

12th February 1940

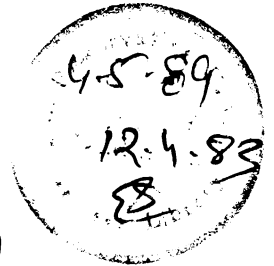
**THE**  
**LEGISLATIVE ASSEMBLY DEBATES**

**Official Report**

**Volume I, 1940**

*(6th February to 5th March, 1940)*

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



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1940

M2LAD

# Legislative Assembly.

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

SIR ABDUL HALIM GHUZHNAVY, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Monday, 12th February, 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.

Raja Devaki Nandan Prasad Singh, M.L.A. (Nominated Non-Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### CREATION OF AND RECRUITMENT OF STAFF IN THE DEFENCE CO-ORDINATION AND SUPPLY DEPARTMENTS.

57. \*Mr. Lalchand Navalrai: (a) Will the Honourable the Leader of the House be pleased to state if, in consequence of war, the Defence Co-ordination Department and the Department of Supply have been set up by Government?

(b) What are their functions, and who are placed at the head of these Departments?

(c) Is it a fact that these Departments and the Indian Stores Department recruit officers and subordinates direct and not through the Federal Public Service Commission? If so, why the usual procedure of making appointments through the Federal Public Service Commission has been departed from?

(d) Is the recruitment done by any Committee, or by a single officer, and is it made from amongst the officers and subordinates of departments of the Government of India, or direct from outside including retired officers and subordinates?

(e) Is it a fact that the selected persons are being given much higher salaries than the usual scales of pay prescribed for such posts, and, instead of the lower grade, they are being given at once the higher grade of the scale provided for such appointments? If so, why, and on what principle is such procedure allowed to be followed in Government services?

(f) What steps do Government propose to take to have the recruitment done in the usual manner and through the usual channels? If none, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Defence Co-ordination Department was created in January, 1939, i.e., before the war.

The Department of Supply has been set up in consequence of the war.

(b) The main functions of the Defence Co-ordination Department in war time are the co-ordination of civil action in war time, emergency war legislation, supply of man power, etc.

The function of the Department of Supply is the provision of supplies essential for the prosecution of the war.

The Defence Co-ordination Department is under the direct supervision of His Excellency the Governor General. The Supply Department has been added to the portfolio of the Honourable the Law Member.

(c) and (f). Recruitment of secretariat officers in the Departments of the Government of India is not made through the Federal Public Service Commission. The work of other officers in the Department of Supply is largely technical requiring special training and experience, and recruitment is made from whatever source the most suitable men can be obtained.

No change has been made in the ordinary method of recruitment to the permanent cadre of the Indian Stores Department, but for additional temporary appointments due to war supply work, the cost of which is debited to the Department of Supply, the same considerations apply as to appointments under the Department of Supply.

As regards the subordinate staff, the Defence Co-ordination Department and the Department of Supply have, for administrative reasons, been exempted from the Home Department rules regarding the making of appointments through the Federal Public Service Commission. Government do not propose to make any change in this procedure which has proved satisfactory. The Defence Co-ordination is a small Department dealing with secret and specialised work, while the Department of Supply is a purely temporary war organisation in which the uncertainty of the duration of the posts and the necessity of making recruitment at very short notice make the normal methods of recruitment unsuitable.

(d) In the Defence Co-ordination Department appointments are made under the orders of the competent authority having due regard to the requirements of each individual case.

In the case of the Department of Supply, recruitment is carried out with the assistance of a Departmental Committee. Recruitment is made from whatever source is considered most suitable and may be from business firms, retired, or serving personnel of other Departments, or from new entrants.

(e) The reply to the first part of the question is in the negative. In so far as the work to be done is comparable with that to be done in other departments, the ordinary scales are being followed, and no promotion is being given to staff merely because of transfer in the same grade from other departments.

**Mr. Lalchand Navalrai:** May I know what difficulties would have arisen if this Department had been under the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** There are two Departments to which the question relates. I do not know which Department the Honourable Member means.

**Mr. Lalchand Navalrai:** I understood the Honourable Member to say that the Co-ordination and Supply Departments are under the Governor General direct. My question is, what difficulties would have arisen if these Departments had also been in charge of the Governor General in Council, that is to say, the Central Government?

**The Honourable Sir Muhammad Zafrullah Khan:** There are several Departments of the Government of India, some of which are in charge of Members of Council, and some of which are in charge of the Governor General, they are all Departments of the Government of India?

**Mr. Lalchand Navalrai:** My point is what was the special nature of the work which necessitated this Department being taken charge of by the Governor General and not by the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** In that sense the Governor General and the Governor General in Council are not to be distinguished from each other. The Governor General himself is also a part of his own Council and is in charge of some of the Departments of the Government of India which are not in charge of Members of Council. What is the distinction that the Honourable Member is seeking to draw?

**Mr. Lalchand Navalrai:** The Honourable Member knows that there are certain functions which are performed by the Governor General, and the others by the Governor General in Council. Those functions which are performed by the Governor General are not interfered with by the Governor General in Council; in other words, the Central Government. That is my point.

**The Honourable Sir Muhammad Zafrullah Khan:** There are, as Honourable Members are aware, several Departments,—for instance, the External Affairs Department, which is a Department of the Government of India, and the Governor General as part of the Government of India is in charge of that Department as a Member would be in charge of some other Department. In the same way, the Defence Co-ordination Department is in charge of the Governor General as part of the Government of India, not as Governor General at his discretion outside the Government of India.

**Mr. Lalchand Navalrai:** May I know if the Governor General interferes with the actions of the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** That the Honourable Member is not entitled to ask.

**Mr. F. E. James:** With reference to the answer to part (e) of the question, may I know whether that answer applies to all posts in the Supply Department?

**The Honourable Sir Muhammad Zafrullah Khan:** Meaning thereby whether anybody has been given more than he was drawing before?

**Mr. F. E. James:** I understood the Honourable Member to say that no persons were given higher salaries than the salaries attached to posts. Supposing posts are new posts and the scales of pay for new posts are higher than the salaries which the officers had previously been drawing . . . ?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member has anything specific in mind, he had better put down a question to that effect. My general reply was that in so far as the work to be done is comparable with that to be done in other Departments, the ordinary scales are being followed.

**Dr. Sir Ziauddin Ahmad:** What about the Deputy Director in the Supply Department?

**The Honourable Sir Muhammad Zafrullah Khan:** What about him?

**Dr. Sir Ziauddin Ahmad:** With reference to part (e) of the question, the Honourable Member said that persons are not given a higher salary than they were getting before. My point is what about the Deputy Director of Administration, who has been given a salary very much higher than he was getting before?

**The Honourable Sir Muhammad Zafrullah Khan:** Who is the Deputy Director of Administration?

**Dr. Sir Ziauddin Ahmad:** The Honourable Member in reply to certain questions said that people are not given salaries higher than they were getting before, and I pointed out a particular case. Then, his reply was that it was a question of administration . . . . .

**The Honourable Sir Muhammad Zafrullah Khan:** When did I say that something was a question of administration. I wanted to know which particular officer the Honourable Member was referring to. He has not yet specified the name of the Officer.

**Dr. Sir Ziauddin Ahmad:** The Deputy Director of Administration.

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know whether there is any such post.

**Mr. N. M. Joshi:** May I know, Sir, whether or not it is a fact that a man getting Rs. 100 somewhere has been appointed on Rs. 1,500, and if he is not Deputy Director, he may be the Assistant Director of Administration, but there is certainly a great deal of talk in Delhi that a gentleman who was earning Rs. 100 a month has been appointed on Rs. 1,500 in this Department.

**The Honourable Sir Muhammad Zafrullah Khan:** Why not put down a specific question. I have not the faintest notion whom the Honourable Member is referring to, I can't say whether a man was getting Rs. 100 and is now getting Rs. 1,500, but I should consider it extremely unlikely.

**Mr. Lalchand Navarai:** May I know if these temporary appointments are made by direct recruitment or by promotion from the ordinary officers of the Government of India?

**The Honourable Sir Muhammad Zafrullah Khan:** I have given a very detailed reply to that already.

#### POSITION RELATING TO THE TREATMENT OF INDIANS IN CEYLON.

58. **\*Mr. F. E. James:** Will the Secretary for Education, Health and Lands be pleased to make a statement as to recent developments and the present position relating to the treatment of Indians in Ceylon, and the prohibition by the Government of India of emigration to that country?

**Sir Girja Shankar Bajpai:** The attention of the Honourable Member is invited to this Department communique, dated the 13th December, 1939. No developments have taken place since then.

**Mr. Lalchand Navalrai:** May I know if there is any prohibition by the Government of India against Ceylonese immigrating here?

**Sir Girja Shankar Bajpai:** There is no immigration restriction on Ceylonese coming into this country.

**Mr. Lalchand Navalrai:** Then, why there should be any for Indians going over there?

**Sir Girja Shankar Bajpai:** The Ceylonese have not imposed any immigration restrictions on Indians going there. It is the Government of India who have put a ban on emigrant labour.

#### DR. GREGORY'S MEMORANDUM RELATING TO THE CONTROL OF PRICES.

**59. \*Mr. F. E. James:** Will the Honourable Member for Commerce and Labour be pleased to state:

- (a) whether copies of Dr. Gregory's memorandum to the Government of India relating to the control of prices will be supplied to members of the Central Legislative Assembly; and
- (b) what conclusions, if any, were reached at the recent conference with representatives of Provincial Governments relating to control of prices?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Copies of the Memorandum are available in the Library of the House. Should any Honourable Member desire to have a copy for himself, I shall be glad to arrange for its supply.

(b) I would invite the attention of the Honourable Member to the answer given in respect of the second Price Control Conference to parts (a) and (b) of starred question No. 22 by Dr. Sir Ziauddin Ahmad on the 7th February, 1940.

**Mr. F. E. James:** With reference to the answer to part (a) of the question, would the Honourable Member consider the advisability of making this Memorandum a public document, so that it may be available to any who may care to buy a copy of it?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It is a public document, but we have not yet put a price on it. I shall consider the suggestion.

**Mr. N. M. Joshi:** May I ask whether this document will be circulated to Members without putting them to the trouble of writing to the Honourable Member?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If there is a general desire expressed to that effect, I shall consider it.

**Mr. M. S. Ansy:** Will not the Honourable Member take it as the general desire of the House if Mr. Joshi says so?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I did not know that Mr. Joshi was expressing the general desire.

**COLLISION OF A MAN-OF-WAR WITH A CARGO STEAMER NEAR KARACHI.**

**60. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Commerce be pleased to state if he is aware that "His Majesty's *Bedravati*", a man-of-war, on patrol duty and a cargo steamer of the B. I. Company came into collision about ten miles off Karachi and the cargo boat was damaged?

(b) Is the Honourable Member also aware that last year 'Bandra Boat' came into collision with a Bunder boat in the Karachi harbour?

(c) If the answers to above two parts be in affirmative, will the Honourable Member be pleased to state, what precautions are necessary to avert such collisions and what arrangements have the Port Trust made to avoid such collisions?

(d) Have the Port Trust made any more arrangements providing further precautions in Karachi harbour after the *Bandra Boat* accident in which the lives of five young collegians were lost? If so, what?

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

(c) and (d). The precautions to be observed for preventing collisions at sea are prescribed by the Collision Regulations made under the Merchant Shipping Act, 1894, and the Rules of the Port of Karachi make provision for further precautions to be observed by vessels within the harbour area. Certain proposals for amending the latter Rules in order to minimise the risk of accidents like the collision which took place in the Karachi Harbour between the S. S. "*Bandra*" and a passenger boat have been submitted by the Port Trust Board and are now under the consideration of Government. I may, however, add, that with the outbreak of the war, the harbour has been placed under naval control and the Naval authorities in charge see to it that all necessary precautions to avoid accidents are taken.

**TEMPORARY PERSONS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.**

**61. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member be pleased to lay on the table a list of persons of the Central Public Works Department drawing a salary of Rs. 50 or more and who have been acting temporarily for a period of over three years without being confirmed?

(b) What are the reasons for not confirming persons holding such temporary appointments?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) A list is placed on the table.

(b) These persons were recruited on a purely temporary basis in connection with the re-opening of the New Capital Project and execution of



the Central Capital Programme of Civil Aviation Works. Under paragraph 11 of the Central Public Works Department Code their engagement lasts only for the period during which the work lasts, and the question of their confirmation, therefore, does not arise. The claims of temporary subordinates and clerks are duly considered when posts of a permanent nature are created, or fall vacant.

