arrive at the profits without calling for books. That assurance can be repeated for Excess Profits Tax. If it is at all possible to arrive at the profits without calling for the books, then that course will be taken, and instructions will be issued to that effect. But the amendment as it stands cannot be accepted. Sir, I oppose the amendment.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is :

“That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end :

‘or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940.’”

The motion was negatived.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** On account of somewhat unfortunate circumstances, the Chair is in the painful necessity of passing over the next amendment (No. 51) and the other amendments to this clause, and the Chair proceeds to clause 7. The Chair will come back to these amendments after the return of the Honourable the President to the Chair.

The question is :

“That clause 7 stand part of the Bill.”

**Maulvi Muhammad Abdul Ghani** (Tirhut Division : Muhammadan) :  
Sir, I beg to move :

“That to clause 7 of the Bill the following proviso be added :

‘Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.’”

Sir, there are certain persons who are in the habit of taking shelter in Indian States. You know, Sir, that at the time of the passing of Children’s Marriage Restraint Act, innumerable persons took advantage of the words “Indian States” and celebrated such child marriages contrary to the provisions of the Act. Such will be the case here too. They will take shelter in Indian States and try to evade extra profits duty. I hope the Government will accept this amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : Amendment moved :

“That to clause 7 of the Bill the following proviso be added :

‘Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.’”

**Mr. S. P. Chambers** : Sir, I oppose this amendment not because I disagree with the principles advanced by my Honourable friend but because the amendment is entirely unnecessary. Under the Income-tax Act, as amended, a person ordinarily resident in British India is chargeable on his full profits and not on the amounts remitted to British India. That applies to all profits arising abroad whether they arise in Indian States or overseas. Therefore, all the profits in question are already chargeable directly to excess profits tax and, therefore, this amendment is unnecessary.

**Dr. Sir Ziauddin Ahmad** : Sir, this is no doubt one point of view which Mr. Chambers has just expressed. We have been discussing this morning and even last time to give some kind of benefit to foreign income, and the difficulty which I expressed was that foreign income includes income derived in Indian States and if we accept any of their previous amendments, the result would have been that our industries would have been shifted from British India to Indian States. It is exceedingly difficult really to have a clear line of demarcation for economic purposes between India and the Indian States. I think the whole thing would be simplified if we have one economic law for both India and the Indian States. Customs and all these things ought to have been uniform and that would very much simplify the matter. I have very great sympathy with principles of the amendment which has just been moved by my Honourable friend, Maulvi Abdul Ghani.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : The question is :

“That to clause 7 of the Bill the following proviso be added :

‘Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.’”

The motion was negatived.

**Mr. Muhammad Nauman:** Sir, I move:

"That to clause 7 of the Bill the following proviso be added:

'Provided further that if a loss occurs on the profits of any chargeable accounting period by reason of depreciation in exchange at the time of removal of prohibition or restrictions on the remittance of the profits of the chargeable accounting period, the loss shall be deemed to be a deficiency of profits and relief shall be provided as if the said loss were a deficiency of profit, by repayment or readjustment of the excess profits tax notwithstanding the fact that when the said loss occurs the Act may not be in force.'

**Mr. S. P. Chambers:** Sir, may I just interrupt the Honourable Member, if he will permit me to do so, just to say that no opposition need be expected from Government to amendment No. 117 which covers the same subject matter. I draw the attention of the Honourable Member to this point so that he may not make a long speech.

**Mr. Muhammad Nauman:** I am glad that my Honourable friend appreciates this fact. I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is: "That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is: "That clause 8 stand part of the Bill."

**Mr. S. P. Chambers:** Sir, I beg to move:

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act except for the purposes of determining the amount of the statutory percentage' be substituted."

Sir, the object of this amendment is to treat as new businesses for the purpose of computing the standard percentage in clause 2 only those businesses which are genuinely new businesses. Where there has been merely a change in partnership or a change in ownership in an old business, there is no occasion to give a higher statutory percentage. Without this amendment, they would be deemed to be new businesses for all purposes of the Act.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Amendment moved:

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act except for the purposes of determining the amount of the statutory percentage' be substituted."

**Babu Bajjnath Bajoria:** Sir, I should like some points to be clarified as regards this clause about succession and amalgamation. The first point is this. Will not the effect of this amendment be this? Supposing a business has been sold to a different party altogether. The successor has got no concern whatsoever with the predecessor in business. Who is going to pay the tax? Supposing in one chargeable accounting period, party A was the owner of that business for five months and for the next seven months party B, quite different person from A, owns the business.

[Babu Baijnath Bajoria.]

It is not the case of a change in partnership or the death or retirement of a partner. Who is going to pay in that case? Will it mean that the party purchasing the business is going to pay for the whole year, even for that part of the year in which the selling party was the owner and appropriated the profits to himself?

**Mr. S. P. Chambers:** Sir, may I explain? Under sub-clause (1) of clause 8, a business is deemed for the purposes of this Act to have been discontinued and a new business to have been set up as from the date of sale or change in ownership. When we have, therefore, treated the business as a new business we then turn back to the definitions of accounting period and chargeable accounting period, and that is related to a business. Therefore, when a business is deemed to be a new business a new chargeable accounting period is automatically started and the chargeable accounting period of the old business automatically ceases. And, therefore, the tax is payable by the person carrying on the business up to the date of change in respect of the profits up to the date of change, and thereafter by the person who succeeded him.

**Babu Baijnath Bajoria:** That is all right, but what about this amendment moved by my Honourable friend that it will not be deemed to be a new business so far as determining the statutory percentage is concerned?

**Mr. S. P. Chambers:** There the expression is not "statutory profits" but "statutory percentage", and, therefore, the clause applies the new business provision for all the purposes of the Act except merely for the purpose of determining the statutory percentage under sub-clause (22) of clause 2 which reads:

"Provided further that where the business was commenced on or after the 1st day of December, 1938, the foregoing percentages shall be increased by two per cent. in each case."

