

THE
LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

Vol. VIII, 1933

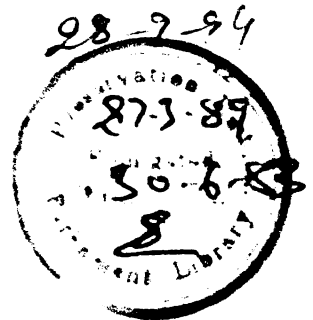
(20th November to 9th December, 1933)

SIXTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY

1933...



Legislative Assembly.

President :

THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

Deputy President :

MR. ABDUL MATIN CHAUDHURY, M.L.A.

Panel of Chairmen :

MR. H. P. MODY, M.L.A.

MR. K. C. NEOGY, M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

SIR ABDULLA-AL-MAMÜN SUHRAWARDY, KT., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Public Petitions :

MR. ABDUL MATIN CHAUDHURY, M.L.A., Chairman.

SIR LESLIE HUDSON, KT., M.L.A.

MR. B. SITARAMARAJU, M.L.A.

MR. GAYA PRASAD SINGH, M.L.A.

KUNWAR HAJEE ISMAIL ALI KHAN, O.B.E., M.L.A.

MESSLAD

CONTENTS.

VOLUME VIII—20th November to 9th December, 1933.

	PAGES.		PAGES.
MONDAY, 20TH NOVEMBER, 1933—		TUESDAY, 23RD NOVEMBER, 1933—	
Point of Order <i>re</i> Validity of the meeting of the Legislative Assembly in New Delhi	1929-31	Questions and Answers	2041-74
Members Sworn	1931-33	Statements laid on the table	2074-78
The Reserve Bank of India Bill—Presentation of the Report of the Joint Committee	1933	The Indian Dock Labourers Bill—Referred to Select Committee	2078-82
The Imperial Bank of India (Amendment) Bill—Presentation of the Report of the Joint Committee	1933	Resolution <i>re</i> Non-Ratification and non-acceptance of draft Conventions and Recommendation concerning invalidity, old-age and widows' and orphans' insurance—Adopted	2083-2103
Death of Mr. Vithalbai Patel	1933-44	Resolution <i>re</i> Non-Ratification and non-acceptance of draft Convention and Recommendation concerning fee-charging employment agencies—Adopted	2104-10
TUESDAY, 21ST NOVEMBER, 1933—		FRIDAY, THE 24TH NOVEMBER, 1933—	
Questions and Answers	1945-92	Statements laid on the table	2111-16
Unstarred Questions and Answers	1992-2012	The Indian Tariff (Second Amendment) Bill—Referred to Select Committee	2117-37
Motions for Adjournment <i>re</i> —		MONDAY, 27TH NOVEMBER, 1933—	
Secretary of State for India's evidence before the Joint Parliamentary Committee <i>re</i> India's right of retaliation in her relationship with the Dominions of the British Empire —Request for leave to be renewed	2013-14	Questions and Answers	2139-78
Dumping of Japanese rice in the Indian market—Request for leave to be renewed	2014-16	Unstarred Questions and Answers	2178-90
H. E. the Governor General's assent to Bills	2017	Statements laid on the table	2190-94
Statement of Business	2017	The Reserve Bank of India Bill—Discussion on the motions to consider and to recommit to Joint Committee not concluded	2194-2231
The Indian Tariff (Second Amendment) Bill—Introduced	2017-18	TUESDAY, 28TH NOVEMBER, 1933—	
The Indian Navy (Discipline) Bill—Introduced	2018	Questions and Answers	2233-62
Resolution <i>re</i> Ratification of the Silver Agreement—Adopted	2019-40	The Reserve Bank of India Bill—Discussion on the motions to consider and to recommit to Joint Committee not concluded	2263-2300