*List of persons of the Central Public Works Department drawing a Salary of Rs. 50 or more and who have been acting temporarily for a period of over three years without being confirmed.*

Name.	Designation.	Length of service on 1st February, 1940.
		Y. M. Days.
1. Mr. T. H. Dixon . . . . .	Temporary Engineer . . . . .	6 0 17
2. Mr. H. R. M. Anderson . . . . .	Do. . . . .	4 9 3
<i>Subordinates.</i>		
3. Mr. Manzoor Ali . . . . .	Temporary Subordinate . . . . .	6 4 21
4. Mr. Sunder Das . . . . .	Do. . . . .	6 2 18
5. Mr. D. P. Mittal . . . . .	Do. . . . .	5 10 25
6. Mr. Shanti Sarup . . . . .	Do. . . . .	5 6 0
7. Mr. Sarjit Singh . . . . .	Do. . . . .	5 4 15
8. Mr. Harbans Sarup . . . . .	Do. . . . .	5 2 24
9. Mr. Hari Mittar . . . . .	Do. . . . .	5 2 0
10. Mr. Abdul Ghani . . . . .	Do. . . . .	4 11 24
11. Mr. Nihal Chand Sharma . . . . .	Do. . . . .	4 10 17
12. Mr. A. M. Quadri . . . . .	Do. . . . .	4 9 15
13. Mr. Shiv Shanker Mathur . . . . .	Do. . . . .	4 4 22
14. Mr. Lekh Haj . . . . .	Do. . . . .	4 4 2
15. Mr. J. L. Sachar . . . . .	Do. . . . .	4 2 0
16. Mr. Mohd. Agha Hadi . . . . .	Do. . . . .	4 1 0
17. Mr. K. K. Chawl . . . . .	Do. . . . .	4 0 16
18. Mr. Amrithalingham . . . . .	Do. . . . .	4 0 19
19. Mr. C. D. Kapur . . . . .	Do. . . . .	3 11 26
20. Mr. Harkishan Singh . . . . .	Do. . . . .	3 8 0
21. Mr. Atma Singh . . . . .	Do. . . . .	3 7 20
22. Mr. A. S. Mangal . . . . .	Do. . . . .	3 6 7

Name.	Designation.	Length of service on 1st February, 1940.
<i>Subordinates—contd.</i>		
23. Mr. Jagdeo Singh . . . . .	Temporary Subordinate	Y. M. Days. 3 2 13
24. Mr. T. S. Sodhi . . . . .	Do. . . . .	3 3 15
25. Mr. Dalip Chand . . . . .	Do. . . . .	3 1 23
26. Mr. Ram Narain . . . . .	Do. . . . .	3 1 13
27. Mr. Kishan Singh . . . . .	Do. . . . .	3 1 29
<i>Electrical and Mechanical Subordinates.</i>		
28. Mr. Devinder Singh . . . . .	Temporary Mech. Subordinate.	5 2 8
29. Mr. R. P. Sareen . . . . .	Temporary Elec. Subordinate.	3 6 27
30. Mr. Dilbar Hussain . . . . .	Do. . . . .	3 1 7
31. Mr. A. J. Raju . . . . .	Do. . . . .	3 0 29
32. Mr. H. L. Datt . . . . .	Do. . . . .	3 0 12
<i>Clerical Establishment (Central Office).</i>		
33. Mr. Lal Chand . . . . .	Temporary Superintendent.	4 11 18
34. Mr. Laxmi Datt Bhatt . . . . .	Temporary Assistant .	4 3 1
35. Mr. Labhu Ram . . . . .	Do. . . . .	3 8 28
36. Mr. Mohd. Ashraf . . . . .	Do. . . . .	3 8 28
37. Mr. Raj Narain . . . . .	Do. . . . .	3 8 28
38. Mr. K. K. Sinha . . . . .	Do. . . . .	3 3 26
39. Mr. Mohd. Umar . . . . .	Do. . . . .	3 3 26
40. Mr. Maharej Kishan . . . . .	Do. . . . .	3 3 26
41. Mr. Brij Bhushan Lal . . . . .	Do. . . . .	3 0 0
42. Mr. Gurdev Saran . . . . .	Officiating Clerk .	4 2 28
43. Mr. S. N. Tiagi . . . . .	Do. . . . .	3 10 18
44. Mr. Trilok Chand . . . . .	Do. . . . .	4 0 22
<i>Clerical Establishment (Divisional Offices).</i>		
45. Mr. Sampson P. Dass . . . . .	Clerk . . . . .	3 8 20
46. Mr. Mul Raj Sharma . . . . .	Do. . . . .	5 3 0
47. Mr. Mohd. Essa . . . . .	Do. . . . .	4 9 0

Name.	Designation.	Length of Service on 1st February, 1940.
<i>Clerical Establishment (Divisional Offices)— contd.</i>		Y. M. Days.
48. Mr. G. D. Sharma . . . . .	Clerk . . . . .	4 7 0
49. Mr. Abas Bandyo Padhaya . . . . .	Do. . . . .	4 6 0
50. Mr. R. H. Joffery] . . . . .	Do. . . . .	4 1 0
51. Mr. Ahmad Hussain . . . . .	Do. . . . .	3 11 0
52. Mr. Sugoo Mal . . . . .	Do. . . . .	3 10 0
55. Mr. Mohan Lal . . . . .	Do. . . . .	3 8 0
54. Mr. D. K. Sule . . . . .	Do. . . . .	3 5 0
55. Mr. S. I. A. Mullick . . . . .	Do. . . . .	3 3 0
56. Mr. R. G. Vaidya . . . . .	Do. . . . .	3 0 0
57. Mr. Hardit Singh Hazuria . . . . .	Accounts Clerk . . . . .	3 6 0
58. Mr. Hari Singh . . . . .	Do. . . . .	6 7 0
59. Mr. M. S. Bhatnagar . . . . .	Do. . . . .	6 0 0
60. Mr. Mata Sahai . . . . .	Do. . . . .	5 8 0
61. Mr. K. C. Mazumdar . . . . .	Do. . . . .	5 5 0
62. Mr. A. N. Mukharji . . . . .	Do. . . . .	4 7 0
63. Mr. Brahma Nand . . . . .	Do. . . . .	3 6 0
64. Mr. E. Buddan . . . . .	Do. . . . .	3 0 0
65. Qazi Mohd. Akram . . . . .	Do. . . . .	3 9 0
66. Mr. R. J. Bhutani . . . . .	Head Clerk . . . . .	4 6 0
67. Mr. Anwar Uddin Siddiqi . . . . .	Do. . . . .	4 4 0
<i>Drawing Establishment (Central Office).</i>		
68. Mr. D. A. Hands . . . . .	Senior Draftsman . . . . .	4 7 22
69. Mr. J. D. Shastri . . . . .	Do. . . . .	3 7 6
70. Mr. S. P. Satsangi . . . . .	Do. . . . .	3 6 17
71. Mr. Kamaluddin . . . . .	Second Draftsman . . . . .	6 5 26
72. Mr. Iqbal Mohd. . . . .	Do. . . . .	6 5 11
73. Mr. Jugal Kishore . . . . .	Do. . . . .	6 3 28
74. Mr. Yunus Mirza . . . . .	Draftsman Tracer . . . . .	4 11 7
75. Mr. Ram Sahai . . . . .	Computer . . . . .	4 10 21

Names.	Designation.	Length of Service on 1st February, 1940.
<i>Drawing Establishment (Central Office)—contd.</i>		Y. M. Days.
76. Mr. Ram Gopal . . . . .	Computer . . . . .	4 9 25
77. Mr. Mohd. Naim . . . . .	Do. . . . .	3 8 10
78. Mr. C. U. Rama Menon . . . . .	Do. . . . .	3 7 24
<i>(Divisional Offices).</i>		
79. Mr. Mohan Lal . . . . .	Draftsman . . . . .	6 11 0
80. Mr. Akhlaq Ahmad . . . . .	Do. . . . .	5 7 6
81. Mr. Jamil Ahmad . . . . .	Do. . . . .	6 0 0
82. Mr. Banke Behari Lal . . . . .	Do. . . . .	5 10 3
83. Mr. Jagir Singh . . . . .	Do. . . . .	5 10 3
84. Mr. Abdul Rahman . . . . .	Do. . . . .	4 9 6
85. Mr. Gulzara Singh . . . . .	Do. . . . .	4 6 22
86. Mr. K. P. Mukerjee . . . . .	Do. . . . .	4 6 21
87. Mr. Prem Chand . . . . .	Do. . . . .	4 6 15
88. Mr. Walaiti Singh . . . . .	Do. . . . .	4 6 13
89. Mr. H. C. Chosh . . . . .	Do. . . . .	4 6 13
90. Mr. Anwar Beg . . . . .	Do. . . . .	4 6 0
91. Mr. Parmatma Kishore . . . . .	Do. . . . .	3 6 8
92. Mr. Rafiuzzaman . . . . .	Do. . . . .	3 5 0

**Dr. Sir Ziauddin Ahmad:** May I ask whether these persons who are engaged in connection with the works in New Delhi—I suppose the works in New Delhi will go on indefinitely and these persons also will remain temporarily for an indefinite period?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Not necessarily.

**Dr. Sir Ziauddin Ahmad:** Then, am I correct in drawing the inference that the works in New Delhi will come to an end, so that these people will have no work to do?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The question of temporary staff has always been a difficulty with reference to Public Works Departments anywhere, whether in the provinces or in the

Centre. If a certain work is taken as a piece work, then a temporary staff has necessarily to be appointed. All that we can do is to absorb them gradually as permanent vacancies arise.

**Dr. Sir Ziauddin Ahmad:** Can the Honourable Member point to any particular work for which they were engaged and which has been continuing for over three years—any particular building or any particular work?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That depends on the nature of the work that is undertaken, but all that I can say is that it is not such a work as to justify a permanent increase in the cadre.

#### BLOC GRANT TO THE DELHI UNIVERSITY.

**62. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether they are contemplating to give any bloc grant to the Delhi University for the removal of colleges to the new site?

(b) If so, what is the amount and in what way do they propose to spend it?

**Sir Girja Shankar Bajpai:** (a) and (b). The state of their finances permitting, and subject to the vote of the Legislative Assembly, the Government of India propose to make a grant, not exceeding Rs. 5 lakhs, during the next five years to the Delhi University with a view to assisting its constituent colleges to move to the University site. The distribution of the grant has not yet been settled.

**Dr. Sir Ziauddin Ahmad:** Is it five lakhs of rupees a year or is it for five years?

**Sir Girja Shankar Bajpai:** A total of five lakhs of rupees spread over a period of five years.

**Mr. President** (The Honourable Sir Abdur Rahim): Question No. 63.

**The Honourable Sir Muhammad Zafrullah Khan:** Before I go on to answer this question, may I, with your permission, add this to the reply I gave to the Honourable Member's supplementary question on No. 57, that I should like to make sure about the appointment he referred to. Will the Honourable Member send me particulars so that I can look into the thing.

#### WITHDRAWAL OF INDIA FROM THE MEMBERSHIP OF THE LEAGUE OF NATIONS.

**63. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House be pleased to mention the names of the persons who were appointed as delegates on behalf of India to attend the meetings of the League of Nations this year?

(b) Did the Indian representatives attend the meeting? If so, did they submit any report to Government?

(c) Do the Government of India propose to withdraw from the League of Nations as a protest for its inability to protect the smaller countries from the attacks of more powerful nations?

(d) Do Government propose to give any reason in justification of the continuance of their membership and the financial contribution to the League of Nations?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The delegates appointed to represent India at the session of the Assembly of the League which would ordinarily have been held in September were Sir Sultan Ahmed, the Honourable Mr. Manohar Lal and Raja Harikishen Kaul, with Mr. W. D. Croft as a substitute delegate. Owing to the international situation the session was postponed and the session with a greatly curtailed agenda, at which I represented India, was held in December. A report will be submitted in due course.

(c) No.

(d) I have nothing to add to a large number of previous replies on this subject.

#### PRICE OF SUGAR.

**64. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please state what is now the factory price of sugar?

(b) What is the fair selling price allowed by the Tariff Board on sugar?

(c) Who gets the benefit of the higher prices which the consumers have to pay?

(d) Are Government aware that the prices now fixed are fixed by the Sugar Syndicate formed by the combination of sugar manufacturers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The price of sugar ranged between Rs. 12/2/- to 12/6/- per maund during the week ending 3rd February, 1940.

(b) Rs. 9/3 per maund including the excise duty, with cane at 5½ annas per maund.

(c) It depends on the circumstances of the case. In provinces where a minimum price is fixed for sugar-cane, the greater part of the benefit of higher prices goes to cane growers.

(d) The Indian Sugar Syndicate is an association of sugar manufacturers and it is obligatory for all sugar factories in the United Provinces and Bihar to become its members. It exercises control over only some three-fourths of the factory sugar produced in India. It fixes the prices at which member factories may sell their sugar and also their delivery quotas, it is empowered to impose penalties if sugar is sold at rates lower than those fixed or if quotas are delivered in excess of those fixed by it.

**Dr. Sir Ziauddin Ahmad:** Is the Honourable Member aware of the recommendation of the Fiscal Commission of 1921 where they warn the Government of India to safeguard the interests of the consumers against combines in the case of protected industries?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am quite aware of those recommendations.

**Dr. Sir Ziauddin Ahmad:** Has he taken any action to protect the consumers against such combines with reference to this particular question of sugar, as recommended by the Fiscal Commission?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I have considered the recommendation of the Fiscal Commission with reference to sugar, and I do not consider that a case has arisen to consider that recommendation with reference to the prices now prevailing.

**Dr. Sir Ziauddin Ahmad:** Is the Honourable Member aware of the action of the Local Governments regulating the prices of sugar-cane based on the price of sugar, which practically means that the money goes from the pockets of the consumer.....

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

#### ARTIFICIAL RAISING OF SELLING PRICES BY SYSTEM OF COMBINES.

**65. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please state whether the Fiscal Commission of 1921 or any of the Tariff Boards, discussed the problem raising the selling prices artificially by the system of combines?

(b) What remedies, if any, did the Fiscal Commission or the Tariff Board suggest?

(c) If no suggestion has been made, what steps do Government now propose to take to protect the interests of the consumers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). The attention of the Honourable Member is invited to paragraph 88 and 86 of the Report of the Indian Fiscal Commission, Chapter VI of the Minority Report of the Tariff Board regarding the grant of protection to the Oil Industry and paragraphs 19—22 and 114-115 of their Report on the Iron and Steel Industry.

(c) Does not arise.

†66\*.

#### APPOINTMENT OF A CARETAKER FOR THE NEW DELHI SECRETARIAT AND COUNCIL HOUSE.

**†67. \*Sardar Sant Singh:** (a) Is the Honourable Member for Labour aware that a post of a care-taker for the New Delhi Secretariat and Assembly Building has recently been advertised?

(b) Is he aware that in replies to starred questions Nos. 1857—1859 on the 18th November, 1931, an undertaking was given that, in filling up new appointments Indians will be appointed, and will he please state whether Government are now going to fulfil that promise?

† This question has been postponed to be answered on the 24th February, 1940.

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

(c) Is he also aware that attempts are now being made to fill the present vacancy by an Anglo-Indian or a European again overlooking the claims of those Indians who are already in service?

(d) Is he also aware that upto now out of five caretakers' posts under the Central Public Works Department at Delhi and Simla, two have been held by Anglo-Indians or Europeans and two by Hindus and one by a Muhammadan and there has never been a Sikh caretaker?

(e) What are the reasons for which the claims of the Sikh minority community have hitherto been ignored, and what does the Honourable Member propose to do to safeguard their interest?

(f) Is the Honourable Member prepared to see that the present vacancy is reserved for a Sikh in order to give this minority community its due share on the cadre of caretakers? If not, why not?

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

(b) No such undertaking was given in reply to the starred questions referred to by the Honourable Member.

(c) No. The post has been advertised in the Press and the appointment will be made on merit.

(d) Yes.