When that was put in the intention was that in respect of what I might call brand new business there should be higher percentages. By putting in this amendment we say that this shall not apply to a business which is an old business but has been deemed to be a new business because of the change of ownership.

**Babu Baijnath Bajoria:** That removes my difficulty to a certain extent but I have still some doubts, I want to know whether the purchaser will pay only on the profits earned by him or he will have to pay also the excess profits made by the previous owner.

**Mr. S. P. Chambers:** No.

**Babu Baijnath Bajoria:** Does that mean that he will pay on the profit which he earns himself?

**Mr. S. P. Chambers:** Yes.

**Babu Baijnath Bajoria:** Then, I have no objection.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act except for the purposes of determining the amount of the statutory percentage' be substituted."

The motion was adopted.

**Mr. A. Aikman (Bengal: European):** Sir, I move:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of February, 1940' be substituted."

This amendment is one of a series which proposes to alter the date "1st September, 1939" to "1st February, 1940" where it occurs in this clause in five places. The date in the original Bill was the 1st April, 1939, but when the commencement of the accounting period was moved forward to the 1st September, the date was altered accordingly. But the effect of confining certain rights and privileges to businesses in which a change in the constitution took place prior to the 1st September deprives of certain rights those businesses which have made changes in the constitution of their businesses or partnership after that date. Sir, it is undesirable to allow alterations in the constitution of businesses which will permit of evasions of this measure and that there should be a time limit; and it is difficult to justify why we should bring in legislation which affects adversely genuine changes in the constitution of a business which took place between the 1st September and the date when it became known that an Excess Profits Tax Bill was to be introduced. The date that I propose coincides almost exactly with the date when the Bill was published. If it is suggested that some very knowing individuals did rearrange their affairs to their advantage in anticipation of a measure of this type it means that the clause is drawn with a view to catch the wrong-doer although it may penalise the honest assessee. Sir, I do not think that is good law and that provision should be made for the honest assessee. For these reasons we propose that the date to be inserted should be the 1st February which is almost exactly the date when the Bill was in the hands of the public.

Sir, I move.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Amendment moved:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of February, 1940' be substituted."

**Dr. Sir Ziauddin Ahmad:** Sir, in the original Bill it was provided that the chargeable accounting period will begin from the 1st April, 1939, and perhaps it was argued in the Select Committee that war profits had not begun to accrue till the war was actually announced on the 3rd September, 1939. I refer to the chargeable period as it has some bearing on the motion before us. We ought to begin our Act and the chargeable accounting period from the 1st April, 1939; and anything after that date should not be allowed in this particular case. We should realise the excess profits from that date. We have made concessions already at several places in the Bill and any further concessions will seriously affect the financial position.

**Mr. S. P. Chambers:** Sir, I am afraid I must oppose this amendment in respect of the date 1st February, 1940. I should like to make one statement and that is that when the Excess Profits Tax Bill was published

[Mr. S. P. Chambers.]

in January (about 27th) I understand there were certain partnership changes made in Calcutta but whether those changes were made deliberately to avoid this tax or not I do not know.

**Mr. F. E. James** (Madras: European): Were there any changes actually between 27th January and 1st February?

**Mr. S. P. Chambers:** To the best of my information, the changes were made a day or two after the Bill was published, and I received a letter from officials in Calcutta two or three days after that . . .

**Babu Baijnath Bajoria:** Then you accept the 27th January.

**Mr. S. P. Chambers:** For that reason the date 1st February would, in any case, be unacceptable. But apart altogether from that, I cannot see that there is any justification for departing from the date 1st September, 1939, which was the date from which the Excess Profits Tax came into force, that is to say, as from which the profits are chargeable. I can see no reason why if a change took place on the 1st October or 1st November, 1939, whereby, perhaps in jute speculation, a partner was brought in or two or three partners were brought in, if large profits were made, why we should be compelled to relate that profit back to a standard period when those partners were not partners of this business. The amount of work they did in September or October or November of last year might have been altogether disproportionate with the work done by a man or men who were in that business during the chargeable accounting period. It is impossible to say whether such a business is in any way comparable to the business previously carried on; and I suggest that the simplest date and fairest date is the date which is in the Bill, that is, the 1st September, 1939. Any other date would also—and this is a minor point—involve splitting up the chargeable accounting period from 1st September to the 1st October or 1st November and so on and treating them as separate businesses. The natural date, I suggest, is the 1st September, 1939. Businesses which are new businesses after that date have special privileges already. They can have their standard profits determined by way of a percentage which is not an ungenerous percentage—eight per cent. for companies and 10 per cent. for firms: and in this case it will be firms, as the whole of the sub-clause relates to firms and they can have ten per cent. of the capital employed in that business, and I think that is equitable. Sir, I oppose the amendment.

**Mr. F. E. James:** Sir, I have never heard a more laboured defence of an indefensible position. I will not describe my Honourable friend, as I did on a previous occasion, as obstinate and implacable in these matters in the Select Committee: he is carrying on this hostility to all changes in the House. Now, his first reason was that he had some alleged anonymous information. . .

**Mr. S. P. Chambers:** Not anonymous. I said official.

**Mr. F. E. James:** Perhaps he will give details—it will be interesting—of amalgamations which had been effected between the 27th of January and the 1st of February in order to evade the provisions of this Act. What



kind of amalgamations are they? Surely amalgamations cannot be effected in a day. Due notice has to be given; extraordinary meetings have to be held. How can that be done between the 27th of January and the 1st of February? . . .