PAGES.	PAGES.
WEDNESDAY, 29TH NOVEMBER, 1933—	TUESDAY, 5TH DECEMBER, 1933—contd.
Questions and Answers .. 2301-2316	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2594-2638
The Indian "Khaddar" (Name Protection) Bill—Presentation of the Report of the Select Committee 2317	WEDNESDAY, 6TH DECEMBER, 1933—
The Reserve Bank of India Bill— Discussion on the motions to con- sider and to recommit to Joint Committee not concluded .. 2317-67	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2639-66
THURSDAY, 30TH NOVEMBER, 1933—	THURSDAY, 7TH DECEMBER, 1933—
The Reserve Bank of India Bill— Motion to consider—Adopted 2369-2422	Questions and Answers 2697-2722
FRIDAY, 1ST DECEMBER, 1933—	Motion for Adjournment re Secretary of State for India's evidence before the Joint Parliamentary Com- mittee re India's right of retaliation in her relationship with the Dominions and Colonies of the British Empire—Talked out .. 2722-2758-82
Questions and Answers .. 2423-63	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2723-58
The Indian Tariff (Second Amend- ment) Bill—Presentation of the Report of the Select Committee 2464	FRIDAY, 8TH DECEMBER, 1933—
The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2464-2503	Statements laid on the table .. 2783-90
SATURDAY, 2ND DECEMBER, 1933—	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2791-2844
The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded .. 2505-55	SATURDAY, 9TH DECEMBER, 1933—
Statement of Business. 2555	Member Sworn .. 2845
TUESDAY, 5TH DECEMBER, 1933—	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded. .. 2845-2903-2904
Questions and Answers 2557-69	Statement of Business .. 2903-04
Unstarred Questions and Answers 2569-81	
Short Notice Question and Answer 2582-89	
Statements laid on the table .. 2590-94	
Amendment of Standing Orders— Presentation of the Report of the Select Committee .. 2594	

LEGISLATIVE ASSEMBLY,

Friday, 24th November, 1933.

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

STATEMENTS LAID ON THE TABLE

The Honourable Sir Joseph Bhow (Member for Commerce and Railways): Sir, I lay on the table the information promised in reply to starred question No. 874 asked by Mr. Gaya Prasad Singh on the 1st September, 1933, and starred question No. 680 asked by Mr. Nabakumar Sing Dudhuria on the 6th September, 1933.

RETRENCHMENT IN THE CALCUTTA PORT TRUST.

*374. All men who have completed 30 years' service and have attained the age of 50 have been compulsorily retired. An option has also been given to all employees who enjoy the benefits of the Fundamental Rules to retire voluntarily. It has also been necessary to abolish a number of other posts and to dispense with the services of the men occupying them, but all men whose services have been dispensed with owing to retrenchment have been given the maximum amount of leave due to them and the Pension or Provident Fund benefits to which they were entitled.

It is not possible to show the saving due to retrenchment among the European and Indian staff separately, but the figures below show that the total expenditure on account of salaries (including menials' salaries) has been considerably reduced during the past two years:

	Ra.
March, 1931	9,25,415
March, 1932	8,18,390
March, 1933	7,65,537

The total number of men, other than menials, who have been retrenched is given in the statement below. In this statement, the term "Officers" includes all employees on scales of pay rising to Rs. 500 and over, and "Others" includes all other employees excluding menials.

Europeans.		Anglo-Indians.		Hindus.		Muslims.		Total.	
Officers.	Others.	Officers.	Others.	Officers.	Others.	Officers.	Others.	Officers.	Others.
32	5	27	41	13	579	0	59	72	684

REDUCTION IN THE INCOME OF THE COMMISSIONERS FOR THE PORT OF CALCUTTA.

*680. (a) Yes. The reduction has been entirely due to the decrease in the volume of trade.

(b) Yes; but the work of the Port Commissioners has not decreased in proportion to the reduction in their income.

(c) Government propose to take no action in the matter as the Commissioners have already effected extensive retrenchment.

(d) Does not arise.

(e) 1929-30 Rs. 3,43,98,110.

1930-31 Rs. 2,83,73,490.

1931-32 Rs. 2,67,01,863.

Mr. A. G. Chow (Government of India: Nominated Official): Sir, I lay on the table the information promised in reply to starred question No. 297 asked by Mr. A. Das on the 31st August, 1933, and in reply to parts (a), (d) and (c) of starred question No. 688 asked by Bhai Parma Nand on the 12th September, 1933.