(e) The assumption that the claims of members of the Sikh community have been ignored is incorrect. Selections are made on the basis of merit, and due consideration is given to the claim of applicants of all communities.

(f) Government regret that they cannot reserve the present vacancy for a member of any particular community.

#### IMPROVEMENTS IN GOVERNMENT QUARTERS IN NEW DELHI.

†68. \*Sardar Sant Singh: Will the Honourable Member for Labour please state:

(a) what estimates have been made by the Central Public Works Department for the amounts to be spent for effecting improvements in the Government quarters at New Delhi meant for (i) officers, and (ii) ministerial establishment drawing less than Rs. 600 per mensem, respectively; and

(b) what improvements are proposed to be made in each type of quarters to make them comfortable for summer residence, and why the ministerial establishment is being treated differently in this respect?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). A statement showing the proposed improvements and the estimated cost is laid on the table. The difference is due to the differing needs of the two types of residences.

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



Statement showing the improvements, together with their estimated costs, to be effected in Government quarters in New Delhi.

Serial No.	Officers.		Ministerial Establishment.	
	Name of the work.	Amount.	Name of the work.	Amount.
		Rs.		Rs.
1	Khas Khas tatties .	30,000	Provision of Khas Khas tatties in clerks quarters.	33,000
2	Wire gauze doors and windows.	1,82,000	Provision of wire gauze doors and windows to the Kitchens of the orthodox clerks' quarters.	67,000
3	Roof conditioning .	20,000		
4	Refrigerators . .	1,00,000	..	
5			Installation of shower baths in 'A', 'B', 'C' and 'D' type of quarters.	17,000
6			Purchase of table fans .	25,000
7			Installation of a plug point for table fan in one of the verandahs in all the quarters.	15,000
8			Roofing of the open court in the centre of 970 'D' class orthodox clerks' quarters.	1,40,000
9			Brick floors to courtyards of 'D' and 'E' orthodox clerks' quarters.	35,700
10			Construction of a block of two kitchens just behind the 'B' class unorthodox clerks' quarters.	35,500
11			Provision of hedges in front of 'A', 'B' and 'C' orthodox clerks' quarters.	2,400
		3,32,000		3,70,000

†69.\*

† This question has been postponed to be answered on the 24th February, 1940.

## STATEMENT LAID ON THE TABLE.

*Information promised in reply to parts (g) and (h) of starred question No. 208 asked by Mr. Lalchand Navalrai on the 19th September, 1939.*

**PROMOTION OF TRAIN CONTROLLERS TO STATION MASTERS' GRADE ON THE NORTH WESTERN RAILWAY.**

(g) It is presumed that the Honourable Member's question refers to the ten Assistant Controllers mentioned in part (b). None of them has since been promoted as Senior Assistant Station Masters or Grade VI Station Masters as prior to October, 1938, they had not the requisite seniority and since October, 1938, the cadre of Assistant Controllers and Senior Assistant Station Masters has been separated.

(h) The normal channel of promotion for Assistant Train Controllers since October, 1938, is to the posts of Deputy Chief Controllers, Chief Controllers and Traffic Inspectors. The latter part of the question does not arise.

**THE EXCESS PROFITS TAX BILL.**

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume consideration of the following motion moved by the Honourable Sir Jeremy Raisman on Tuesday, the 6th February, 1940.

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Dewau Bahadur Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoola Haroon, Dr. Sir Ziauddin Ahmad, Babu Baijnath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Also discussion of the following amendment moved by Dr. P. N. Banerjee on the 6th February, 1940:

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Sir, on Friday last, when I was speaking on this motion, I made it plain to the House, firstly, that no case was made out for the Excess Profits Tax, secondly, that the incidence of it is too high, thirdly, that it will give a set back to the enterprise in the field of industrialisation of India, and, fourthly, I raised the constitutional issue, that the tax will have to be divided with the provinces. Then, Sir, I submitted that there are several protests made and several telegrams and Resolutions sent to the Members showing that this tax is being opposed on substantial grounds. There is another difficulty in connection with the constitutional question, and the fear over it is not groundless. These taxes are increased or the level of them are lowered to give impetus to another tax which the Government impose. The fear is that the Finance Member might feel tempted to keep the level of the ordinary income-tax low and the excess profits tax high, and the result may be that a large part of the tax on income which the provinces are now getting under section 188 of the Government of India Act may be diverted to the Central Treasury and the Provincial Governments will get lesser amount and that will be a handicap to them in their nation building activities. This is a question which the Finance Member should bear in mind. Nothing should be done to hamper the Provincial Governments in getting their due. If the Provincial Governments feel strongly on this point, they might take it to the Federal Court.

Coming to the question of protests, they have been made by many associations and merchants. There is one from the Karachi Grain Merchants. Then, there are the Sind merchants who carry on foreign trade. It is well known that when the Income-tax Bill was being passed into law, there were many complaints with regard to the foreign incomes and the difficulty of getting money over here from foreign countries. These difficulties still exist and nothing has been done so far to help them in that direction, and this additional tax will operate very harshly on them. The Bombay Shareholders Association has protested, as also the Shroff Association. They have held meetings and their protests are in my hand. I do not want to read them. Some industrial institutes or associations have also complained and also the cloth merchants, fancy goods merchants. They have even threatened that they will hold *hartals*. That would be very bad. All the same the point I want to make is that the protests are substantial and there should be no haste in passing this Bill.

I will now refer to price control. I say that the Government are guilty in not putting control over the prices and, as a result, poor consumers are being fleeced. The Government should have introduced some measure in order to control the prices. With regard to that control, nothing has been done yet. Correspondence is going on. It is high time that something was done to fix prices and say that nothing more should be charged. That should be done as soon as possible unless the Government want to acquiesce in these high prices with the consequent high profits which will give Government more money under this Bill. That will not be a honest move. Therefore, I submit that the control of prices should be done as early as possible. There is one more point with regard to the control of sugar prices. The other day, Sir Ziauddin Ahmad pointed out to the House that the increase in the price of sugar was due to the war boom, but my information shows that the factory owners say—and I have seen it in the papers also—that these prices have not been raised owing to the war boom, but they are due to some disease in sugar cane production, which has reduced the output of sugar cane. On account of that—I read it even in the *Hindustan Times* today also—a certain kind of disease has got into the sugar cane and that is why it is getting damaged. Therefore, the production is less. The production being less, naturally one would feel that if the production is less and the expenses are high in the case of these factories, then they are entitled in some way to increase their price. Therefore, if it is from that point of view, then I do not think they ought to be blamed, but if it is from the war boom point of view, then certainly they are also equally liable for the excess profits. Sir, I do not think, after having made out these points, that I should detain the House any more over this Excess Profits Tax Bill, and I hope that if it is going to a Select Committee—because, after all, I still maintain up to the last that there should be circulation—but if it is going to a Select Committee, then I would submit that the Members of the Select Committee will give consideration to the points I have submitted before them and especially this constitutional point. Sir, I have done.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural); Mr. President, this is the third day of the debate on this Bill and, therefore, it is rather difficult to avoid repetitions, but as I do not like to be guilty of much repetition, I propose to be very

[Mr. Akhil Chandra Datta.]

brief. The first point I want to make is this. Of all the Bills that have come up before this House in recent times, this is the most controversial Bill. The feeling, Sir, in certain quarters is that a Bill like this is inevitable and that it must come, and, therefore, that what is the good of opposing it? Now I am anxious to say this that this Bill is being opposed, not merely by industrial and commercial interests, not merely by agricultural interests, not merely by the middle-class people, the small investors who after all are ultimate shareholders even of the big companies, but, Sir, may I tell them that during the last war when a measure like this was first discussed by the Government of India, they decided against it in the first instance. That was in 1917—four years after the war began. Their first verdict was against such a tax. Of course we know that there was the Act of 1919, but that was a second thought, an after-thought, and we know that in most cases the first thought is the best thought. The first thought is the spontaneous thought, and the second thought is always the result of much cogitation and calculation. Now that was the attitude of the Government of India during the last war,—and even, Sir, when as an after-thought they decided to impose this tax, what was the attitude of the Government with regard to that tax? Now, Sir, the real decision on that occasion was made, not at the time of the Bill but sometime earlier—the Bill was introduced and passed in February, 1919, but the decision of the Government was reached earlier in the month of September preceding. Sir, when that Resolution was being discussed, the Government felt that this was not a matter to be lightly discussed and lightly decided. They felt that this was an overwhelmingly controversial measure. They felt that the whole public was opposed to it and, therefore, in all fairness, the Government of the day decided not to vote on that Resolution in the House; they left the Resolution entirely to the non-official Members. This is what the Honourable the Finance Member said:

"We want to leave the decision thereon to the non-official Members on behalf of the much larger public in India to whom we desire to appeal; and if the bulk of our non-official colleagues"—*not all of them*—"should feel themselves unable to support the Resolution, which, as I shall presently explain, involves, in its ultimate application, the imposition of fresh taxes, the Resolution will be withdrawn."

Those are the opening words of the speech in support of that Resolution and, ultimately, that course was adhered to. Now that was the view of the Government of India. What then was the attitude of the Provincial Governments in those days? Of course I have not got the opinions of all the Provincial Governments, but so far as the Bombay Government was concerned, we know that they were decidedly against this tax. In the first instance they gave their opinion against the Bill. They were then asked to reconsider their opinion, and as a result of further consideration they again repeated their protest and in very strong terms. Now, we know that on the present occasion Ceylon has thrown it out. We also know that in none of the Dominions is this tax being imposed, except partially only in Canada. Canada, as we all know, is the second industrial centre of the Empire. So far as industrial development is concerned, it stands on the same footing as Great Britain, and except to a certain extent in that Dominion, no other Dominion has thought of it . . .

**The Honourable Sir Jeremy Raisman (Finance Member):** How does the Honourable Member know that they have not thought of it or are not thinking of it?

**Mr. Akhil Chandra Datta:** I have not studied their mind. I do not know what is going on in their mind. I did not say what they were thinking of. I have only said that they have not as a matter of fact adopted this measure up to now except to a certain extent in Canada.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): What is the alternative to this?

**Mr. Akhil Chandra Datta:** That is the *second* point. I am now dealing with the initial question as regards the principle of this Bill. I am not thinking now of any abstract question; I am speaking of India. I am thinking of India at the present moment as to whether, in the circumstances, this particular Bill can be supported, that is the point I am discussing, and not as to whether such a Bill should be supported in Great Britain or elsewhere. We are dealing with India only at the present moment.

**Mr. M. A. Jinnah:** My question was that, if the war has created a necessity for extra expenditure, what is the alternative source that you would like to tax?

**Mr. Akhil Chandra Datta:** I shall be very frank. If, in the first instance, it is decided that there must be taxation . . . .

**Mr. M. A. Jinnah:** Yes, assuming that.

**Mr. Akhil Chandra Datta:** I have not gone into that question, but out of respect to my Honourable friend, Mr. Jinnah, I must answer that question at this stage. I must admit frankly that, if a tax is to be imposed, and if a choice has to be made between general taxation and taxation like this, then I am prepared to endorse the argument of Sir Jeremy Raisman that, as between general taxation and this taxation, this is preferable. I do confess it, but I am now on the initial question whether a case has been made out for any taxation at all under the present conditions of India either by means of a general taxation or a taxation of the kind that is now sought to be imposed.

Now, Sir, the Government want to raise money for the defence. I welcome it. Do for Heaven's sake raise money for the defence of India. But before you raise money for the prosecution of the war in different parts of the world which are thousands and thousands of miles away from India, let us take care of India herself under the ordinary conditions. Have you got a sufficiently strong defence force in India? Only the other day, my Honourable friend, Sir Sved Raza Ali, moved a Resolution on the subject. He wanted that the defence Air Force of India should be strengthened. What was the reply of the Government? They said that it was beyond their financial resources. It is a great financial problem and they have not got the money for it. My esteemed friend and Leader, Mr. Aney, pointed out and emphasised that if that is the position, then the position of India is extremely helpless. It practically comes to this that if for some reason or other Great Britain finds it not possible or convenient to defend India, then God save India. If that is the position of India so far as her defence is concerned, then before you talk in

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terms of the defence of the Empire and of the small nations of Europe and before you talk so big as that, you ought to think in terms of the defence of India herself. Charity begins at home and let the defence also begin at home and not in far-off countries in Europe. That is one objection to the Bill. Before you raise money for the purpose for which you are raising it now, raise the money for giving effect to the Resolution of my Honourable friend, Sir Syed Raza Ali.

Then, I came to my second point; in fact, it is the first point. I maintain that no case has been made out for this Bill neither in the Statement of Objects and Reasons nor in the speech which the Honourable Member made while moving his motion. The Statement of Objects and Reasons is hopelessly silent. If I were to speak in the language of a lawyer, I would say that no cause of action has been made out at all in that Statement of Objects and Reasons. We had all hoped that that deficiency would be made up in his speech which would throw light and give us all the needed materials. There, again, we were disappointed. Now, Sir, if I had to think in terms of a law suit and supposing the suit is a suit for money, I would proceed like this. Here is the plaintiff—I call the Bill a plaintiff. He wants money decree from this House. Let us think that this House is a court and the Government have engaged Sir Jeremy Raisman as a Counsel for the plaintiff. He comes before the court and asks for some money. He says he wants a money decree. The court asks him, what is the amount that you want? He says that he cannot say because he does not know the amount. The next question put by the court is: "What is the purpose for which you require the money? How do you propose to send the money?" There, again, the Counsel says: "That is an inconvenient question for me to answer". I do not know, Sir, whether that answer will be forthcoming at any time. My point is this. There are three very essential facts which must be established before this House can reasonably be asked to vote for this Bill. The first condition is, what is the purpose for which you want this money? A general description won't do. You must give us a clear idea as to the purpose for which you want to raise this money. The second essential fact which we want to know is, what is the amount that you want to raise? The third fact on which we must be satisfied is that that amount you cannot possibly raise with the utmost efforts of economy from the revenue of the country and that you cannot raise it without further taxation. These are three facts on which we must be satisfied before we can honestly vote for this Bill.