**Mr. S. P. Chambers:** Firms.

**Mr. F. E. James:** My friend was speaking about firms: but even in regard to firms, surely certain procedure which my Honourable friend knows perfectly well, which is probably difficult, has to be followed. In any case if that is the only objection, then why not put in the date 27th January? Let that particular amendment here be disposed of. The second argument, as I understood it, was that owing to the fact that now in the Select Committee Report we have decided that the new taxation related to war conditions and, therefore, we have altered the date on which excess profits became liable to tax from the 1st April to the 1st September, 1939, and that, therefore, that date must be carried into all the provisions of this Bill in regard to all dealings, more especially successions and amalgamations. But surely so far as clause 8 is concerned Government's main object there is to prevent amalgamations taking place for the purpose of defeating the object of this Bill. If that is the case, surely there is no argument in favour of any date other than a date approximately the same as that on which the Bill was first published. It is no use saying that because the incidence of the tax commences on the 1st September, 1939, therefore, that must be the date against which you must relate this question of amalgamations and successions.

The third argument, as I understood it, was this: that if you had a different date then there would be introduced certain complications with regard to the chargeable accounting period and the accounting period. That might perhaps be a matter of administrative inconvenience; but, surely, the inconvenience from the administrative point of view cannot justify what my Honourable friend, the Leader of our Group, referred to in a previous amendment as bad law. What is Government's intention in regard to amalgamations?

**An Honourable Member:** Why cannot they accept the 1st January?

**Mr. F. E. James:** Yes. Any date they like: but 1st September is not a just date in view of the intentions of these particular provisions relating to successions and amalgamations; and I do hope my Honourable friend, the Finance Member, will really listen to this particular argument and agree to a modification of the date, even if there is some inconvenience about it, to, say the 1st January, 1940, after which date there were, it is said, some anonymous amalgamations and such like: those amalgamations would then be covered.

**Babu Baijnath Bajoria:** Sir, I rise to support this amendment. I cannot understand the argument of my Honourable friend, Mr. Chambers, when he says that this Bill was published on the 27th January and within a couple of days a lot of transfers and amalgamations has been effected. Before the 27th January nobody had read the text of this Bill. Nobody knew what this Bill was or whether this Bill was coming at all; and, surely, it will take some time for anybody to read this Bill; and a business

[Babu Baijnath Bajoria.]

man will have to go to his solicitor and his lawyers to have a draft prepared for making transfers and amalgamations. It is absolutely ridiculous. I think the date mentioned by my Honourable friend, Mr. Aikman,—1st February—is all right. But if Mr. Chambers thinks that those two or three days will make a good deal of difference for him, may I suggest to him, as was done in the case of the Insurance Act, to make it the 27th January? If I remember aright, in the Insurance Bill as introduced companies registered before the 1st October were considered as old companies, but when it was pointed out to the then Law Member that the Bill was introduced in this House and made known to the public only on the 26th of January—I think it was 1937—then he readily agreed to the amendment and the date was fixed as 26th January, 1937 instead of 1st October, 1936. The same procedure can be followed in this instance and this change can be made verbally in the House: no formal notice even is required. He can either accept 27th January, the date on which this Bill was published or the 1st of February—it is immaterial.

He also said that on account of speculation several new partnerships were brought in in the months of October and November. I do not think his information is very correct there. There may be some changes in partnership as are done in the ordinary course of business, but surely in the month of October or November this Bill was not born. I do not know whether it was conceived then or not; but it was not born at that time. Nobody had the least knowledge that such a Bill would come up here. Therefore, I think it is only fair and reasonable that either the 27th January or the 1st February, whichever may please the Finance Member, should be accepted. Sir, I support this.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): Sir, experts are described by one writer as exceptional men, and I remember to have read another writer who says that experts are eccentric men too. After I heard the speech of my friend, Mr. Chambers, I realise that experts are both exceptional and eccentric. The amendment which my friend, Mr. Aikman, has moved, is so reasonable that I do not think any reasonable man would have taken exception to it. Any transaction that might take place between the 1st September, 1939, and the 1st February, 1940, would be made by that man in complete ignorance of a Bill like this coming up here at all. So if the object of this provision is merely to bring within the operation of this law fraudulent transactions only, then certainly the suggestion of my friend, Mr. Aikman, must be accepted. I cannot understand my friend, Mr. Chambers, saying that he is in possession of certain information. It might be true, but that can be easily got over by inserting in the Bill the date on which it was published. I do not know on what grounds Mr. Chambers is opposing this amendment today. I found him to be a very reasonable man at times, but being an expert it seems to me that he cannot avoid being either an exceptional man or being eccentric one or being both. Sir, I support the amendment.

**Sir H. P. Moty** (Bombay Millowners' Association: Indian Commerce): Sir, Mr. James has, I think, effectively answered the various objections raised by my Honourable friend, Mr. Chambers. If it is the case that some fraudulent or presumably fraudulent transactions have taken place immediately prior to the 1st of February . . . . .

**Maulvi Muhammad Abdul Ghani:** On a point of order, Sir. There is another amendment No. 69 which wants that for the word "September" the word "April" should be substituted. I think that amendment should have been taken first, or it should have been considered along with the one which is now before the House, so that the House may have an opportunity.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** What is that amendment?

**Maulvi Muhammad Abdul Ghani:** It is No. 69, to substitute "April" for "September".

**Mr. Deputy President (Mr. Akhil Chandra Datta):** It will perhaps be better to deal with these two amendments separately.

**Maulvi Muhammad Abdul Ghani:** In case it is carried, my amendment will be debarred.

**Sir H. P. Mody:** I was saying that if it is really the case that between the 27th January and the 1st of February several enterprising gentlemen entered into fraudulent transactions incidentally—I would like to know their names; I would like to learn at their feet—then that objection can be very easily met by Government agreeing to the change of the date to the 1st of January. Such a change would also meet the objection of illogicality and irregularity with regard to the calculation of the accounting periods, and I strongly urge that this amendment should be accepted by Government. They may take this amendment to mean the 1st of January instead of the 1st of February. If necessary, I will move another amendment myself in order to regularise it. Would you allow me, Sir, to move it, if there is no objection on the part of anybody . . . . .

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Yes.

**Sir H. P. Mody:** I move:

"That in sub-clause (z) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

**Mr. Deputy President (Mr. Akhil Chandra Datta):** There are two courses open. Amendment No. 68 may first be withdrawn and then only this can be moved, with the consent of the Mover . . . . .