SAVING EFFECTED BY RETRENCHMENT OF

*297. Statement showing in detail by Posts and Telegraphs Circles the distribution of the

Class of establishment.	Bengal and Assam Circle.		Bihar and Orissa Circle.		Bombay Circle.		Burma Circle.		Central Circle.	
	No. of personnel re-trenched.	Amount of saving effected.	No. of personnel re-trenched.	Amount of saving effected.	No. of personnel re-trenched.	Amount of saving effected.	No. of personnel re-trenched.	Amount of saving effected.	No. of personnel re-trenched.	Amount of saving effected.
		Rs.		Rs.		Rs.		Rs.		Rs.
I. Gazetted officers	13	8,000	4	3,000	11	7,000	5	3,000	5	4,000
II. Clerical staff (including postmasters and sorters)—										
(1) Selection grades	38	9,500	13	3,200	6	1,500	3	700	....	....
(2) Upper division time-scales	555	64,600	319	37,200	541	64,900	439	52,700	294	35,300
(3) Lower division	5	430	...	...	5	430	...	....	...	...
(4) Extra-departmental postmasters . . . . .	...	...	9	90	2	20	29	220	87	880
<i>Deduct—</i>										
(5) Lower division clerks appointed in lieu of upper division clerks	52	2,600	33	1,600	374	18,600	354	17,700	117	5,800
(6) Extra-departmental postmasters appointed in lieu of whole-time postmasters	264	2,720	239	2,430	73	750	70	760	122	1,240
Net clerical staff	282	71,210	60	36,460	107	47,500	47	35,260	142	29,140
III. Lower subordinate Engineering staff . . . . .	...	...	...	...	...	...	8	900	1	300
IV. Telegraph Masters and Telegraphists	66	18,000	3	600	70	19,300	80	22,000	19	5,200
V. Postmen class	588	17,650	138	4,150	301	9,000	182	5,500	293	8,800
VI. Linestaff . . . . .	...	...	13	500	66	2,600	43	1,700	48	1,900
VII. Inferior servants	—22	—400	83	1,700	27	560	8	60	139	3,800
Grand Total	927	1,14,460	891	46,410	582	85,960	363	68,420	697	53,140

NOTE.—The Deduct entries and minus N. B.—The figures

STAFF IN EACH POSTAL CIRCLE.

approximate results of retrenchment of personnel in the Posts and Telegraphs Department.

Madras Circle		Punjab and W. F. Circle.		United Provinces Circle.		Sind and Bah- chistan Circle.		Wireless Branch, Stores, Work- shops and Elec- trical Engineer- in-chief's office.		Total.	
No. of person- nel re- trench- ed.	Amount of saving effect- ed.	No. of person- nel re- trench- ed.	Amount of saving effect- ed.	No. of person- nel re- trench- ed.	Amount of saving effect- ed.	No. of person- nel re- trench- ed.	Amount of saving effect- ed.	No. of person- nel re- trench- ed.	Amount of saving effect- ed.	No. of person- nel re- trench- ed.	Amount of saving effect- ed.
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
1	500	8	5,000	5	3,500	...	...	2	1,000	54	35,000
31	7,700	15	3,700	25	6,200	6	1,500	...	...	137	34,000
224	26,900	463	55,600	361	43,300	62	7,500	40	5,000	3,289	3,95,000
...	...	1	70	1	70	...	...	...	...	12	1,000
22	220	43	450	180	1,880	14	140	...	...	336	4,000
149	7,300	60	3,000	24	1,200	4	200	...	...	1,167	58,000
94	960	215	2,250	171	1,810	5	80	...	...	1,253	13,000
34	26,560	247	54,570	372	48,440	73	8,860	40	5,000	1,404	3,63,000
1	300	...	...	...	...	...	...	21	6,500	26	8,000
24	9,400	69	19,000	41	11,200	19	5,200	...	...	401	1,10,000
161	4,820	562	10,900	503	15,900	136	4,000	4	180	2,868	86,000
23	900	118	4,600	...	...	20	800	...	...	331	13,000
-24	-400	194	3,900	87	1,770	26	550	23	460	536	12,000
230	42,080	1,189	1,08,970	1,008	80,010	274	19,410	90	13,140	5,670	6,37,000

figures indicate increase in strength or expenditure.
show monthly savings.

RETRENCHMENT OF HINDUS IN CERTAIN RAILWAY MAIL SERVICE DIVISIONS.

*868. (a) No; one of the 4 men is a Muslim and 3 are Hindus.

(d) The reply to the first part is substantially in the affirmative and to the second part in the negative as retrenchment of officials is to be effected by selection subject to the maintenance as far as practicable of the communal ratio existing before retrenchments began.