In this connection, may I draw the attention of the House to what was done by the Government in 1919. Money was raised then for a certain specific purpose. The House was taken into confidence as to how the money was proposed to be spent and the House was told that the money was required for meeting the extra cost of an extra force of Indian troops numbering two lakhs who were actually fighting at the time in the fields of battle. That was the object for which money was raised. First of all, the Indian troops were fighting, not fighting so much for the sake of the Empire but fighting to keep the war off the borders of India and in order to safeguard the external security of India. That was the purpose for which the money was required. That was the purpose for which the money was earmarked. Here, in this Bill, we are told that the purpose

for which the money is wanted for defence and other services. That is delightfully vague from the point of view of the Honourable the Finance Member and it is frightfully vague for us who are asked to vote this money. "Defence" may mean anything and everything. It covers such a wide ground that you can spend the money for this purpose and for one hundred and one other purposes. We have not yet been told any specific war item on which you propose to spend the money just as the House was told in 1919 the specific purposes. The next essential fact for us to know is, what is the amount? Is it that you want a blank cheque or you want to raise a particular amount of money. What happened in 1919? There the amount that was proposed to be raised was six million sterling net. I am not able to lay my hands on the opening sentence of the Finance Member's speech then, but I can say from my memory that the sentence was something like this: "This Bill seeks to raise a net amount of six millions".

**Mr. M. S. Aney** (Berar: Non-Muhammadan): If you want the exact words, they are:

"This Bill sets out to secure a net sum of £6 millions to pay part of the contribution to the cost of the war which was decided upon by this Council last September."

**Mr. Akhil Chandra Datta**: Yes, that was the opening sentence in the speech of 1919. Six millions net and it was for the particular purpose of meeting the cost of extra forces. I want to emphasise the word 'net'. The Honourable the Finance Member on that occasion took the House into his confidence and explained at great length the precise implication of the different provisions. He explained "we want to raise six millions and we have framed our recommendation proposals in such a manner that the proceeds will be six millions and six millions only and not more than six millions". I shall not waste the time of the House by reading long extracts from that speech. He took the House into his confidence and explained how the 50 per cent. rate was arrived at. This percentage was certainly not arbitrary. This was based on certain figures. On that occasion it was explained why these proposals were framed in that particular manner because the object in view was to raise a particular sum of six millions only. That was the object. Otherwise why do you frame your proposals in that particular manner. There must be some relation between 50 per cent. and the amount proposed to be raised. Why is it 50 per cent.? Why not 25 per cent. or 75 per cent.? An assurance also was given that not a pie more would be raised. Those who have gone through the debate will bear me out when I say that in substance an assurance was given on that occasion that if the proceeds of the tax exceeded six millions, the excess will be refunded. I will read from the speech of the then Finance Member:

"Mr. Hogg's proposal comes to this that, if we are in earnest in our desire to get only £6 millions net, we ought to demonstrate the sincerity of our intentions by agreeing to refund anything in excess of that sum which our actual assessments may bring in".

Then, after pointing out some difficulties in accepting the amendment, later on the assurance was given in this form:

"We are however in earnest in our desire not to take more than £6 millions net and not to employ the proceeds of this tax for any purposes except the redemption of the obligation which we undertook last September. I must ask the Council to be content with this assurance and with the further undertaking that, if Mr. Hogg's

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is "right and we are wrong, we shall consider the whole position again later in the year when the actual assessments are known and we shall see whether it is possible to bring the position into accord with our present intentions. The collection of the instalments of duty will be regulated with a view to making such review of the situation capable of being effective".

That was the spirit in which the Government approached this problem then.

The next condition that I insist on Government before raising extra taxation is that they must make out a case that the current revenues are not sufficient either for the entire amount or any part thereof. On that occasion the Finance Member told the House that they adopted the utmost economy, that they made retrenchments and economies. To quote the exact words he said "we have counted every rupee". Referring to army expenditure, he said that it was cut down ruthlessly. What is the position now? The other day my Honourable friend, Mr. James, wanted to know whether it was proposed to have a committee as in other countries to prevent waste and extravagance. The answer was in the negative. So that, I feel that before these conditions are fulfilled, we cannot honestly vote for this measure. There must be a case made out. If you want my vote, it is only fair that you must convince me that it is really necessary. Your case may be a very good one for aught I know. But I do not know your case, that is my trouble. What is your basis for 50 per cent. Why do you say 20 thousand and not 10 thousand? There must be some figures on which you have based this estimate. You must place those figures before the House. Why do you say 5,000 assesses and not ten thousand assesses? It is absolutely clear that there are some figures which you are withholding from this House. Either your figures are arbitrary or they are based on some calculation. If arbitrary, you cannot expect us to support your proposals. If on the contrary there are any materials and figures it is only fair that they should be placed before us. We do not know whether it is proposed to raise one million or 100 millions. There will be one rate in the case of one million and another rate for 100 millions. So these are important things to be known. I want to point out that the spirit with which the Government of India approached this question in 1919 is different from what it is now. In 1919 they were frank, fair and honest; there was no hide and seek and nothing up their sleeves, but a feeling of trust. They took the House into their confidence and said they would themselves refrain from voting.

The next point that I want to make is this. The precedent of the United Kingdom will not help us at all. The point has been dealt with  
12 noon. by previous speakers; I will only state it without elaborating it. The standard period in Great Britain is, roughly speaking, a boom period; in India it is a period of depression. That makes all the difference between the United Kingdom Act and the present Bill. In the United Kingdom money is taken from the industry with one hand and returned to that industry with another. We know that a huge amount is being spent every day in Great Britain for the prosecution of the war; but we also know this that eminent economists and politicians in the United Kingdom hold that this huge expenditure out of the public purse constitutes a great stimulus and attract public investments on the industries on which the money is spent. In effect the money which the British taxpayer and the British industries are asked to part with in order to contribute to the vast expenditure of the war is returned to them in the form of money spent on industries working for orders of the Defence



Department. There is a feeling here in regard to this Bill that while His Majesty's Government in the United Kingdom is engaged in a bitter economic warfare on the enemy front, the Government in this country appear to spend all their wits to organise an economic warfare on the home front, and, particularly, against trade, industry and commerce. Sir, I cannot support this Bill.

**Dr. E. D. Dalal** (Nominated Non-Official): Sir, in supporting the motion moved by the Honourable the Finance Member to refer this Bill—the Excess Profits Tax Bill—to a Select Committee I desire to refer to only a few of the general considerations of the Bill, and in doing so I shall occupy the attention of this Honourable House for only a few minutes. Sir, the introduction of this legislation was not unexpected. The proposed tax is both inevitable and in principle unexceptionable. This is a general tax on excess profits made by businesses. The tax is to be chargeable as from the 1st April, 1939, and it is to be paid on the excess of the current profits over a certain defined pre-war period. The principle that the State should get a part of the profits accruing from the war is in my opinion correct, and should be accepted by business men in India; and there should not be any objection to the introduction of this legislation now. In the last war it came too late to prevent scandalous cases of profiteering. An excess profits tax is a much more equitable way of raising money than an increase in income-tax. In view of the fact that the British Excess Profits Tax is 60 per cent., the 50 per cent. scale of tax on excess profits is in my opinion reasonable. As the Act is to be administered by Officers of the Income-tax Department, I consider that the machinery for the collection of the tax is adequate, and that the cost of enforcing it will not be high. Income-tax Authorities should see that the tax is tempered, wherever possible, particularly on new industries and on those which fared badly before the war. If the pre-war profits have been exceptionally low, provision is made for special relief. Such cases would be submitted to a Board of Referees, who would be empowered to raise the figure of standard profits where they consider them less than what might have been reasonably expected. Sir, in my opinion the Board of Referees should be an entirely independent body and should not be under the control or direction or influence of the Central Board of Revenue. They should be an authoritative body, and should exercise their duties fairly and generously, and should come to a right conclusion. Above all they should see that no profits which are not due to the war are taxed. Sir, it has been said that Government are rushing through this legislation. In this connection I would point out that it is only fair that instead of incorporating the excess profits tax in the Finance Bill the mercantile and industrial community should be told at the earliest possible moment of the taxes they will have to take into account in making their plans and in considering how far they might venture in new concerns. So far as I have studied this question, I think this Bill will not adversely affect trade and industry in India.

Sir, there is only one further point to which I wish to refer. The secret of success of the administration of the Act will lie not in the sections and rules of the Act but in the Excess Profit Officer, in other words, it will consist in the man. May I be permitted to illustrate what I mean? If revenue assessments are to be fair and equitable to the people it will not be because of the resolutions which the Government of India have issued to regulate them but because a sympathetic Settlement Officer has been sent to carry them out. So I respectfully submit that sympathetic

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Officers of the highest probity should be selected for the administration of this Act.

**Mr. M. S. Aney:** Sir, the debate has been going on for the last few days and most of the points which are of importance in principle have been threshed out. I only want to make a few observations to indicate the grounds on which I base my objections to the Bill as it stands at present. The Honourable the Finance Member in moving his Bill made a conciliatory speech. It was an agreeable departure from the traditions which have been observed by the treasury benches, particularly by the predecessor of my Honourable friend, for the last five years. The main point and the broad principle on which he wanted to justify the present measure was what he has felicitously described as the principle of social justice. . .

**Mr. M. A. Jinnah:** That is not his main point.

**Mr. M. S. Aney:** That is the broad principle on which he wanted to justify this measure. My Honourable friend, Mr. Jinnah, says, it is not his main point. I do not know if it was his main point or not, but it appeared to me that he indicated that in accepting a measure of this kind we were doing what he considers to be a bare act of social justice. That is exactly what he meant because he thought that there is a correlation between war expenditure and war profits and by this Bill that correlation is re-established, and by bringing about that kind of correlation he was only asking this House to do bare justice, which he calls social justice—that is all; and he further tells us that this was not a measure that is going to affect all the people of India, but only a few thousands—five thousand according to him. So his main idea seems to be that the House must not take it as anything affecting the whole country but only a certain limited class of people, and it is only they who are interested in it. Others can look askance at the whole affair—that is probably what he meant. My position is somewhat different. I really do not think that the Bill is so innocent, even as regards the others, as he wanted to represent. Does it really only affect five thousand people? Assuming that it only affects five thousand juridical persons probably as he has in mind, even from that point of view each of those juridical persons consists of some so many other thousands in the shape of shareholders and others who may get dividends and the total number will therefore be several times five thousand which he has in mind. . . .

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadian Urban): Hundreds of thousands!

**Mr. M. S. Aney:** Hundreds of thousands as Sir Cowasji Jehangir has rightly said. But I should like to look at this measure from an even wider point of view. This is a Bill in which the aim of the Government is to claim a share of the profits which are supposed to be made by the businessmen on account of the war conditions that have come into existence, and these profits generally mean that prices of things go up and businessmen make profits out of that. It is true that war conditions do give rise to a certain inflation of prices and those who deal in that business make more profits. The Finance Member thinks that those extra profits are so to say unearned increments of businessmen; they are not due to anything done by them as such but due to the existence of an adventitious circumstance and therefore, the state has got a right to claim something out of those profits.

Now, I want to see whether in this struggle between the State and the businessman, the ordinary man is being crushed or not. If he is being crushed, then I maintain that it is not a matter which concerns only five thousand men and the Government of India, but even the five crores of Indians who are vitally concerned in it. That is how I want to show it.

The circumstances under which this Bill was introduced were of a very peculiar nature. We have gone through a period of depression since 1930-31 till this year. In fact 1939-40 is the first year, I can say, wherein the depression may be said to have ended and a new period may be said to have begun. So far as the Central Provinces and Berar is concerned, I know what the depression really meant. Due to a series of failures of crops extending from 1930-31 to 1938-39 and the abnormally low prices of the raw materials grown, the position of the cultivators and the general public who depend upon cultivation and agriculture in general, had almost become hopeless. It was because this year there was a little improvement in the conditions of the crop as well as in the prices that a period of hopefulness and some kind of better prospects for this year had begun to grow. As soon as this Bill was introduced, or rumours regarding the introduction of this Bill were in the air, a sudden change has come over—a fluctuation in the price of cotton from Rs. 100 per *khandi* to Rs. 70 or Rs. 72 per *khandi*: that was the amount of the fall which was reached during a period of three or four days about the time this Bill was being introduced. You can very well imagine the havoc it must have caused among the cotton growers and others who are in that trade. Traders and growers, both have found themselves at sea. There was a kind of economic revolution there, so to speak, in the market and the position is like that even now. In getting Rs. 100 a *khandi* we were not getting more than what we really deserved. But during all these seven years it never reached 60 or 65 rupees level. At one time, several years ago, the prices had gone up to Rs. 200 or even Rs. 250. I am talking of the standard measure of *khandi* adopted in Central Provinces, not the Bombay measure, but businessmen know what I mean. Those who were getting Rs. 200 and even 250 were not getting more than 60 or 65 rupees, sometimes even 50 or 55 rupees per *khandi*. In fact, they were not getting even the cost of production. It was only this year that they began to get something over and above the cost of production. The thing went on for hardly two months or so. The season began in October. There was some selling in November and December. In January this bolt came from the blue, and the result is that there is a terrible state of despair in the whole of the province. What will be the result? The result will be, I am sure, if this Bill is passed, that the industrialist, shrewd businessman that he is, will do one of these two things in order to maintain the level of profits which he has been getting. He will use all his ingenuity to maintain the level of profits he is getting now: what he has to buy he will buy at the lowest price, and what he has to sell, he will sell at the highest price, the finished product will be sold at higher prices and as regards the raw material, he will make an attempt to get it at cheaper prices. In fact, it is the grower of the raw material who is likely to suffer and the businessman will try to maintain as high a level of prices for his finished product as he can under these circumstances.

The war period is a period which generally gives facilities for the purpose of forming big combines and monopolies. So far as the goods manufactured by them are concerned, as they have no other foreign competitors to compete with them, these combines will be the masters of the situation,

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and the articles manufactured by them will be sold at higher prices, while so far as the raw material required for turning out these finished articles are concerned, these combines will get these raw materials at as low a price as possible. How such a thing can be avoided, I do not know. Therefore, Sir, if a Bill like this is passed, it will be a matter which will concern not merely a few industrialists, but it will affect crores and crores of people who are producers of raw materials which are consumed in the big industries in India. Therefore, if this Bill is passed, it will not merely take out a share of the extra profits from some people who will be profiteering, but it will do something that is likely to damage the middle and lower classes on whose labours the Indian industries depend. My friend, the Finance Member, shakes his head, and he is rather making me dubious as to the fate of the suggestion that I am going to make presently.