**Mr. A. Aikman:** I am prepared to substitute the date if the Honourable the Finance Member will agree to it.

**Sir H. P. Mody:** Can't the Chair allow me to move another amendment if there is any difficulty in changing Mr. Aikman's amendment?

**Mr. Deputy President (Mr. Akhil Chandra Datta):** To avoid all difficulties and technicalities, the Chair suggests that the Honourable the Mover should withdraw this amendment and move the amendment which has been moved by Sir Homi Mody.

**Mr. A. Aikman:** Sir, I beg to move that in sub-clause . . . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member should first ask for leave of the House to withdraw.

**Mr. A. Aikman:** Sir, I beg leave of the House to withdraw my amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Has the Honourable Member the leave of the House to withdraw his amendment?

**Several Honourable Members:** Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Now, the Honourable Member can move his amendment.

**Mr. A. Aikman:** I move:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

**Dr. Sir Ziauddin Ahmad:** Sir, on a point of order. If there was a mistake in printing, I could have understood this procedure; but first my friend definitely moved the amendment on the floor of the House, and he is now moving an entirely different amendment.

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

Sir, my point of order is this. Mr. Aikman moved his amendment No. 68. We had a debate on it; 5 or 6 speakers have already spoken on it, and after that, he asked the leave of the House to withdraw his amendment, and he has withdrawn it. Now he comes forward with another motion . . . . .

**Mr. A. Aikman:** At the request of the Deputy President I took this action.

**Dr. Sir Ziauddin Ahmad:** Sir, there is no motion standing in the name of Mr. Aikman to this effect. When he moved the motion, he could have said that instead of the 1st February he would like to substitute the 1st January, and we would have allowed it. We had a full debate on the original motion. He found that his case was rather weak.

**Some Honourable Members:** No, no.

**Dr. Sir Ziauddin Ahmad:** When a man withdraws his motion, it means that the case is weak . . . . .

**Sir H. P. Mody:** There is my amendment.

**Dr. Sir Ziauddin Ahmad:** If there is an amendment standing in the name of Sir Homi Mody, he is perfectly entitled to move it. But certainly a new amendment of which no notice has been given either now or before cannot be moved on the floor of this House and I do object . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Is there any substantial difference between the two dates, '1st February' and '1st January'?

**Dr. Sir Ziauddin Ahmad:** Yes. The substantial difference is this, that the date has been changed from 1st February to 1st January, and this will affect in an indirect manner another clause which is in the definition section. Therefore, I submit that he should have given notice beforehand, and I do object to his moving an entirely new amendment.

**Mr. F. E. James:** May I put you in possession of the full facts, which are not as put by the Sub-Assistant Deputy Leader of the Muslim League Party?

**Dr. Sir Ziauddin Ahmad:** Secretary

**Mr. F. E. James:** The real position is this. The Honourable the Leader of the European Group moved his amendment which called for the substitution of the 1st day of September by the 1st day of February. In the course of the debate, it became clear that Government had some objection to the 1st day of February, and, therefore, when Sir Homi Mody spoke he suggested that in order to meet that objection the 1st day of January might be inserted instead of the 1st day of February. Therefore, at the special request of the Deputy President, my Honourable friend, the Leader of the European Group, withdrew his amendment. He asked for leave and was given the leave to withdraw his amendment and he then moved another amendment in precisely the same terms as amendment No. 68, except that for the words '1st day of February' he substituted the words '1st day of January'.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair wants to know what difference it will make.

**Mr. F. E. James:** There is no difference in substance. The only difference is this, that if the prior date is chosen it might prevent a certain amount of anticipatory amalgamations as a result of the publication of the Excess Profits Tax Bill. That is the only point made and I claim that it is not a point of substance.

**Maulvi Muhammad Abdul Ghani:** Another point of order, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): Let the Chair dispose of the first point.

**Maulvi Muhammad Abdul Ghani:** On this very subject, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member said, another point of order.

**Maulvi Muhammad Abdul Ghani:** On this very subject.

**Mr. President** (The Honourable Sir Abdur Rahim): If it is the same point of order, then the Honourable Member can.

**Maulvi Muhammad Abdul Ghani:** Not the same, Sir, but in connection with the same.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the Chair must dispose of this one. From the facts as stated, the Chair does not think if the House generally agrees to considering this change of date that there is really any force in the objection which has been taken by Dr. Sir Ziauddin Ahmad. The only question would be whether the House should be allowed time to consider this change of date. But as the amendment has been discussed and the Chair understands that there is general agreement that this change of date may be allowed to be considered . . . .

**Dr. Sir Ziauddin Ahmad:** There is no general agreement.

**Some Honourable Members:** Yes, there is.

**Mr. President** (The Honourable Sir Abdur Rahim): As there is general agreement, the Chair allows this amendment to be moved. It has been moved, is it?

**Mr. A. Aikman:** Yes.

**Mr. President** (The Honourable Sir Abdur Rahim): What is the other point of order?

**Maulvi Muhammad Abdul Ghani:** My amendment is No. 69, in which I ask for substituting the words, 'April, 1939' and, in the absence of any other motion, it should be moved first.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands that has been decided by the Deputy President.

**Maulvi Muhammad Abdul Ghani:** That it will be debarred or that I should get time?

**Mr. President** (The Honourable Sir Abdur Rahim): There is nothing in the point. That has already been decided. Amendment moved:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

**The Honourable Sir Jeremy Raisman:** A good deal of heat and not much light has been imported into the discussion of this matter which, as far as I have been able to judge on a rather rapid attempt to analyse the issues involved, is not really of very great importance. I believe myself that the clause as it stands is logical. The point did at one stage arise in the Select Committee and I then took the view, and I think it was generally accepted, that the main object of this clause of the Bill was to determine the status of businesses in the period after the critical date on which profits became assessable so that they could be compared with their status in another previous stage. I believe that it is logical to take a point of time and to say, all considerations of status in front of this relate to standard periods and standard profits, and all after this relate to chargeable accounting periods and periods in relation to which the tax has to be assessed. However, I do not find at the moment that if we depart from

this in the case of this amendment anything very serious would be involved. I have a feeling of grievance that this matter was not fully debated in the Select Committee, but apart from that, I cannot pretend that anything more than a certain amount of administrative inconvenience in a limited number of cases would be involved, and that being so, I am prepared to accept the amendment now that it relates to the date 1st January, 1940.