(e) Does not arise in view of the reply to the second part of (d) above.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to starred questions Nos. 990 and 992 asked by Mr. D. K. Lahiri Chaudhury on the 13th September, 1933.

ABUSE OF DISCRETIONARY POWERS VESTED IN THE INCOME-TAX OFFICERS AT CALCUTTA.

*923. (a) Government are not aware of any case of abuse of discretionary powers vested in Income-tax Officers in Calcutta. All cases where complaints are made are carefully examined by the Commissioner of Income-tax.

(b) No case has been brought to notice where Calcutta Income-tax Officers have not given reasonable opportunity for compliance with the usual requirements. If any such case should occur, the assessee has adequate remedies by way of application under section 27 and subsequent appeal to the Assistant Commissioner, and he can further apply in review to the Commissioner if he is still dissatisfied.

Government are not aware of any effort to make unduly heavy assessments under section 23 (4). Every effort is made to restrict the use of the section to cases where such use is unavoidable. Even then the Commissioner can always be approached to satisfy himself that the assessment is genuinely to the best of the Income-tax Officer's judgment.

ASSESSMENT OF INCOME-TAX IN CALCUTTA.

*932. Government are not aware of any case in which assessments have been based upon reports of any secret informers, when making assessments to the best of judgment. The question could not arise with regard to Section 13, which deals with method of accounting.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to unstarred question No. 148 asked by Mr. Bhuput Singh on the 20th September, 1933.

TENDERS FOR SUPPLY OF FURNITURE TO THE ZOOLOGICAL SURVEY OF INDIA.

148. (a) and (b) The Director, Zoological Survey of India has not purchased any office furniture during the last two years. The only articles purchased during this period were two book cases for the library and three insect cabinets. They were obtained from a Chinese firm which specialises in the manufacture of scientific fittings of this type and has been supplying them to the Zoological Survey of India and to other sections of the Indian Museum for the last 30 years. No tenders were called for the supply of these articles as this method had been tried before and found to be satisfactory by the previous Director, Zoological Survey of India.

Mr. P. B. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 1068 asked by Sardar Sant Singh on the 1st April, 1933;
- (ii) the information promised in reply to starred question No. 1069 asked by Sardar Sant Singh on the 1st April, 1933;
- (iii) the information promised in reply to starred question No. 1078 asked by Mr. Muhammad Anwar-ul-Azim on the 1st April, 1933; and
- (iv) the information promised in reply to starred question No. 575 asked by Mr. Muhammad Azhar Ali on the 4th September, 1933.

PAINTS USED BY THE EASTERN BENGAL RAILWAY FOR PAINTING THEIR WAGONS.

*1068. (a) and (b). Yes.

(c) Experiments have been carried out on the Eastern Bengal Railway with 'Muraco' and 'Muraco' special black paints the first named between 1927 and 1930 and the latter in 1932. On the former occasion the results were not satisfactory but in the latter instance the paint tried gave promise of being more economical than those in use, and sufficiently satisfactory to justify a trial under service conditions.

(d) and (e). Certain orders for ready-mixed 3 per cent carbon black paint were placed without calling for public tenders as the make and quality of paint ordered had been found to give satisfactory results during the previous three years. At the time of purchase ready mixed paint of the quality used by the Eastern Bengal Railway was not included in the Indian Stores Department contracts.

(e) Yes, on a Broad Gauge wagon on a workshop test only.

(f) Yes. A panel painted with 'Muraco special black' was found to be satisfactory on exposure test.

(g) and (h). Provided that Muraco special black paint proves satisfactory under service conditions and that the present prices are maintained, it is estimated that the savings in painting a broad gauge wagon both inside and outside will be in the region of rupees four only. Pending the conclusion of trials under service conditions it is impossible to estimate with any degree of accuracy what, if any, the total savings will amount to.

"MURACO BLACK" PAINT USED ON THE EAST INDIAN RAILWAY.

*1069. (a), (b) and (c). Yes.

(d) Yes. A practical physical test of the nature indicated, was made and the relative covering capacities were found to be as stated but relate to the 1st coat only.

(e) 25 gallons of ready mixed Muraco Black covered 14 covered and 7 open sided wagons, outside body and roof only equal to 11,063 sq. ft.