Now, Sir, there is another point which I should like to make. Government cannot afford to be indifferent to the state of those agriculturists and industrialists who have been assisting them in so many ways. Supposing these profits are illegitimate—that is what the Government thinks.....

**The Honourable Sir Jeremy Raisman:** No.

**Mr. M. S. Aney:** They are illegitimate in the sense that you think that these people are making profits under certain conditions, of which you can take a share. It is a windfall; you think that these agriculturists and industrialists are making large profits owing to war conditions, and you think that Government are justified in taking a share out of those profits. Suppose, in taking advantage of the present situation, these people are doing something wrong, then how is that wrong to be cured? If there is injustice, it is injustice to the original man, and how is that injustice to be cured? It is something like this. It is like Peter's money or the Pope's money, and, in place of Peter, the Government have come in. While the people are making a little more money out of the present adventitious circumstances, the present Government, like the Pope or Peter, want to get some benefit out of it. But let me tell my friends on that side that as the Pope's money and Peter's pence have been found not to have served any purpose in washing away the sins of the past sinners, so also if there is anything wrong in making any extortionate profits that wrong is not righted by the Government taking away a share out of the extra money made by these people.....

**Dr. F. X. DeSouza (Nominated Non-official):** Is the Honourable Member in order in speaking so irreverently of Peter's pence and the Pope?

**Mr President (The Honourable Sir Abdur Rahim):** The Chair did not understand that the Honourable Member was casting any reflection on the Pope.

**Mr. M. S. Aney:** I did not cast any reflection on any Pope.

Then, Sir, the second point which I want to make out is this. My friend, the Deputy President, and also several other Honourable Members who preceded me have pointed out what was the main object for

which the Act 1919 was passed by this House. At that time there was a definite commitment made by the Legislature itself that they were going to make a certain contribution towards the extra expenditure of the war. That definite commitment having been made, it involved the House in an expenditure amounting to several crores. There was a gift of a hundred crores; there was a promise made to pay off the expenditure of certain forces, and so on. Now, Honourable Members will observe that Resolutions were moved then, and the Government remained silent; and they allowed the non-official Members of the House to vote on that Resolution. The commitment was made by the vote of the non-official Members of the House. There was a voluntary undertaking given by the representatives of the people that they will make a certain contribution towards that war, and having given such an undertaking, it became necessary for Government to see how the House discharged its obligations in this matter. That was the reason why the measure of 1919 was introduced, and that measure aimed at getting only so much as was necessary to fulfil the promise which was made. Part of it was raised by taxation, yet another six million pounds were taken, and they brought in an Excess Profits Bill, a measure which the Government hated from the very beginning, but they, ultimately, resorted to it as a last measure to raise only that limited amount to which the House had stood itself committed. The position of the Government at that time was that such a measure had to be undertaken owing to exceptional circumstances due to the war, I have indicated what the exceptional circumstances then were; and the House itself had undertaken certain obligations, the House itself had stood committed to pay a certain amount towards the expenditure of the war, and those obligations had to be fulfilled, and for that purpose there was no other remedy except to levy extra taxation.

Now, coming to the present times, what is the position? Has this House ever committed itself to pay any contribution towards the present war? Has this question ever been brought before the House for its consideration? Did this House ever agree to make any contribution towards the present war? Did the Government ever care to take the consent of this House before even the war was declared? Nothing of the kind was done. Everything due to the war is being done by keeping the House entirely in the dark in regard to all matters. Yet the Honourable the Finance Member comes before us with a measure like this and asks us to vote for a certain amount, an unknown quantity I mean—I do not know how much money he is expecting to get by passing this Bill. The circumstances under which the 1919 measure was passed were such that the Government then felt that they were justified in taking the House into confidence in regard to war taxation, but now it would appear that the Government is full of suspicion; nobody knows anything about their intentions. Not only that. The Government are not prepared to indicate even the financial implications of a measure like this till the Budget is presented. Why did not the Government wait till the Budget was presented to the House? Why do they want this House to give its consent to the principle of taxing itself in this particular manner first, before the House gets any idea of the Budget figures? Why do the Government want this money now? They have taken a step which is exactly the reverse of what they did in 1919. This measure could have waited until the Budget had been presented to the House. The war was not going to be finished by tomorrow. The Government certainly could have waited to introduce this measure at least till the 29th of February. We

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do not know the financial implications of this measure, we do not know how much money was going to be raised, we do not know how the Indian cultivator and the industrialist is going to be affected, and so the whole point is whether there is any justification for giving our consent to this Bill. The Government's original intention was to finish off the whole affair by getting the consent of the people before the House knew what the financial commitments of future years were going to be. 16th February—that was the original date on which you wanted to present the report of the Select Committee?

**The Honourable Sir Jeremy Raisman:** To present the report but not to proceed with the Bill.

**Mr. M. S. Aney:** The Select Committee was to finish its business so far as the main part of the Bill, *i.e.*, the very important part of the Bill, was concerned by that date, and after the Select Committee has presented its report, it is more or less a formal matter because the views of the leading Members on important points are generally expressed in the Select Committee's report and those views generally prevail with the House when the report is taken up for consideration.

**Mr. M. A. Jinnah:** We will accept no report which does not meet with our approval.

**Mr. M. S. Aney:** The Honourable Member says 'that he shall not present the report of the Select Committee before the 6th March'. I was addressing my argument in respect of the state of things which existed before he made the above announcement. My point is this. So far as this Bill is concerned, we are asked to give our consent to it in circumstances of a very peculiar nature.

The third thing which I want to bring to the notice of the House is this. As regards the war which I was talking about, the position was, on the other hand, that all the important political organisations in this country whose representatives are in this House have, as far as the war is concerned, made a kind of conditional offer of co-operation, including the great Muslim League organisation which My Honourable friend, Mr. Jinnah, represents. Negotiations are going on, and if those negotiations are to bear fruit, I think it is better that the Government do not call upon this House to commit itself unnecessarily to financial decisions of this character if it wants to ensure the success of those negotiations. Let those negotiations successfully end and I am sure the House and the country outside will be prepared to vote any amount of money that the Government may reasonably need for the sake of successfully waging the war. But if things are forced upon the House in the manner in which it is being done, I am afraid it may hamper even the progress of those negotiations. That is also a point which the Honourable Member on the Government Benches will have to take into consideration in dealing with this Bill.

So far as other points are concerned, the very illuminating speeches that have been made on this Bill, particularly by my Honourable friends, Sir Homi Mody, Sir Cowasji Jehangir, Mr. Bajoria, Mr. Husenbhai Laljee

and other businessmen have brought out the salient defects of the Bill to the notice of the House. They have shown how the figure of standard profits which is the taxable minimum which is fixed here is higher than what was fixed in the old Bill. They have shown, how the standard years taken for standard profits are themselves lean years and not years of profit, how the last Act that was passed made provision for an annual review of the tax and how that kind of provision is wanting in this Bill. They have shown how the capital which has to be taken for the sake of assessing profits was capital employed and not the share capital as it is here. Besides, they have also shown how an attempt is not made in this Bill to single out war profits from normal increases of profits. All these points have been brought out and many more to which I could refer at length, but I do not think it is necessary for me to do that as they have been brought out very clearly and carefully. In connection with this I only want to urge this. I think that the Government claiming a share to the extent of fifty per cent. in the profits which the businessmen may make is bound to hamper the progress of industrialisation of this country hereafter at least for some time.

War no doubt is always an evil, but in the case of India it may be a period for the rapid progress of industrialisation. It was considered to be a favourable opportunity for India to develop her industries in many ways, and, therefore, if anything, it was expected that the Government would take every possible step to encourage the development of India's industries at this time. If, instead of that, they are going to impose a heavy taxation of this nature upon the profits, the tendency of industrialists would not be to invest more money in new enterprises and new industrial undertakings, the capital would be invested in some other safe securities and not for the sake of adding to the industrial development of the country. This, in my opinion, will be one of the most undesirable results of the passing of a measure like this. In England as my Honourable friend, Mr. Akhil Chandra Datta, has shown, what is taken by Government is returned back to the people and generally to the industry itself. The industry pays or supplies the funds and Government supplies the industry back with the resources.

**The Honourable Sir Jeremy Raisman:** Exactly the same here.

**Mr. M. S. Aney:** That is what we want to know when we shall have the full picture before us. If in India the share of the profits which the Government is going to take is going back to the industry again to fructify the Indian industries it will be some consolation for us, but till the full picture is before me, I am not able to accept that. I am glad that the Honourable the Finance Member is suggesting that they intend some such thing to do.

**The Honourable Sir Jeremy Raisman:** It is the position now.

**Mr. M. S. Aney:** These war profits seem to me to be something like war babies. Whenever they have war babies it afterwards becomes necessary for Government to pass a law to legitimatise them all; otherwise, it becomes a source of great nuisance to the society. But the law relating to war babies is enacted after the war babies are born. But here what do we find? We find that a full year of profit is not yet over, the war only began in the month of September, and for a full war year you must wait till the next September, but the Government seem to think that the



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businessmen are quick with profits and in anticipation of delivery of those war profits they think that these illegitimate children must be legitimatised and by introducing this Bill, they have, in my opinion, tried to claim a share out of it and think that if they get a share then everything is fair and square. I am reminded of another thing that I read in one of the volumes of the Joshi Enquiry Committee's report on child marriages. In one of the volumes it is stated that amongst a certain caste the year of marriage comes once in twelve years and whenever that year comes, it is not only the born children that are married but children which are likely to be born are also married. The two women are brought together and the fathers of the would-be children come, and those two couples come to an agreement that the children that are to be born of those two ladies would be married together.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member of Commerce and Labour): Provided they are of the opposite sex.

**Mr. M. S. Aney:** Yes. It was considered to be a scandalous practice and one of the results of the passing of the Sarada Act was to put an end to that practice. I do not know whether we shall have to pass such a Child Marriage Restraint Act or an Act like that in respect of such Bills also. I hope that we shall not allow matters to stoop to that scandalous degree. For these reasons having looked at the picture from all points of view, I feel that the measure at present, to my mind, is premature and I am not, therefore, in a position to give my vote in favour of the motion for referring it to the Select Committee.

**Mr. M. A. Jinnah:** Sir, this is really a very exceptional Bill and also very complicated in many respects and before I deal with the Bill, as some of the Members have already raised the point which is of a constitutional character, I would point out that we have repeatedly made it clear—and I think the world knows it—as to what is the constitutional position of this House. Even if we reject this Bill, it is of very little use because of the power of certification. It will only have a moral effect and there will be some satisfaction that those who sit on this side of the House that we have won the division in the lobby and no more. This House is, therefore, treated as it deserves to be. Here we have the Government which have decided that this Bill should be introduced and passed. Now, we have only Hobson's choice, and we have to choose the lesser of two evils and I have to accommodate myself into this position and how best to fit in to do the best for those who are going to be operated upon hence. I have to choose the lesser of two evils. Situated as we are, we must try to minimise the mischief that this Bill is likely to create and may very seriously affect trade and industry, if it is not put right to our satisfaction. I quite agree with my friends, Mr. Aney and Mr. A. C. Datta, that the Government have treated this House in a manner which is, to my mind, shocking. Here is a skeleton Bill which is almost a copy of the English Statute. I speak most respectfully of the Honourable the Finance Member, when I say this; but it gives us no indication whatsoever of the financial position of the Government of India or any other data or information. A hue and cry was raised and very rightly too about the spirit in which this Bill was published and the haste with which Government is proceeding with it. At last we had a glimpse in the speech of the



Honourable Member. He said 'No, no, you will have the picture before you and the budgetary position will be thoroughly exposed before this House finally decides and you will have the opportunity of considering this Bill in the light of the budgetary position and other facts that may be available'. That is putting the cart before the horse. But then that is generally the case in this House and we have got to deal with it as best we can. I agree to a large extent with the emphatic criticism made by the Deputy President but the position is this. Should we allow this Bill to go to a Select Committee or not. Supposing we throw out this motion, Government will say: 'You have declined even to consider this Bill'. When my Honourable friend the Baronet, Sir Cowasji Jehangir, criticised this Bill and many of its provisions, the Honourable the Finance Member said 'All this will have to be considered in the Select Committee'. On this assurance, so far as we are concerned, we are not prepared to oppose this motion but I want to make it quite clear that although we say that we are not opposed to the principle of the Bill, it is the details that matter most vitally and not the principle. So far as this Bill goes what is the principle of the Bill? I congratulate the Treasury Bench that they have also been inoculated with the principle of social justice. I hope that this germ will fructify. It is a rare treat indeed that in a bureaucratic Government the Finance Member should start with the principle of social justice. May I ask him to carry that principle of social justice into practice nearer home and apply that principle in the matter of reducing fat and high salaries. It is war time and there should be retrenchment and economy.

**Sir Cowasji Jehangir:** He wants to cut down your travelling allowances.

**Mr. M. A. Jinnah:** I do not know whether my information is correct but I believe that since the war the officials who were getting normal salaries have got enormous increases and additions and allowances.