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

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): No. 69 is barred.

**Dr. Sir Ziauddin Ahmad**: May I just rise to a point of order? Maulvi Muhammad Abdul Ghani, on behalf of the Party, wanted to move this particular amendment at the same time, so that the discussion . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That is not a point of order.

**The Honourable Sir Jeremy Raisman**: There were some amendments relating to clause 6 which the Deputy President postponed and I think it will be more convenient to take them up now.

**Mr. President** (The Honourable Sir Abdur Rahim): Yes. Amendment No. 51. Mr. Akhil Chandra Datta.

**Mr. Akhil Chandra Datta**: Sir, I move:

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1940'."

There is a misprint here. The year 1941 ought to be 1940. I informed the Honourable the Finance Member about it yesterday. Now, Sir, this is rather an important question. The question is as to whether option should be given also to the taxpayer for the year 1938-39 or for the calendar year 1938. That is the question. Speaking generally about the option with regard to the standard period, I think it is admitted that almost the whole period is a period of depression. It is admitted and it is not disputed by the Honourable the Finance Member that the whole period of option for the standard period is a period of depression.

**The Honourable Sir Jeremy Raisman**: Not at all.

**Mr. Akhil Chandra Datta**: As I am challenged, I should like to remind him of a certain statement he made in the course of his speech. It occurs on page 319 of the Debates of the 12th February. This is what he said: (I am reading the whole paragraph so that it may not be said that I am quoting only an isolated sentence.)

[Mr. Akhil Chandra Datta.]

He said:

"Now, I come to the vexed question of standard profits, and here I have been told that I have based this measure on a comparison between a period of intense depression and the level which war-time activity has reached and will reach."

Then he says:

"It is possible no doubt to refer to the years preceding the war as periods of unrelieved depression."

Not only depression but unrelieved depression.

**The Honourable Sir Jeremy Raisman:** I said 'It is possible'.

**Mr. Akhil Chandra Datta:** Don't try to explain it away.

**The Honourable Sir Jeremy Raisman:** I was not adopting that as my view. I was stating the views which my critics were putting forward.

**Mr. Akhil Chandra Datta:** The question is one of understanding ordinary English in an ordinary manner. He said "It is possible no doubt to refer to the years". The whole argument is based on that. Then, he says:

"It is precisely because of those options that the argument that I was taking what was on the whole a period of depression is very greatly nullified."

Earlier, he said:

"When I said at the beginning of my speech that a closer examination of the actual position of industries and concerns had yielded some very striking facts it was precisely because of the options given in the Bill to choose the most favourable of certain alternatives that that effect is produced."

As I understand him, he admits this was a period of depression. Having admitted this, he said that the effect is nullified by the fact that we are giving the assessee a wide option. Now, Sir, I do not want to waste the time of the House. I want to know of the Honourable the Finance Member—is it disputed that these years preceding the war were years of depression in India?

**The Honourable Sir Jeremy Raisman:** I am quite prepared to admit that certain general indexes relating to that period would give the impression of depression. At the same time I am prepared to cite innumerable facts and figures to show that individual industries and individual businesses during that period of comparative depression enjoyed very high profits indeed.

**Mr. Akhil Chandra Datta:** We are not concerned with individual isolated cases of industries.

**The Honourable Sir Jeremy Raisman:** Not isolated.

**Mr. Akhil Chandra Datta:** In one particular case, they may have made some profit. The question with which the House is concerned is—what was the general condition of trade and industry during that period? Was it a period of depression or was it a period of abnormal activity or prosperity? That is the question. I had always been under the impression that there is no serious contest on that point and as this is disputed, we have to go



into facts and figures. I think the case was ably put by more than one Member in the course of the general discussion, notably by Sir Cowasji Jehangir whose absence we very much deplore at this time. This is what he says in his Minute of Dissent :

"Taking the index figures from 1928, which are based at a hundred, we find that the depression in trade and industry was at its worst in 1931. From this year there was a gradual increase during the next two years, and 1934 saw definite improvement and we only reached 70.6 in 1938, which Government now desire to exclude. The first sign of a crash was in 1929, and the index figure is 78. 1938 is, therefore, even lower than 1929."

Then, he also said this :

"The year 1938-39 or the calendar year 1938 should be taken alone and not in combination with any other year. There may be some justification in England for having excluded the year 1938, but notwithstanding this, the Federation of British Industries have submitted a Memorandum to the Chancellor of the Exchequer urging him to include the year 1938. They state that although re-armament by 1938 may have contributed to the profits of certain industries, who are carrying out armament contracts, there were certain industries, or section of industry, whose trading conditions were in no way effected by re-armament and whose recovery from earlier depression was delayed until 1938.

In India it cannot be argued that the War had any effect on the profits of any company in 1938, with the exception of the order for a few sand bags."

So far as I remember, at any of the several stages at which this Bill has been discussed in this House have I heard any categorical statement from the Honourable the Finance Member on this point excepting a general statement that there were some industries which did very well during this period?

Now, Sir, so far as this point is concerned, although in the United Kingdom, 1938 has been excluded, the conditions in India and in England have been quite different during this period. That is a point on which so far as this House is concerned, excepting the Honourable the Finance Member, all the Leaders of the different Groups in this House have been unanimous, namely, that conditions here were quite different from the conditions prevailing in England during these years. My point is this. There is absolutely no difference of opinion between the different Parties in this House on this matter. Of course, there is a difference of opinion on certain matters but on this particular point there is no difference whatsoever. Here is the statement of the Honourable Mr. Aikman, the Leader of the European Group, at the earliest stage. This is what he said :

"The years chosen appear to us to have been based rather on conditions obtaining in the United Kingdom than to the conditions obtaining in this country. It seems to us important to remember that there were factors at work in the United Kingdom such as the rearmament programme, that had already been undertaken some years before the war—that were in no way operative in India."