25 gallons of I. S. D. Standard Quality black paint covered 10 covered wagons equal to 6,579 sq. ft.

25 gallons of Jenson and Nicholson's paint covered 11 covered wagons equal to 7,019 sq. ft.

The I. S. D. Standard Quality and Jenson and Nicholson's paints which were tested were moist black paints.

Messrs. Shalimar's paint was not tested.

A subsequent test of ready mixed paint on complete wagons has just been carried out and the results are as follows :

50 gallons of Murarka paint covered.

13 covered and 2 open sided wagons equal to 20,427 sq. ft.

50 gallons of Messrs. Jenson and Nicholson's paint covered 12 covered wagons equal to 18,060 sq. ft.

50 gallons of Shalimar paint covered 11 covered wagons equal to 16,604 sq. ft.

(f) and (g). Yes.

(A) Exposure tests have not been carried out of 3 per cent. and 20 per cent. I. S. D. 'black'. The position was that when it was decided to raise the period between workshop overhauls from two to three years, the 3 per cent. I. S. D. carbon black then in use was considered unsuitable as it would not last more than two years. It was, therefore, decided to use the 20 per cent. I. S. D. black in order to obtain better lasting qualities.

(i) I would refer the Honourable Member to my reply to part (A) of his question No. 1230.

USE OF "MURACO BLACK" PAINT ON STATE RAILWAYS.

*1078. (a), (b) and (c). Yes.

(d) Where conditions and circumstances permit the results of tests and the experience obtained on a State-Railway is given due weight by the other State-Railways.

(e) It is presumed that the Honourable Member refers to paint purchased ready mixed and consumed by State-managed railways. The information is as follows :

	1930-31	1931-32.	1932-33.
North Western Railway	N/A	N/A	N/A
G. I. P. Railway	N/A	N/A	236
East Indian Railway	N/A	N/A	18,000
Eastern Bengal Railway	32,000	26,000	30,000

(f) Since 1st April, 1933, the Eastern Bengal Railway have placed orders for approximately 7,000 gallons of Muraco special black paint.

(g) Yes.

(A) and (i). About 3,000 gallons of Muraco ordinary black paint were purchased.

(j) and (k). The Honourable Member has not stated the period for which the information is required but I presume he refers to the contracts for the year 1931-32. During that year contracts had been entered into with the Napier Paint Works for the supply of a black stiff paint. The stocks were reduced in March 1932 and 500 gallons of ready mixed paint were obtained from the Muraco Paint and Varnish Co. to meet immediate requirements.

(l) The answer to the first part of the question is in the affirmative. With regard to the second part I would refer the Honourable Member to my reply to part (d) of this question.

REFUSAL BY THE ROHILKUND AND KUMAON RAILWAY TO SUPPLY ELECTRIC POWER TO INDIAN EMPLOYEES.

*575. (a) The Agent, Rohilkund and Kumaon Railway reports that no request for the supply of electric current from employees has been refused by the Rohilkund and Kumaon Railway on the ground of their being Indians.

(b) No Indians, except Indian Officers who may reside at Imtiaz Colony, are being supplied with electric current because there has been no demand for such supply from Indian employees so far. The Rohilkund and Kumaon Railway Administration would willingly supply electric current, within the capacity of the generating plant surplus for use in quarters, to any staff on the usual conditions of payment for current consumed and rent on cost of installation and fittings.

THE INDIAN TARIFF (SECOND AMENDMENT) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1884, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, be taken into consideration."

I have already explained in introducing this Bill that the matter is one of very considerable urgency, because, owing to the state of affairs which we seek to alter by this measure, the Government are losing very substantial amounts of revenue. The subject of the legislation is a class of oil variously described as "gas oil" or "light diesel oil" which is capable of use as a reasonably efficient illuminant in wick lamps. Within the last year or two, there have been very considerable imports of oil of this class and it has been ascertained that it is in fact being largely used in lamps. It is at least as suitable for that purpose as the inferior or red kerosene which is made in the Burma refineries and which in recent years has constituted about one-third of the kerosene production of Burma. Now, I understand from supplementary questions which were asked yesterday, that quite a number of Honourable Members of this House are interested in the details of this measure and, I am afraid, I shall have to go into some detail in describing the position, as I want everybody to be absolutely clear as to what that position is.