**An Honourable Member:** War allowances.

**Mr. M. A. Jinnah:** I do hope that this question will be kept up in its real application of this principle.

Now, the main ground on which this Bill is pressed is this—that the Government have got to incur extra expenditure because of war conditions and that expenditure has got to be met and what more equitable source of taxation than the war profits. Putting it on that basis, I do not think that one can find any serious objection to that. It is quite clear that if Government have got to incur legitimate expenditure owing to war conditions, that expenditure has got to be met. And I quite agree that it is very difficult to suggest a more equitable source; there may be one, but at present I cannot think of one—and to that extent anyhow I do not think that this House can have any objection. But it is not the principle which is vital, so far as this Bill is concerned, but its provisions and its details, and I want to make it quite clear that, so far as we are concerned on this side of the House, we shall not support the Bill, unless we are satisfied fully that the expenditure is a legitimate one, incurred not in this vague fashion—"war and civil service requirements"—incurred "mainly"—I do not know what it means—"mainly for the war",—well, that is a very dangerous word—and phraseology "mainly for the war",

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we shall not be led away by these phrases, but we shall examine the point that the expenditure that is incurred or is going to be incurred or is likely to be incurred is a real, legitimate expenditure which India is bound during the course of this war to incur, for its own interest and for its own defence. Well, that is proposition number one; and second, unless we are satisfied about the requirements and that in order to get that specific amount of money about which we must have a clear idea, we cannot commit ourselves—not this eye-wash, not this blank cheque—what is the blank cheque we are asked to give now?—“that this measure is to last until the Government choose to terminate it”. We have only got, to pass this Bill and give a blank cheque. We are asked to say: ‘Very well, take it.’ But when is it to end? We do not know. Whether it will be again open to us at any time to review it? No. We are to give you this Bill,—a 50 per cent. tax on war profits and that is all. Then how much will you get out of it? How will you spend it? We are not told and we shall have no voice of any kind hereafter. Whether this Bill will be subject to examination or review or revision annually? No. I assure you that we will not accept that position. If you want our views—otherwise of course it is no use consulting this House; whatever may be our differences—and there are very vital differences between the Government and us, but up to the present moment the position is this, that, so far as we are concerned, we do not wish to embarrass the Government, because the matter of constitutional adjustments is still pending as a matter of negotiations; until we decide definitely, our position is that we do not wish to embarrass the Government. On the other hand, we expect the Government to take this House into their fullest confidence—if they want our real co-operation until we break,—and we have not broken away yet. Now, having made these general observations, let me deal with the various points. Now, the first point—I do not want to go into the details of the Bill and the various provisions which are matters of detail and which will be more for the Select Committee. I regret very much—not that I am holding any brief for anybody—but I regret very much that Sir Cowasji Jehangir is not on the proposed Select Committee. We know, Sir, that the subject-matter of this Bill is a matter that can best be understood by businessmen; and, therefore, I would ask the Finance Member to put him on the Select Committee—never mind, it may be said that Sir Cowasji Jehangir or other businessmen are interested and they might give a lot of trouble, create a lot of difficulties, and they would be pulling in their own interests, but don't be afraid of them.

**The Honourable Sir Jeremy Raisman:** I am not.

**Mr. M. A. Jinnah:** I assure you that when you come up before this House and you put your case before us, I think we shall not only be able to see and read between the lines, but we shall know which side to support, but let us have the benefit of their criticisms. After all, remember we are dealing with big issue involved in this Bill—although I know perfectly well, that some few are openly hostile to capitalistic class. It is all very well, to say so. I think one of the Honourable Members said, “oh, you must get the money out of these capitalists.” Sir, it is a mistake. It is not getting money out of the capitalists. Sir, I think my Honourable friend, Mr. Joshi, is always thinking of the capitalists. Now, just see—I ask Mr. Joshi—who will pay when you talk of the capitalist—who will pay?

**Mr. N. M. Joshi** (Nominated: Non-Official): The investors.

**Mr. M. A. Jinnah**: And there are thousands and thousands of investors—small ones, middle class and widows in these businesses—thousands of them. Don't you think that they are going to escape from paying their quota under this Bill. It is not merely the millionaires.

**Mr. N. M. Joshi**: I do not mind.

**Mr. M. A. Jinnah**: You don't mind as long as you get what you want for your workmen, which, you imagine, is the heaven, but your heaven is far off. I only wanted to combat the argument and show that it is no use running away with the idea that nobody else is concerned except the "fat capitalists". This is not so. The five thousand assesses, that are estimated, do not mean five thousand but they mean thousands and thousands all over the country. Remember that. Therefore, I hope that that will be borne in mind. But anyhow even the capitalist must live,—well, do you want confiscation, expropriation, do you want that? If that is so, then say it on the floor of the House and be done with it. After all, they must be treated also fairly. I do not say they should be allowed to get away from bearing their legitimate burden in proportion to their capacity. There I agree. Well, Sir, therefore, the first question I would like to draw the attention of Honourable Members to is this that the Select Committee and the Honourable the Finance Member will bear in mind that the first proposition of his is a general one,—that profits arising out of war conditions should be taxed. Now, are they going to make any distinction between profits which will arise directly and solely due to war, and profits which will arise indirectly because of the war? I do not know whether I have made my position clear. Take a big contractor. He is not concerned with any business except to supply to the Army Department, solely for war purposes. Now he makes, we will say, an excess profit. I do not know how you are going to ascertain his excess profit; but if you do, anyhow you will get fifty per cent. of it. Take an ordinary trade or normal business, which also makes excess profits due to the war conditions. Are these two to be considered on the same footing and are they both to pay on the 50 per cent. basis? That is one of the points I want to consider. The next point is, why have you taken 50 per cent.? Why not 10, 12 or 20 per cent.? How much will you get? Have you any idea? And what do you want? So far as this 50 per cent. is concerned, we are in the dark. I hope that the Select Committee will consider this percentage carefully so that it may appeal to this House to support Government.

The next point is the standard period. I really cannot understand why the Government have stopped at 1938 and why not up to April, 1939. 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

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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 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 next thing is that this Bill must be put to periodical examination by this House. I shall never agree, speaking for myself, to give a blank cheque. It must be subject to review and revision annually by this House.

**Mr. M. S. Aney:** The British Act is like that.

**Mr. M. A. Jinnah:** Now, I would like to draw the attention of the House to the fact that a statute has been passed in Canada. I have got the summary of it with me. I want the House and the Government to know what the Dominions have done and India cannot be expected to do more. In fact, India is not even in a position to do what Canada is in a position to do. I will take the liberty of mentioning these points one by one. I am reading from a copy of *Barron's Weekly*, dated the 18th December, 1939. The Excess Profits Tax Act was passed on the 18th September, 1939, in Canada. I am now reading the summary of it from *Barron's Weekly*:

"This Act imposes a tax on Excess Profits arising either directly or indirectly from war activity. The Act applies only to profits earned in the Fiscal periods ending after March 31st, 1940."

May I stop here for a moment? Why do you want to catch the profits by fixing the period that you have fixed? What will you catch? You want to catch some profits that were made in the months of October, November, December and not even January because the moment this baby was published, it frightened people to death. Is that what you want to catch and is it because of this that you have taken those lean years, the years of depression as standard period? To proceed with the summary:

"Two methods of computation are provided for, the choice being at the option of the tax-payer.

*Plan 'A'*.—provides a graduated scale of taxation based on profits on capital employed in any business. Capital is defined as paid up share capital plus reserves held at the commencement of an accounting period less one-half of the dividend paid during the period. Borrowed money and capital stock to the extent that it represents goodwill or intangible assets are excluded.

Under this Plan, profits up to 5 per cent. of the capital employed are exempted. To the balance of the profits a graduated scale is applied. The tax increases from 10 per cent. on profits between 5 per cent. and 10 per cent. on capital employed to 60 per cent. on profits exceeding 25 per cent. of such capital.

*Plan 'B'*.—A fixed rate of 50 per cent. is levied on all profits in excess of average annual net income in the four fiscal years, ending 1936—1939 inclusive. In this calculation both profits and deficits must be taken into account."

Then comes an important point which I want the Finance Member to bear in his mind carefully:

"In computing taxable profits, the Act, specifically provides that the normal corporation income-tax may be deducted from net income."

In other words, according to the present Bill you do not do that. What should be done is that in the first instance the normal income-tax should be assessed on the entire profit. This should be treated as expenditure and then you should get the balance to calculate excess profit. Here it is just the reverse. You can see that from a study of this. To take the example of the Finance Member, supposing you make a profit of 12 lakhs. The standard profit is ten lakhs normal and two lakhs is excess profit. You take away one lakh straightaway. You take away that one lakh before income-tax is deducted from it. What I suggest is this and this statute also supports me. First of all on the entire profit the income-tax must be deducted. Then the balance that remains which is the profit, from that profit you take the excess profit, whatever that, may be.

The only other point which I am not able to understand is this. I do not want to go into these minute points. Why is this exemption limit fixed at Rs. 20,000? Subject to further examination, it seems to me that it is rather hard. After all you do not want to bring people who make small normal profits. What you want really is something substantial, something abnormal that you want to get hold of. Here is a man who is making Rs. 30,000 a year and your exemption limit is Rs. 20,000 and the balance of Rs. 10,000 comes under the hammer of the Bill. Is that fair? Is that what you really want to get at? Of course, if you cannot get what is wanted for your legitimate purposes then you might consider other sources. That is one of the points which I should like the Honourable Member to consider.

I do not think I can take up the time of the House any more usefully and I think I have made our position clear. I hope the Honourable the Finance Member will bear in mind the situation facing us—I can only say this in conclusion—that not only should the Government be just, but they should make the people feel that justice is done. This is very important. We cannot afford at this critical moment to alienate any class or section of our people in this country.

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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**The Honourable Sir Jeremy Raisman:** Sir, a number of Members have begun their speeches by commenting on the exceptional nature of this measure or the exceptional circumstances in which it was brought forward. I should like to add my comment that I, personally, have never known a measure in regard to which all the individuals whom I have met or who have pronounced publicly on the subject have been so ready to admit the essential justification and desirability of the principle of the measure, even though they have gone on to indulge in the most extravagant criticisms of its particular features. In large commercial centres

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there has been, I freely admit, a storm of passionate protest against the Bill. But almost from the very first day when the provisions of the Bill were before the public a few people sat down to see what it really meant and to endeavour to estimate the precise effect of the measure on the fortunes of industries and even of particular concerns. I do not know how many Members of this House read those financial journals but I can say that it is by no means an uncommon feature of these more precise examinations of the effect of the Bill that it is pointed out that numbers of representative concerns belonging to the main industries will have to be in a position to pay dividends of 30, 40 and 50 per cent. before they can possibly become liable for the excess profits tax. I realise that on the basis of recent highly inflated values of equities these percentages may correspond to net yields of 6, 7 or 8 per cent. But, nevertheless, even on that basis the shareholders are admitted to be exceedingly well placed and the general effect of these examinations is to show that the marking down of values which occurred on the publication of the Bill was ridiculously exaggerated. Well, Sir, of the numerous critics who admit the logic and justice of the principle of the Bill many go on to say that it is entirely premature, and, in particular, they complain that the Legislature is being asked to endorse the principle before the financial picture has been placed before them. In my opening speech, Sir, I recognised that there was considerable force in this complaint and I have done what I could, consistently with the object of enabling the considerable amount of work that will have to be done on this Bill to be completed within a reasonable session, to meet that criticism. Nevertheless I am conscious that I have to some extent asked the House to concede something in advance of a full knowledge of the facts. But what is it that I have asked the House to take, so to speak, for granted? I have asked them to concede at this stage that in the present emergency the costs of the necessary measures of defence in this country must have increased considerably. I expected them, I admit, to imagine that in a time like this the rising costs of supplies have added a large sum to the normal defence expenditure of the country, that the calling up of reserves which are maintained for precisely an emergency of this character, that the bringing of such reserves on to a regular establishment must cost a great deal, that it is impossible to ignore contingent dangers to India's coasts, to her ports and harbours and the approaches to those harbours, that it is impossible to act as though we were entirely beyond the reach of enemy submarine or mine, and that the measures that must be taken with so extensive a surface as India exposes would necessarily be expensive. I admit I have asked the House to imagine that such increase as has already been made and as is contemplated in the Indian Air Force by the constitution of an Indian Auxiliary Force will involve considerable sums, that the embodiment of Indian territorial regiments and the creation of further units of that kind must add considerably to the bill. Those were facts which, I admit, I did not state in detail, and which, I am afraid, it will not be possible to exhibit in very great detail at any stage, but I think that it was not entirely optimistic on my part to assume that the House would realise that, in the circumstances of the emergency, the normal cost of India's own defence, and the measures which it was necessary to take in India, would inevitably add very considerably to the defence budget as it has been in recent years. Now, Sir, on that footing,

I also expected the House to assume that the existing sources of revenue, some of which, as is well known, are adversely affected by the emergency, would not avail to cover the additional expenditure of the Government in time of war. I went on, Sir, in these circumstances to ask the House to accept the principle that, since additional expenditure must be faced, it was fair and fully justifiable that we should, in seeking to raise the revenue necessary to meet that expenditure, turn first to those classes of the community which found themselves not worse off as a result of that same emergency but actually a good deal better off. My point is, Sir, that while I admit that there was something unusual in the procedure of coming to the House with a measure of this character before the full statement of estimated revenue and expenditure was laid before the House, that there was a general underlying reasonableness which took that procedure out of the category in which it would otherwise quite rightly be placed, and I regret that any section of the House should have felt that I was acting with less than due courtesy or that I was in any way slighting the dignity of the House or failing to take them into a full degree of confidence. I hope, Sir, that my remarks on this subject, coupled with the fact that I was ready from the beginning to enable, not only the House, but the Select Committee, to see the financial picture before they committed themselves on the Bill, will acquit me of any intention of discourtesy and will secure for me a sympathetic appreciation of the position.

Now, Sir, I am told that the taxation of war profits in order to provide resources for war expenditure is an unexceptionable principle, but am I seeking to tax war profits, or am I seeking to tax something entirely different? My answer, Sir, is this. In time of war profits arise not merely from the direct supply of the materials of war, but from a large number of transactions which are inseparably connected with that essential feature of a war time situation. There is a general quickening of the whole tempo of economic activity, and that has its roots in the imperious demand for the necessities of war. It is not possible, Sir, to make philosophic distinctions between the degree of relation which certain industries have to the facts of war and that of others. I am prepared to admit that there may be cases,—and my friend, Sir Cowasji Jehangir, mentioned Insurance Companies,—in which it may be possible to establish a complete isolation of the fortunes of the business from the economic circumstances of the war. That is a matter on which I should be very happy to have the advice and assistance of the Members of the Select Committee. But I cannot hold out the hope that I would be prepared to go into a meticulous discrimination between industries which supply directly the needs of war and those which supply the needs of those which supply the needs of war. But it is said if you are out to tax war profits, why do you make profits taxable which arose on and after the 1st April, 1939? That, I am told, surely reveals the cloven hoof. Sir, I claim that in putting that date in the Bill I was thinking as much if not more of the interests of the taxpayer as of Government revenue. It is not an easy thing to pick out a small portion of the year, to start a period of account on any date and to say that as from this date we shall compare like with like and determine the excess. Now, the period between the 1st of April and the actual outbreak of war was, I am told on all hands, not in India a period of abnormal activity. There were no excess profits or only occasional ones, and the general condition of trade was, if anything,

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depressed. Well, Sir, I realise that, and the effect of it on my scheme of the Act was to have been to mitigate the excess which would be determined for taxation, because if a business had been losing in those few months or had been making less than the standard profits, then the effect of including those months in the chargeable accounting period was to have been to reduce the incidence of the tax. It is far worse for a business if I say to it "In four months you made an extra lakh of rupees over what you made in any four months of the standard period" than if I say to it "In nine months you made Rs. 75,000 more than you made in any nine months of the standard period". However, I will not labour this point. I am only anxious to clear myself of any charge of disingenuity in this matter. It is a point which I will place freely before the Select Committee and on which I shall be prepared to accept their opinion, but I cannot accept the argument to the extent, as my Honourable friend, Sir Cowasji Jehangir, suggested, of taking the date to the 1st of April, 1940 . . . .