Then, Sir, the Leader of the Muslim Group said this :

"Even reading cursorily the report of the Government that was published the other day by Dr. Gregory, we find that the years of 1935, 1936, 1937 and 1938, have not been really years of normal conditions. On the contrary, they were years of depression. So, in the first instance, you start by fixing the standard period when these years were years of depression. You take them as the standard. Now, 1938-39 was also a year of fluctuation. But the war did not begin till September, and I cannot understand why you have taken this period out of standard period. I can understand that the conditions in England are quite different. We all know the conditions in England. After Munich in September, 1938, we all know and it is public property that Great Britain decided to make every possible preparation and from that day the whole machinery of the Government was set in motion. Enormous

[Mr. Akhil Chandra Datta.]

profits were made before the war was declared and, therefore, I can understand the British Statute taking a particular year which is most suited to the special conditions of Great Britain. I want you, therefore, to consider very carefully as to what should be the standard period and also the charging year fixed in the Bill. Should it be retrospective or from 31st March, 1940, as in the Canadian Bill, which was passed recently?....."

**The Honourable Sir Jeremy Raisman:** Should the Honourable Member repeat the whole of the Honourable Member's speech in the course of his speech?

**Mr. Akhil Chandra Datta:** I have not read the whole of it and I shall not read it any further, but in a matter like this we expect a little more patience from the Honourable the Finance Member. This is a very important point.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can refer shortly to the speech. After all, these speeches were delivered in the House and they are supposed to be in the recollection of the Honourable Members.

**Mr. Akhil Chandra Datta:** Sir, I do not want to take up the time of the House unnecessarily. With regard to the Canadian Act, I only want to say this that the years 1936 to 1939 were adopted as the standard period. There is one thing which I do not understand. Of all years why these years of depression were adopted as standard period? May I ask this, was there no standard period available at all? In finding out the standard period, why should that period be selected which was on the whole—even according to the Honourable the Finance Member himself—a period of depression. Can a depressed period be at all regarded as a standard period? Besides we find that he also said that from April to September, 1939, it was a period during which there were no profits made. My question is if 1937 was a period of depression, if 1939 was a period of depression, was the intervening period, namely 1938, a period of remarkable prosperity? Therefore, my submission is that that period is not the proper period to be adopted.

It is admitted even now that there are many industries which did not make any profits in 1938. If that is so, why should you penalise all the industries because some industries made profit? Is there no period which can be found out which can be properly regarded as a standard period? You say the result is nullified because the choice is given, the option to single out any one of these three or four years. But I say this is mere camouflage. What do you mean by option? If the whole option is confined to a period of depression the option does not mean anything. You single out three or four years periods of depression and then say, you are quite at liberty to choose this or that. At all events my submission is there is no reason as to why you should, taking the worst view of the case, not give the benefit of the doubt to all these industries which according to your own statement do not make any profits. Therefore, I say, that the year 1938, as in the Canadian Act, ought to be adopted as one of the years of this standard period. Sir, I move.

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

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end :

'or the previous year as so determined for the year ending on the 31st day of March, 1940.'

**The Honourable Sir Jeremy Raisman**: Sir, I have said a good deal on the subject of standard periods and I do not think I need add to the speeches I have made on that subject. My Honourable friend wished to press the view that the whole period of 1935-38 was a period of unrelieved depression, by quoting certain sentences which I had uttered in the course of examining certain criticisms which have been made. Whatever the language I employed on that occasion, I have never been of the view and certainly am not now that the whole of the period preceding the war including 1938 could be called a period of unrelieved depression. In fact to treat the whole period as unrelieved depression would be to have laid up in one's mind a conception of normal prosperity which would be something which we have never experienced. I am reminded here of the story of the man who played golf and who had played golf nearly every day for forty years, but he regretted that he had never been on his game, not once in all these forty years had he played his normal game, but he had always been rather off his form and he could not reveal his normal adroitness. Similarly, in the whole period of four years preceding the war, we have the extraordinary fact that industry and commerce was quite unable to reveal its normal earning power.

Well, Sir, to get away from these generalities, the true test I think is to take actual figures of profits and dividends declared by the vast majority of companies whose results are published. This has been done by various financial journals in articles in the course of the last few weeks. The Honourable the Deputy President challenged me to say that the options were other than options in a period of intense depression. My answer is that if he reads informed analysis of the results of business during the course of this period, he will find that the options available enable businesses to choose now a very high level for the standard. I would go further and say that if anything more favourable than this were taken, then the whole conception of Extra Profits Tax would become utterly inapplicable.

It must be remembered as I emphasized once before that this tax is levied on the excess of the average earnings during the period of the war, for this effect is produced by the clause which enables deficiencies in certain years to be set off. Now, if you are going to find a basis for comparison with the average earnings during the war and if you take the highest single year which any business can choose over a period of four years, then you will find that you have adopted so impossibly high a standard that even though the whole community might enjoy a very high level of prosperity, there will emerge no excess profits for taxation. I think there is involved in the amendment of my Honourable friend a mathematical misconception. He is under the impression that if you take groups of a certain average you exclude individuals who are better than that average from enjoying the effect of that advantage. Let me be a little more precise. Supposing the average for the year 1935 was taken to be 70,—that is the average of companies whose profits might have been 150 or 200 and also companies whose profits were as low as 20. Then you take

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another year and again you have an average (say) of 75. That will include also companies whose profits ran up to 200 or above and companies whose profits were as low as 20, and so on. If you take sufficient of these averages but you allow the individual members of these groups to choose their best years you will find that you get a basis which has no relation whatever to the group averages. It is really, I am afraid, a rather technical mathematical point. But if the Honourable Member thinks it out he will realise,—the proof of the pudding is the eating of it,—that if you actually attempt to apply this tax on a basis of giving the separate years 1935, 1936, 1937 or 1938, it is hardly worth while employing a staff to attempt to collect it, because the result of your procedure has been to adopt so high a figure as the normal level of trade that you may be unable to repeat it at all as an average during the whole period of the war. Sir, I will not prolong my explanation. I oppose the amendment.