At present, of course, kerosene is subject both to customs and to excise duties. As regards customs, the relevant section of the import tariff is No. 40 which governs kerosene. The description of the article in the customs tariff is "kerosene and also any mineral oil, other than kerosene and motor-spirit, which has its flashing point below 100 degrees of Fahrenheit thermometer by Abel's close test". That kind of kerosene is assessed according to the Imperial gallon and is subject to a specific rate of duty, namely, a basic duty of two annas three pies a gallon, supplemented by a first surcharge of nine pies per gallon and a second surcharge again, of nine pies per gallon, bringing it up to three annas nine pies a gallon. The only part of that description which is effective at present is the description "kerosene", because the other part of the description, that is to say, "mineral oil other than kerosene and motor-spirit which has its flashing point below 100 degrees Fahrenheit" has, in fact, become meaningless. There is in fact, no oil of that kind, produced at present which could be used for the purpose of burning as an illuminant. When that description was drafted, the conditions with regard to oil production were very different and there was at that time no oil of the kind which we are now seeking to get at which flashes at a higher point than 100 degrees Fahrenheit and which can be burnt in lamps, so that, really, when those words were adopted, the intention probably was to get at oil of this kind, but in fact no oil of that kind was in existence and this particular description has become out of date. Then, apart from kerosene which comes under item No. 40, there is item 41—"mineral oil which has its flashing point at or above 150 degrees Fahrenheit thermometer and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purpose". That is subjected to a 7½ per cent. *ad valorem* duty as the basic duty, to a first surcharge of 2½ per cent. and to a second surcharge of 2½ per cent. That, therefore, pays a 12½ per cent. *ad valorem* duty. Then, there is a third class of oil—item No. 75, "all sorts of

[Sir George Schubert.]

animal and mineral oils not otherwise specified and the following natural essential oils, namely, almond, bergamot, gajupati, camphor, etc., etc. That is subject to a basic duty of 15 per cent. *ad valorem* and to a first surcharge of five per cent. and a second surcharge of five per cent. That, therefore, is paying an *ad valorem* duty of 25 per cent. Those customs duties are leviable under the Indian Tariff Act, 1894, and the Sea-Customs Act, 1878, as supplemented by the Indian Finance Acts of 1931.

Then we come to the excise duty. It is leviable under the Finance Act of 1922 and it is on quite a different basis. The provisions there are that the duty on kerosene is two annas and three pies a gallon including the first surcharge—as it was originally one anna and six pies put up by the first surcharge of two annas and three pies—and is subject now to the further surcharge of 25 per cent. which comes to 6½ pies; so the total excise duty is now two annas and 9½ pies. In the Finance Act of 1922, there is the *Explanation*:

“For the purposes of this section, kerosene means any inflammable hydro-carbon including any mixture of hydro-carbon or any liquid not including hydro-carbon but including motor spirit, which is (a) made from petroleum as defined in section 2 of the Indian Petroleum Act of 1899 and (b) is intended to be or is ordinarily used in liquid form for purposes of illumination.”

I want to emphasise that point and make it quite clear that the excise duty at present is leviable on quite a different basis to the customs duty. In fact, the terms under which the excise duty is levied are such that we do catch the quality of oil which by this amending Bill we want to catch also for the purpose of customs import duty. I repeat again that the excise duty catches all oils of this kind which are intended to be or are ordinarily used in liquid form for purposes of illumination. If we had the same description for purposes of levying customs import duty as we have for purposes of excise duty, we should not want this Bill at all, and Honourable Members will notice that there is no amendment proposed as regards the Statute under which the excise duty is levied. It may perhaps be asked why the two duties are on a different basis? I am afraid I cannot give any satisfactory answer to that question. I think we must admit that it was a bit of bad legislation of the time. When the Finance Act of 1922 was passed, it would have been much better to put the import duty on to the same basis as the excise duty. I think probably the practical explanation is that at the time when Government were considering the excise duty in 1922, those who drafted the legislation had particularly in mind the quality of kerosene which was largely supplied by the Burma oil fields. That then is the actual position. There is on the one hand this class of oil coming in now which is, in fact, being used as a substitute for ordinary kerosene, and which, according to the wording of our customs duty laws, we cannot catch, whereas on the other hand the same quality of oil which is being produced in India is actually caught and made to pay the higher rate of excise duty. Now, when it was established that this kind of oil—the light diesel oil—was coming in and that the use of it in lamps had become common, it ceased to be possible to describe such oils as being such as are not ordinarily used except as fuel. Thus, though they are suitable for use as fuel, they cease to come under the favourable rate described by item No. 41, that is to say, the 12½ per cent. *ad valorem* rate, and, as neither 40 nor 41 apply, they fall for assessment under No. 75, that is to say, the 25 per cent. *ad valorem* duty. This, therefore, put them