**Sir Cowasji Jehangir:** Canada has done it.

**The Honourable Sir Jeremy Raisman:** . . . . because then I should be definitely foregoing the application of the principle of this Bill to many months of war profits and that I cannot afford. There I say that the Honourable Member is trying to push his argument too far.

I have been told similarly that in certain matters I have departed from the basic principle of comparing like with like, and that I have tried to smuggle into the excess profits which will be liable to this tax certain normal profits which could have nothing to do with the war and which indeed represent an artificially inflated figure. The case of foreign income which only became liable to tax under the amended Act which was passed last year has been instanced, and, similarly, the change in the system of depreciation. I am prepared to accept any case in which a change, whether in the law or in the rules, has established a different basis and has operated to create an artificial increase of income, I am prepared to exclude cases of that kind from the operation of the tax to that extent. My object is that in determining the excess profits for taxation, like shall be compared with like and, wherever it can be established that the Bill departs from this principle, I am fully prepared to meet the objection. I have been told again that this Bill is a slavish imitation of the English measure and, therefore, shows a complete lack of knowledge of Indian conditions and a complete bankruptcy of imagination in the Finance Department. I admit that this Bill follows very closely the provisions of the existing English Statute—I plead guilty to that charge, but I would say in defence that it surely must be admitted on all hands that the Inland Revenue machinery of the United Kingdom is a much more efficient instrument for producing a measure of this character than any on which we can call and that it was a reasonable procedure to start with a measure which had been drafted by such competent hands and in relation to so complex a situation as is found in the United Kingdom. We did indeed endeavour to see what obvious changes were called for in order to make it suitable to the conditions of India, and in particular we inserted one clause which is not to be found in the English measure in which we



took to ourselves some power to deal with hard cases other than those which come before the Board of Referees; but we were given no credit, I notice, for that departure from the English Statute . . . .

**Sir Gowasji Jehangir:** Do you mean section 25?

**The Honourable Sir Jeremy Raisman:** Yes.

**Sir Gowasji Jehangir:** May I point out to the Honourable Member—I wish I had the opportunity of doing so when I spoke—that that section 25 is again, by (a) and (b) of it, restricted?

**The Honourable Sir Jeremy Raisman:** It may be restricted, but it is in principle an advance in that we take power to do something which otherwise could not have been done at all.

**Sir Gowasji Jehangir:** I admit that.

**The Honourable Sir Jeremy Raisman:** 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. It is possible no doubt to refer to the years preceding the war as periods of unrelieved depression. Nevertheless, I am acutely conscious of the fact that the options allowed in this Bill already operate to include such peaks of activity in relation to numerous important industries as to reduce the probable yield of this tax by an enormous percentage. 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: 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. If you look at graphs indicating the level of remunerativeness, the level of profits of particular industries in the periods which are included for standard profits in the Bill, it is extraordinary how few cases you will find where there is not a peak and a very high peak, somewhere within that period. I believe that on grounds of abstract justice the fairest thing for a measure of this kind would be to say, "Supposing the war is going to last three years, let us take an average of three years before the war and let us take an average of three years during the war and let us base the tax on the difference between those two". But the effect of such a procedure would be to increase the incidence of this tax, I make bold to say, by two, three and even four hundred per cent.; and yet stated like that in the abstract it seems a reasonable proposition and it seems as though what I have included in the Bill were less favourable to the taxpayer than that. It is an effect of the option which is given to the taxpayer to choose his peak which makes this tax a tax of enormously mitigated incidence. I cannot emphasise that too much although I know that many of those who are familiar with the details of any particular industry have already realised the importance of that fact. While I am on this point, I should

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like to say that from our own examination of this aspect of the measure we are confident that the amounts which have been talked of in relation to the yield of this tax are grossly extravagant. I cannot now anticipate what I shall have to say later in the month, but I merely throw this out now for consideration that a measure of this kind cannot yield sums of the order which people have in mind when they think of the tax as applicable to a single year or as based on a standard percentage.

Now, there is one criticism which, if it were true, would, I admit, be a 3 P.M. serious charge against our proposal, and that is the criticism that this tax will be passed on to the agriculturist. I am firmly of opinion that that is not so. I do not want to enter into the oft debated question of whether direct taxation can be passed on, but I would merely draw my Honourable friend, Mr. Aney's attention to the fact that the number of concerns which will be operating in the field of purchase of agricultural products is such and so many of them will not be subject to the incidence of this tax that it is impossible for those who will be subject to the tax to extort it from the cultivator. My Honourable friend, Mr. Aney, also emphasised that in the United Kingdom the expenditure which the excess profits tax was raised to meet goes back into commerce and industry in the country. I claim, Sir, that practically every rupee of this tax also either has gone or will go back into the commerce, trade or agriculture of this country, because we are spending this money in India. We are spending it on paying soldiers in India or buying food for them or otherwise obtaining the necessities of Indian defence in India.

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): I take it, including the equipment to be purchased from England.

**The Honourable Sir Jeremy Raisman:** I said nearly every rupee. I say at the same time, as the Honourable Member is aware, that a large part of the equipment is not to be paid for by India, also a large part of the equipment for the United Kingdom is purchased here.

Now, Sir, I come to a point which was mentioned by several speakers and which was emphasised by my Honourable friend, Mr. Jinnah, and that is the question of an annual review of this tax. Sir, I claim that in putting the Bill before the House in the form in which I did I was having regard not merely to the advantage to Government but also to the position of the taxpayer. If this tax is treated purely as an annual tax, if the continuance of it is entirely dependent on the initiative of the Government, then there is an aspect which, in my opinion, it may be disadvantageous to the taxpayer. Honourable Members will have noticed,— and I emphasised it in my opening speech—that the character of this measure is such that if a concern makes less than the standard profits in any period when the tax is in force that concern is entitled either to a refund of the tax already paid or to a credit against further tax due. Now, I do not know of any way in which that assurance could be given to the taxpayer by a measure which had validity for only one year.

**Mr. M. A. Jinnah:** I did not say that. I did not say that it should be in operation only for one year. What I said was that it should be reviewed and revised, if necessary, by this House periodically.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): By the Legislature and not by the Government.

**The Honourable Sir Jeremy Raisman:** I fully accept that point and what is required is some compromise so to speak or some assurance of the evening out of the tax over the period of its operation with a provision which will bring the tax before the Legislature annually.

**Mr. M. S. Aney:** Is it not a fact that the excess profits tax is a part of the Finance Act of 1940 in the United Kingdom?

**The Honourable Sir Jeremy Raisman:** I am not quite sure whether it is.

**Mr. S. P. Chambers** (Government of India: Nominated Official): May I say that the tax is a part of the annual Finance Act and the income-tax also is.

**The Honourable Sir Jeremy Raisman:** But there is also in England a part of that legislation which has more than annual effect. I think there is something there which goes on. Perhaps the position is like that of our Income-tax Act; the Statute is enacted until it is repealed and possibly the annual rates are to be determined in the Finance Act.

**Mr. M. A. Jinnah:** Like salt tax.

**The Honourable Sir Jeremy Raisman:** However, I am quite open to examine the exact bearing of this point in Select Committee.

There is only one other point before I finish and that is the constitutional point which was raised by Mr. Lalchand Navalrai and glanced at by other speakers. The position in relation to the excess profits tax, as I understand it, is this. Excess profits tax, being in the nature of an additional tax on income, is, in relation to companies, a corporation tax. That was the position under the amended definition of corporation tax which was already before Parliament some time ago and I may say at this point that the definition of corporation tax which is at present in the Act is one which is so inappropriate as almost to be irrelevant. It is almost meaningless in relation to the Indian tax system. Therefore, it was a definition which had to be amended and an amendment was already before Parliament. The only effect of the mention of excess profits tax was to clarify the position. Excess profits tax in its relation to companies already fell within the amended definition of corporation tax. Well now, this tax will apply to a preponderating extent to companies. Now, in relation to individuals, the excess profits tax is, as Mr. Lalchand Navalrai rightly said, a tax on income and to that extent it enters into the pool of divisible income-tax and half of the tax raised upon individuals will be provincial revenue. That would not, according to our calculations, be a very large proportion of the tax. In fact, it would be a small one and probably not larger than would compensate for the effects of excess profits tax on income-tax. Therefore, the effect in

[Sir Jeremy Raisman.]

relation to provincial revenues is slight, whichever way it works. Now, Sir, I will not traverse any more of the particular points which have been raised because I think Honourable Members all agreed that they were points for the Select Committee and I had already made it clear that I was prepared and indeed anxious to have these points considered in Select Committee. Before I sit down I would just like to say a word about the composition of the Select Committee and, if I may, to amend the names. I understand that the party wishes to substitute your name, Sir, for that of Mr. Bajinath Bajoria. I have had several suggestions regarding enlarging the Committee. I should have been very glad to be able to comply with all these suggestions but it would have resulted in a state of affairs which would have made it exceedingly difficult for the Committee to proceed expeditiously. I propose to add the following names: Sir Raza Ali, Mr. F. E. James and Sir Abdul Hamid. I have thought over carefully and discussed the inclusion of Sir Cowasji Jehangir but I have come to the conclusion, Sir, that the Committee will be fully representative of all kinds of business and that Sir H. P. Mody already represents many of the interests which Sir Cowasji would represent. I propose to add these names to the motion.

**Mr. M. A. Jinnah:** I formally move that Sir Cowasji Jehangir's name be added.

**Mr. M. S. Aney:** I move that Dr. Banerjea's name be added.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair will put the names to the House one by one for their approval.

My name is substituted for that of Mr. Bajoria. The other names are Sir Raza Ali, Mr. F. E. James and Sir Abdul Hamid.

(The Assembly agreed.)

The additional name proposed is that of Sir Cowasji Jehangir.

**Some Honourable Members:** No.

**The Honourable Sir Jeremy Raisman:** I do not think there is any need to divide the House on this. I accept this. In view of the fact that I have accepted Sir Cowasji Jehangir's name, I hope that no further names will be pressed.

**Mr. M. S. Aney:** If the Honourable Member does not accept Dr. Banerjea's name, I do not press it.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** First of all, the Chair will put the circulation motion.

The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

The Assembly divided:

AYES—7

Aney, Mr. M. S.  
Banerjee, Dr. P. N.  
Lalchand Navarai, Mr.  
Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.  
Parma Nand, Bhai.  
Som, Mr. Suryya Kumar.

NOES—47

Abdul Hamid, Khan Sahib Shaikh.  
Ahmad Nawaz Khan, Major Nawab  
Sir.  
Aikman, Mr. A.  
Bajpai, Sir Girja Shankar.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Caroe, Mr. O. K.  
Chambers, Mr. S. P.  
Chettiar, Raja Sir S. R. M. Anna-  
malai.  
Clow, The Honourable Sir Andrew.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur  
Captain.  
DeSouza, Dr. F. X.  
Dumasia, Mr. N. M.  
Frampton, Mr. H. J.  
Gidney, Lieut.-Colonel Sir Henry.  
Griffiths, Mr. P. J.  
Gwilt, Mr. E. L. C.  
Ismail Ali Khan, Kunwar Hajee.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur  
Sardar Sir.  
Joshi, Mr. N. M.  
Kamaluddin Ahmed, Shams-ul-  
Ulema.  
Khan, Mr. N. M.

Kushalpal Singh, Raja Bahadur.  
Mackeown, Mr. J. A.  
Maxwell, The Honourable Sir  
Reginald.  
Miller, Mr. C. C.  
Mitra, Mr. D. N.  
Mody, Sir H. P.  
Muazzam Sahib Bahadur, Mr.  
Muhammad.  
Mudaliar, The Honourable Diwan  
Bahadur Sir A. Ramaswami.  
Ogilvie, Mr. C. M. G.  
Oulsnam, Mr. S. H. Y.  
Pillay, Mr. T. S. S.  
Rahman, Lieut.-Col. M. A.  
Raismán, The Honourable Sir Jeremy.  
Scott, Mr. J. Ramsay.  
Sen, Rai Bahadur G. C.  
Shahban, Mian Ghulam Kadir  
Muhammad.  
Sheehy, Mr. J. F.  
Sher Muhammad Khan, Captain  
Sardar Sir.  
Singh, Raja Devski Nandan Prasad.  
Sivaraaj, Rao Sahib N.  
Spence, Sir George.  
Staig, Mr. B. M.  
Zafrullah Khan, The Honourable Sir  
Muhammad.

The motion was negatived.

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

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

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoola Haroon, Dr. Sir Ziauddin Ahmad, Mr. Akhil Chandra Datta, Sir Syed Raza Ali, Mr. F. E. James, Sir Abdul Hamid, Sir Cowasji Jehangir and the Member, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Assembly divided:

**AYES—65**

Abdul Ghani, Maulvi Muhammad.  
 Abdul Hamid, Khan Sahib Shaikh.  
 Abdullah, Mr. H. M.  
 Ahmad Nawaz Khan, Major Nawab Sir.  
 Aikman, Mr. A.  
 Azhar Ali, Mr. Muhammad.  
 Bejjai, Sir Girja Shankar.  
 Bhutto, Mr. Nabi Baksh Illahi Baksh.  
 Boyle, Mr. J. D.  
 Buss, Mr. L. C.  
 Caroe, Mr. O. K.  
 Chambers, Mr. S. P.  
 Chettiar, Raja Sir S. R. M. Annamalai.  
 Clow, The Honourable Sir Andrew.  
 Dalal, Dr. R. D.  
 Dalpat Singh, Sardar Bahadur Captain.  
 DeSouza, Dr. F. X.  
 Dumasia, Mr. N. M.  
 Essak Sait, Mr. H. A. Sathar H.  
 Fazl-i-Haq Piracha, Khan Bahadur Shaikh.  
 Frampton, Mr. H. J.  
 Ghiasuddin, Mr. M.  
 Ghulam Bhik Nairang, Syed.  
 Gidney, Lieut.-Colonel Sir Henry.  
 Griffiths, Mr. P. J.  
 Gwilt, Mr. E. L. C.  
 Habibur Rahman, Dr.  
 Ismail Ali Khan, Kunwar Hajee.  
 James, Mr. F. E.  
 Jawahar Singh, Sardar Bahadur Sardar Sir.  
 Jhangir, Sir Cowasji.  
 Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.  
 Kamaluddin Ahmed, Shams-ul-Ulema.