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

“That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end :

‘or the previous year as so determined for the year ending on the 31st day of March, 1940.’”

The motion was negatived.

**Dr. P. N. Banerjee** (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I move :

“That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end :

‘or the previous year as so determined for the year ending on the 31st day of March, 1939.’”

This amendment seeks to give an additional option to the assessee in respect of the standard period. The question of the standard period is one of the most important questions in this Bill, and it is very desirable that choice should be extended as far as possible. Sir, the original Bill gave a number of periods from which the assessee could make his choice and the Select Committee added one more period to this number. This was done,—to use the words of the Finance Member,—“in the interests of equity and justice”. I fully appreciate the action that was taken in the Select Committee, but this did not go far enough. The Bill as it has emerged from the Select Committee gives the option in regard to two single years, namely, 1936-37 and 1937-38, and it also gives three periods of combinations of years. I suggest that in the interest of equity and justice a further option be given. And this will be a logical position to take up,—three single years and three periods of combinations of years.

Sir, the Honourable the Finance Member looks at all questions from the point of revenue, and quite rightly. His motto is, whichever is greater. In this connection I may point out that there will be no great loss to revenue. Very few cases will come under this added provision, but we ought to be fair and just in all cases. Whether the number is large or small it does not matter. I may give one instance. The industry of paints and varnishes will be benefited if we give it this option. At the beginning of the war this industry was rather hard hit, because some of

the ingredients were not available in this country and could be imported mostly from enemy countries. Now, these ingredients are being imported from neutral countries and from the allied countries; and, therefore, their position is now greatly improved; and if the single year 1938-39 is given as an option to them, this industry will derive considerable amount of benefit.

As I have already said, there will be no great loss of revenue, at the same time the Government will be able to do justice to some very deserving industries. Another aspect of the question is that the principle has already been accepted that cases of individual hardship should be considered with attention, as far as possible. Here I point out that there is a case of individual hardship and as the revenue will not be greatly affected, I hope the Honourable Finance Member will accept this modest amendment.

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

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1939.'

**Mr. M. S. Aney:** Sir, in opposing the amendment of my Honourable friend, Mr. Akhil Chandra Datta, the Honourable the Finance Member made certain observations to clarify his conception of excess profits. He has been saying that on other occasions also. What he wants us to understand by excess profits is this: whatever profit is, according to him, in excess of the average profit of any industry, that he considers as a proper profit to be taxed under the Excess Profits Bill. That is his conception of it. Now, we dispute that very idea of excess profits which he wants to propound here. We are not taxing higher profits. We are taxing excess profits. By that what we mean is that we have to find out what is that excess profits which any particular industry has been able to make on account of the war conditions: that is what he has to find out, and in order to find that out, the best test is what would have been the highest capacity of any industry to make profits in the absence of war conditions. That is the test to find out what may be properly and indisputably considered as excess profits due to the war. He takes a wrong date to ascertain excess profits due to war. If excess profits are to be assessed ordinarily and not as due to the war, probably his date would be acceptable. But if we have to find out excess profits due to war, then we must allow the industry to make an option of that year in which it was able to make the highest possible profit in the absence of war conditions. That is the very privilege that my Honourable friend, the Finance Member, wants to take away. The idea of coupling one year with the other, a year in which there was more profit than what the industry could make during the years of depression—he has taken up that year and coupled it with another year and asked us to strike an average and take that profit as the basis for assessing excess profits. The amendments that are being moved are to carry out that idea, and to make it clear you must give a clear option to the industry to choose any single year out of so many years: there is no question of striking out an average here and an average there, because that alone, in my opinion, is the proper basis, and so far as I know the English Act . . . .

**The Honourable Sir Jeremy Raisman:** No, no.

**Mr. M. S. Aney:** I accept the correction: my Honourable friend is right—but the Act of 1919 gave a clear option of any single year mentioned there and I believe that was the correct way of doing it. Therefore, the amendments that are being moved are with this purpose; and unless the Honourable the Finance Member is prepared to depart from the conception to which he is clinging there is no hope of the amendment being accepted. But we press it as we think that is the right way of assessing excess profits and therefore we have to move it and ask him to revise his conception if possible and accept our position. In that spirit I support the amendment of my Honourable friend, Dr. Banerjea.

**Dr. Sir Ziauddin Ahmad:** Sir, I would give my support to this amendment provided my friend agrees to support amendment No. 56—to omit part (d) of this sub-clause. He does not like the idea of combinations. Then let him have sub-clause (a) only and have single years only: there is no need for parts (b), (c) and (d) of this sub-clause. If this amendment is moved simultaneously with the deletion of parts (b), (c) and (d), then I would certainly have supported him. But when he makes this amendment in part (a) while keeping (b), (c) and (d) intact, it means he has something more in mind and his argument is not sound. If he says we should rely only on single years and no combinations, then why have parts (b), (c) and (d) of this sub-clause? So, I would have supported the amendment only in the case it had been simultaneously moved that sub-clauses (b), (c) and (d) be deleted. But since that is not there, and there is no motion for deletion of those parts either in his name or in the name of his Party, I must oppose the amendment as it now stands.