up to a 25 per cent. basis and meant that they were paying a duty which worked out at somewhere about nine pies a gallon and that is the change which was made fairly recently by the customs authorities in assessment, and which was referred to in a question which was put to me yesterday and in certain supplementary questions. I want to make the reason for that change clear. The reason, I will repeat, was that it was established by the customs authorities that this class of oil was being used for purposes other than fuel oil and, therefore, they were quite right in refusing to continue to let it come in under item 41 and in assessing it under item 75. That put the duty up, as I said, to about nine pies a gallon, but that, of course, is a very long way short of the three annas and nine pies a gallon which imported kerosene ought to pay. Now, the fact that this oil is coming in and is being used as a substitute for kerosene involves a very substantial inroad on the excise revenue. You may put it in either of two ways. You may say that we are losing excise revenue on the hypothesis that this new oil is being substituted for Burma kerosene, or that we are losing import duty because this class of oil is replacing what would otherwise come in as imported kerosene. I would like just to tell the Honourable Members what the Burma Government had to say on the subject.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Can the Honourable Member give some figures as to this displacement?

The Honourable Sir George Schuster: I am coming to that. We had a very urgent representation from the Burma Government on this matter which came to us in the course of the Simla Session. They say that they have ascertained that the local companies are suffering from a serious disability owing to the importation of gas oils from Rumania and Russia described as diesel oil. They then go on giving the figures of the differences in duty between that and the excise duty payable on the kerosene. They say:

"The local companies estimate that the cut in Burma production will shortly amount to one-third."

Then:

"The Governor in Council strongly recommends immediate action to remove disabilities. He would view with the gravest concern the diminution of Burma production to the extent feared by the companies with the resultant unemployment in oil fields and disastrous effects on revenue from royalties. He would support the Companies' claim that the customs duty imposed should not be less than the customs duty on imported kerosene. If reports correct, matter is of extreme urgency and the Governor in Council would seriously deprecate waiting till Budget Session and would urge strongly introduction of necessary legislation during the current Session."

That referred, of course, to the current Session at Simla and it was quite impossible to introduce legislation then. We wanted more time to study the facts and, although we had completed our study by the end of the Simla Session, it was too late then to bring in legislation and we have had to take advantage of the present Session for the purpose.

Now, as regards the quantities that are coming in, according to my estimates and they have been very carefully gone into, it appears that this light diesel oil or gas oil is now coming in at the rate of about one million gallons a month on the average. In addition to this, the imports in the current year of oil which is passed as fuel oil is on an average $7\frac{1}{2}$ millions of gallons and these $7\frac{1}{2}$ millions of gallons represent a fairly normal

[Sir George Schuster.]