Khan, Mr. N. M.  
 Kushalpal Singh, Raja Bahadur.  
 Mackeown, Mr. J. A.  
 Maxwell, The Honourable Sir Reginald.  
 Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.  
 Miller, Mr. C. C.  
 Mitra, Mr. D. N.  
 Mody, Sir H. P.  
 Musazzam Sahib Bahadur, Mr. Muhammad.  
 Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.  
 Ogilvie, Mr. C. M. G.  
 Oulsenam, Mr. S. H. Y.  
 Pillay, Mr. T. S. S.  
 Rafuddin Ahmad Siddique, Shaikh.  
 Rahman, Lieut.-Col. M. A.  
 Raisman, The Honourable Sir Jeremy.  
 Raza Ali, Sir Syed.  
 Scott, Mr. J. Ramsay.  
 Sen, Rai Bahadur G. C.  
 Shahban, Mian Ghulam Kadir Muhammad.  
 Sheehy, Mr. J. F.  
 Sher Muhammad Khan, Captain Sardar, Sir.  
 Siddique Ali Khan, Khan Bahadur Nawab.  
 Singh, Raja Devaki Nandan Prasad.  
 Sivaraaj, Rao Sahib N.  
 Spence, Sir George.  
 Staig, Mr. B. M.  
 Umar Aly Shah, Mr.  
 Yamin Khan, Sir Muhammad.  
 Zafrrullah Khan, The Honourable Sir Muhammad.  
 Ziauddin Ahmad, Dr. Sir.

**NOES—7**

Aney, Mr. M. S.  
 Banerjee, Dr. P. N.  
 Datta, Mr. Akhil Chandra.  
 Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta.  
 Malaviya, Pandit Krishna Kant.  
 Som, Mr. Suryya Kumar.

The motion was adopted:

**THE REGISTRATION (EMERGENCY POWERS) BILL.**

**The Honourable Sir Muhammad Zafrullah Khan (Law Member):** Sir, I move:

"That the Bill to provide for the registration of certain European British subjects be taken into consideration."

Sir, as stated in the Statement of Objects and Reasons, the sole purpose of this Bill is to enable the registration of European British subjects of military age in India to be kept up-to-date by providing power to include in the register changes of address and new arrivals in India. The

register has been completed under the powers conferred by Ordinance II of 1939. That Ordinance expires at the end of this month and this Bill reproduces its provisions and continues in force the action taken under it. As things stand, it is manifestly desirable to make provision for keeping the register in an up-to-date condition. Sir, I am sure that this matter need not occupy the time of the House for more than a few minutes. Sir, I move.

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

"That the Bill to provide for the registration of certain European British subjects be taken into consideration."

The motion was adopted.

Clauses 2, 3, 4, 5, 6, 7, the First Schedule, and the Second Schedule were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): Clause 1.

**Mr. F. E. James** (Madras: European): Sir, I beg to move:

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted:

(4) It shall be in force during the continuance of the present war and for a period

I should like the word 'of' to be substituted for the words 'not exceeding', with your permission,—

"for a period of six months thereafter."

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

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted:

(4) It shall be in force during the continuance of the present war and for a period of six months thereafter."

**The Honourable Sir Muhammad Zafrullah Khan**: I accept the amendment.

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

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted:

(4) It shall be in force during the continuance of the present war and for a period of six months thereafter."

The motion was adopted.

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

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Muhammad Zafrullah Khan**: Sir, I move:

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

The motion was adopted.

## THE FOREIGNERS BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I move:

"That the Bill to provide for the imposition of restrictions on foreigners be taken into consideration."

Sir, this Bill is purely a war measure and, like the Defence of India Act, which the House has already passed, it will remain in force only during the continuance of the present war and for a period of six months thereafter. It is intended to take the place of the Foreigners Ordinance which was issued on the 26th August, 1939, and will, therefore, expire on the 25th of this month. Owing to the nearness of the expiry date and the importance of continuing the action which has already been taken for the control of enemy foreigners, it must be regarded as an urgent piece of legislation.

I will explain briefly to the House the genesis of this measure. It will be noticed that the Foreigners Ordinance was issued shortly before the actual outbreak of the war. By August 26th in the last year, the international situation had so deteriorated that war seemed imminent. At that time unlike His Majesty's Government who have permanent statutory powers to control aliens under the Aliens Restriction Acts of 1914 and 1919, the Government of India's powers are limited to registration under the Registration of Foreigners Act, 1939, and to those other powers which might be obtained by the introduction of the normally dormant sections of the Foreigners Act of 1864. Under the Registration of Foreigners Act, useful work had already been done in securing complete registration of aliens and the House may be interested to hear that the total number of foreigners so registered belonging to all nationalities not exempted by executive orders was found to be 10,927. That Act, however, gave no further powers of control while sections 6 to 25 of the Foreigners Act of 1864 did little more than to provide for power to restrict travelling by foreigners in India. For war purposes, therefore, the latter Act would in any case have had to be supplemented and, for convenience of use, such powers as were wanted out of those which it contained have been incorporated in the present legislation in order to make it a self-contained measure. Provision had already been made in Part V of the Defence of India Rules for the essential powers of control over foreigners but these rules could not take effect in advance of the Defence of India Ordinance, a measure which could only be issued after the actual proclamation of emergency. In the meanwhile reports of possible sabotage or other hostile action by foreign agents and the activities of the Nazi party in India made it essential for Government to obtain powers to take precautionary action against potential enemy subjects before the actual outbreak of war; and for this reason the provisions of part V of the Defence of India Rules, together with such other rules as were necessary to make the measure a self-contained enactment, were incorporated in the Foreigners Ordinance which was issued, as I have said, shortly in advance of the actual outbreak of war. It was originally intended to rely after the expiry of the Foreigners Ordinance on the provisions already incorporated in the Defence of India Rules, the authority for which rests on the Defence of India Act which had already been passed by this House. Between, however, the drafting of these rules in part V of the Defence of India Rules and the issue of the Foreigners Ordinance certain changes and addition in the contemplated provisions had been found to be necessary; and had we



had recourse to the Defence of India Rules it would have been necessary to amend those rules in some respects and also,—and this was a more serious objection,—to reissue in an amended form all the orders which had already been made under the Foreigners' Ordinance as orders under the Defence of India Rules. This operation would have given rise to various drafting complications and at the same time it would have been liable to create a certain amount of confusion as to the authority for action taken under one enactment and continued under another. For this reason Government came to the conclusion that the most satisfactory course would be to convert the Foreigners' Ordinance into an Act having the sanction of this Legislature in the same way as the Defence of India Ordinance was converted into an Act. Clause 15 of the present Bill has the same effect as section 21 of the Defence of India Act in providing for the legal continuance of action taken under the Ordinance under the authority of the present legislation. It is not necessary, I think, to take the House very far into the details of this Bill. Its only object is, as I have said, to provide Government with powers to restrict by order the entry of foreigners into British India, their departure from British India and their activities in this country. I may remind the House that all the provisions of this Bill have now been in force for nearly six months, and so far as experience has gone they have proved adequate for their purpose. We are, therefore, not considering a prospective measure but one which has actually been tried and worked. And from the fact that its working has not given rise to any complaint or difficulty during this time the House may I think rest satisfied that the Foreigners' Ordinance may safely be ratified as it stands.

Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That the Bill to provide for the imposition of restrictions on foreigners be taken into consideration."

The motion was adopted.

Clauses 2 to 15 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill

**The Honourable Sir Reginald Maxwell:** Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

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### THE ROYAL INDIAN NAVY (EXTENSION OF SERVICE) BILL.

**Mr. C. M. G. Ogilvie** (Defence Secretary): Sir, I move:

"That the Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy be taken into consideration."

[Mr. C. M. G. Ogilvie.]

The Bill, Sir, is a very short and simple one and it is designed to fill up a gap which has appeared. Ratings in the Royal Indian Navy are taken into the service for a fixed period and there is at the moment no Regulation whereby, on the expiry of that period, they may be retained in the service during the continuance of the present emergency. Such a Regulation exists, of course, in the case of the other services and the reason why it does not exist in the case of the Royal Indian Navy is that when the Indian Navy Discipline Act was passed in 1934 the Indian Marine Act of 1887 was repealed, and there was no provision in the Indian Navy Discipline Act whereby a notification retaining ratings in service could be issued. This was an oversight. Until that Act was passed, that is to say, until 1934, there was such a notification. This Bill, therefore, does not impose any new liability; it merely re-imposes an old one which had lapsed. Moreover, the ratings who will be affected by the passing of this measure all joined the service when retention in an emergency was part of the conditions of service, so it is not new to them either. It is, of course, extremely necessary that at the present juncture we should not lose the services of any ratings who are trained seamen. We have none too many to cope with the very heavy task of training the very largely expanded wartime cadres. Though we cannot say for certain how many of them would not sign on again in the absence of a notification of this type we cannot take the risk of losing any at all. I may say that any service performed over and above the normal period of enrolment will count for pension and in the case of those who have earned the minimum pension it will count for enhancement.

The clauses are simple and I think require no explanation; they follow closely those of the corresponding Royal Navy notification.

Sir, I move.

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

"That the Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. C. M. G. Ogilvie:** Sir, I move;

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

RESOLUTION *RE* AMENDMENT OF RULES GOVERNING THE GRANT OF TRAVELLING AND OTHER ALLOWANCES TO MEMBERS OF THE INDIAN LEGISLATURE.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Sir, I beg to move:

"That this Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as:

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi."

Since this Resolution was tabled, it has been represented to me that inasmuch as the matter to which it relates affects the allowances of Honourable Members themselves they would feel embarrassed and were feeling rather bashful, though one would not have judged so from the number and nature of amendments that have been tabled, to discuss the matter in open House; and in deference to that feeling I am, therefore, prepared to accept the amendment which stands in the names of Mr. Griffiths and Mr. Boyle to the effect briefly that Government should set up a committee of both Chambers of the Legislature to take this matter into consideration and to make such recommendations as they may deem fit on the matter; and inasmuch as the object of this amendment is to avoid discussion on the floor of the House, I will not say anything more about the matter.

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

"That this Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as:

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi."

There are a number of amendments. Does Dr. Banerjea wish to move his amendment?

**Dr. P. N. Banerjea** (Calcutta Suburbs: Non-Muhammadan Urban): No, Sir, I am not moving.

**Mr. President** (The Honourable Sir Abdur Rahim): Does Mr. Akhi Chandra Datta wish to move his amendment?

**Mr. Akhil Chandra Datta:** In view of the assurance of the Honourable the Leader of the House that he will accept a similar amendment, I do not see any charm in moving mine. I do not move.

**Mr. J. D. Boyle (Bombay: European):** Sir, I would like to move my amendment with one slight amendment, substituting the words "in both the Chambers of the Legislature" for the words "in the House". I move:

"That for the original Resolution, the following be substituted :

That this Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both the Chambers of the Legislature to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature."

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

"That this Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both the Chambers of the Legislature to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature."

The motion was adopted.

### THE DRUGS BILL.

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

"That the Bill to regulate the import, manufacture, distribution and sale of drugs be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Dr. Habibur Rahman, Mr. J. D. Boyle, Sir Henry Gidney, Mr. S. K. Som, Dr. R. D. Dalal, Lieut.-Colonel M. A. Rahman, Mr. S. H. Y. Oulsnam and the Mover, with instructions to report on or before the 1st of March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

I do not think it is necessary to inflict a long speech upon the House in support of this motion. It will be within the recollection of most Honourable Members that in 1937 I had the privilege of introducing a Bill for the purpose of regulating only the import of drugs into this country. That Bill was subsequently referred to a Select Committee which in September, 1938, reported to this House that the original Bill be not proceeded with, and that the Provincial Legislatures be asked to authorise the Central Legislature to enact legislation which would have the effect of regulating not merely the imports of drugs from abroad but also the manufacture and distribution of drugs in this country. It took a little time for us to secure the requisite authority from the Provincial Legislatures, but the House will be glad to learn that all Provincial Legislatures have given us the requisite authority. The Bill which I am now commending for reference to a Select Committee, therefore, has had its scope extended to include also the control of the manufacture and distribution of drugs. Sir, I move.

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

"That the Bill to regulate the import, manufacture, distribution and sale of drugs be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Dr. Habibur Rahman, Mr. J. D. Boyle, Sir Henry Gidney, Mr. S. K. Som, Dr. R. D. Dalal, Lieut.-Colonel M. A. Rahman, Mr. S. H. Y. Oulsnam and the Mover, with instructions to report on or before the 1st March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

## THE OFFENCES ON SHIPS AND AIRCRAFT BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I move:

"That the Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be, be taken into consideration."

The House will remember, Sir, that at its last Session, it passed an Act to amend the Indian Aircraft Act of 1934 for certain purposes. By one of the provisions of that Act it has made the Indian Aircraft Act of 1934 applicable to persons on aircraft registered in British India wherever they may be. By another provision it has taken power through the Governor General in Council to make rules providing for the investigation of any accident arising out of air navigation anywhere on aircraft registered in British India. This legislation, I may remind the House, was passed in exercise of the power to pass laws having extra-territorial operation which has been supplied to the Federal Legislature by section 99 of the present Government of India Act, and the present Bill is an exercise of similar power designed to bring section 188 of the Criminal Procedure Code and section 4 of the Indian Penal Code into harmony with the law already passed relating to aircraft; and for purposes of convenience ships have been mentioned in the same Bill, because it is necessary to make the British Indian Courts competent to deal with offences committed on ships beyond what would otherwise be their jurisdiction. I do not think the House will need me to explain this measure any further. Sir, I move.

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

"That the Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Reginald Maxwell**: Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 14th February, 1940.