**Sardar Sant Singh (West Punjab : Sikh):** Sir, the Honourable the Finance Member in the course of his speeches has been insisting upon some principles of the Excess Profits Bill. The main principle underlying this Bill is not to levy taxes on the normal earnings of the business or trade. The very object of this Bill is to allow the normal profits to remain as they are, and if additional profits are made on account of conditions now in existence owing to the war, they may be taxed as excess war profits. If that is the principle of the Bill, as I understand it, I fail to realise why the widest possible option should not be given to the industry or trade as standard profits of a normal year. He has accepted the principle of extending the option to several years and an average of two years combined as well. That option has been conceded in the Select Committee Report. Now, what we want is that the highest peak of profits reached by any trade, industry or business should be considered as normal profits, and if any profits are made over and above those normal profits, they should be considered as profits accruing on account of the war. The issue between the Opposition and the Finance Member is this. Does he want or does he not want to tax the normal profits of a business? If he does not want to tax the normal business, it is but fair that the highest normal profits should be the standard profits, and, over and above that, excess profits tax should be charged. If this principle is accepted, then his other argument about the conception of excess profits will be unacceptable if the highest profits which a business has earned during a normal period are not treated as standard profit. As far as I could understand

my friend, his point of view was that he does not want the industry which has flourished, say, in the year 1938, according to the index figure given by my friend, Dr. Sir Ziauddin Ahmad, in his minute of dissent, as in the case of Iron and Steel, rising to 311, he does not want that that year should be considered as separate from the average of the two years 1937 and 1938. What is the argument behind it?

**The Honourable Sir Jeremy Raisman:** Do you call that normal?

**Sardar Sant Singh:** Was it not before the War? Then why should it not be called normal? What is there to call it abnormal?

**The Honourable Sir Jeremy Raisman:** In the case of Iron and Steel, it was already a war level.

**Sardar Sant Singh:** War had not been declared unless you hold that the prices of 1938 September constituted the war period. That is an argument which will place a discount upon the intelligence of the iron and steel industry. Did they think that the war was coming and did they begin to make profits anticipating the war?

**The Honourable Sir Jeremy Raisman:** It was not they who anticipated it; it was the Ordnance Departments of the various Governments who anticipated it . . . . .

**Sardar Sant Singh:** If the Ordnance Departments of the various Governments anticipated it, then you cannot call it an abnormal period.

Therefore, the principle underlying this Bill and the Opposition is simply this, that if excess profits have to be taxed because the war has been declared, then the normal profits of 1938 should be considered as normal, and not due to war. Suppose the war had not taken place. Now, you call the profits that have accrued to the iron and steel industry as normal. You began to tax it, because the war had been declared. Supposing the war had not been declared, then you would not have charged them for excess profits. The need for this measure has arisen as a result of the heavy expenditure involved on account of the war conditions. Therefore, I submit that the principle of option should be extended further, and option should be given to industries to select the standard period so that the war profits should consist of only those profits which have accrued on account of the declaration of the war, and after the war has been declared.

**Mr. Akhil Chandra Datta:** Sir, in this amendment what is proposed is the adoption of the calendar year 1937 as a year of choice. Let us consider if there is anything very repugnant in this. From an analysis of the different options, it appears to me that so far as the year 1937 is concerned it occurs in three different options, firstly along with the year 1936, secondly the same year 1937 occurs along with the average of 1937 and 1939, then again under the new option given in the Select Committee the same year 1937 occurs along with 1938, so that the year 1937 is taken along 1935, 1936 and 1938. What is the suggestion made here? It is to take the year 1937 singly. That is the scope of this amendment. I don't think the Heavens will fall if this amendment is accepted.

**The Honourable Sir Jeremy Raisman:** Sir, I regret I must oppose this amendment. As regards my conception of excess profits, I must endeavour once again to apply a figure of speech. The difference between me and my friend, Mr. Aney, is this—Suppose an athlete jumps four times and he jumps six feet only once, and the other times he jumps less than six feet. Now, suppose I give him a dose of some medicine and, thereafter, he jumps six feet four times in succession, then I say that he is jumping better because of the medicine, while Mr. Aney says that since he could jump six feet before he was given the medicine, the medicine has nothing whatever to do with it. Sir, I oppose the amendment.

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

“That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

‘or the previous year as so determined for the year ending on the 31st day of March, 1939.’”

The motion was negatived.

**Maulvi Muhammad Abdul Ghani:** Sir, I move:

“That part (d) of sub-clause (2) of clause 6 of the Bill be omitted.”

I don't think I need make a speech on this.

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

“That part (d) of sub-clause (2) of clause 6 of the Bill be omitted.”

**Dr. Sir Ziauddin Ahmad:** Sir, I support this amendment. It is really a very important amendment which was added by the Select Committee, and on which a point of order was also raised on the floor of the House. I said that this particular amendment would cost approximately two crores to the exchequer in a full chargeable accounting period, and in this particular year, if this amendment is accepted, it will cost about 75 lakhs.

I spoke the other day of the very costly amendment added by the Select Committee. I offered Sir Homi Mody that I would buy this particular amendment for Rs. 75 lakhs, that I am going to pay to the exchequer Rs. 75 lakhs and all the money that is realised on account of the particular clause should be transferred to me.

**An Honourable Member:** How can a professor acquire so much money?

**Dr. Sir Ziauddin Ahmad:** It is a certainty and not a speculation. I have taken great pains about the figures and I have verified them from persons who know the subject very well. The persons who will be benefited by it will certainly oppose it because they will try to minimise the advantages they have gained under this particular clause. All that my Honourable friend wants is that the original proposal of the Bill should remain intact and the alterations made by the Select Committee should be dispensed with altogether. The reason on account of which I support this particular amendment of my Honourable friend, Mr. Abdul Ghani, is this, that by accepting this amendment there will be a definite loss of about two crores of rupees to the exchequer. I would not have minded had these two crores been remitted altogether, but the unfortunate part of it is this that if this taxation is not levied, if we remit two crores and don't



ask those people who have got enormous incomes to pay the amount, then it will fall upon other persons who cannot afford to pay during this war time. The question is on whom should the incidence of tax fall? My answer each time is that it should fall on persons who are able to pay it, it should fall on persons who derive special benefit on account of the war conditions, it should fall on persons who get more than the promised amount of profit.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 19th March, 1940.