quantity according to recent experience of what comes in for fuel oil. The imports of fuel oil in 1931, before the trade in this lamp oil quality of so-called fuel oil began, only averaged about $7\frac{1}{2}$ million gallons a month. At that time there was practically no import of this lamp oil quality of so-called fuel oil, so that one can regard that a million gallons which is coming in in addition to $7\frac{1}{2}$ millions of gallons as a new increase. While we are seeing this increase in imports of genuine fuel oil *plus* gas oil combined of one million gallons a month, we are at the same time experiencing a very heavy drop in the consumption of kerosene. That shows a drop this year in consumption of something like three millions of gallons a month. Of course, it can fairly be argued that this is very largely due to the loss of purchasing power and general depression, but if one combines the two facts, on the one side the increase in the so-called fuel oil of a million gallons a month, and on the other, the decrease of three million gallons a month in genuine kerosene, I think it is quite clear that there has been a very substantial substitution of the one over the other. As regards the loss of revenue, if we take, say only three-quarters of this additional million gallons a month which is coming in as being used to displace kerosene, and I think that that is a low estimate, and if we take it that we are only losing excise duty, then our loss is now about one lakh a month. On the other hand, if we take it that it is the import duty that we are losing, that imports are being displaced by this new kind of lamp oil, then we are losing now at the rate of about $1\frac{1}{2}$ lakhs a month. Just in order to indicate to Honourable Members the urgency of this matter, I might inform them that according to our latest information a vessel has just arrived carrying a cargo of 3,800 tons of this oil and, on that single cargo of 3,800 tons, the loss involved amounts to one lakh of duties to ourselves. I hope, therefore, that Honourable Members will appreciate that this is really a very serious matter. Now, the question arises as to how to deal with it. What we want to do now as a practical measure is to make the possibility of using this oil as a luminant the test. If it can be used for burning in lamps, then we say it ought to pay duty as kerosene. The practical test, therefore, is the burning capacity of the oil when used in lamps. Exhaustive research has shown that no other test, for example, physical constants, such as flash point, density, etc., can yield equivalent results so that it has been found necessary to provide a burning test and, as regards that, we have satisfied ourselves that that is an entirely adequate test. We found that there was already in existence a test lamp designed exactly for that purpose. We did not invent it ourselves, we found that it was already in existence and we have made very careful experiments with this test lamp and we are satisfied that this provides a reliable and constant test. That lamp has now been distributed to customs authorities. The test applied will be the capacity of the oil to burn in any such lamp for a given time without the flame sinking below a given height. The particulars that will be prescribed roughly correspond to those that are found to be yielded by the actual tests applied to inferior Burma kerosene.

Now, there is another side to this matter. It may, of course, be represented that by imposing this higher duty on a class of oil which at any rate partially is used for burning in engines, we may subject the people who want the oil genuinely for that purpose to an unduly heavy burden. We have given very careful consideration to that question, the question, namely, whether industrial or agricultural users of diesel engines will be adversely affected and we have satisfied ourselves that there is no serious danger to that. It is important to realise that no fuel oil possessing the

minimum illuminating properties that we now propose to prescribe as the test, no fuel oil of that kind was imported at all until 1930; and, in 1930, the amount imported was only 847 tons. That is when the practice first began, and everyone had been able to get on perfectly well for their purposes of providing fuel for their engines with the other oils before that. In 1930, the practice began, as I say, in a small quantity of 847 tons being imported. In 1932, the imports had gone up to 28,000 tons and we are quite satisfied that a very large proportion of that 28,000 tons was actually sold as illuminants. A certain proportion was, no doubt, sold as fuel oil for fuel purposes, but we believe that for such purposes it was not appreciably better than other diesel oils not possessing this minimum illuminating capacity.

Diwan Bahadur A. Ramaswami Mudaliar: What about price?

The Honourable Sir George Schuster: I am coming to that too. The importers who, I think, must have discovered this favourable opportunity of selling this oil as a substitute for kerosene for burning in lamps naturally found it necessary to make considerable sales of this oil for fuel use in order to justify their customs declaration of oil as fuel oil and they could do this—and this is a point that answers my Honourable friend's question—they could do this at a low rate on account of the very large profits to be made on the portions sold for illuminating purposes. I think it is probably correct to say that they have been able to dispose of a certain quantity of this oil at a lower rate, because, as I say, they have been making such very large profits on that portion of their imports which they are selling for illuminating purposes, but surely that is not a practice which can be tolerated in the public interests. I would ask Honourable Members to appreciate that all that will happen now is to put things back again into the position that we were up till 1930 when the principal diesel oils sold in India were light diesel oils coming from Persia and the Attock Oil Company's diesel oil. I would like to add that the principal use of diesel engines by agriculturists is in the Punjab which has the Attock Oil Company's supply close at hand and the Attock Oil Company's oil is not being used in lamps and will remain at the present rate of duty and will not be subject to any additional duty. But, of course, if they did follow the same practice as regards their oil as is followed in the case of imported oils and tried to sell it and make it suitable for burning in lamps, then, of course, they would have to pay the kerosene duty. Now, although I have said that we have satisfied ourselves that the genuine user of oil for burning in engines will not be prejudiced by this measure, I am quite prepared to say that this is an aspect of the question which will have to be most carefully watched, and if we find that in effect it is prejudicing the position of those who want this kind of oil for running engines and not for burning in lamps, then we quite recognise that we shall have to devise special measures for dealing with their position and for exempting the oil which is used in engines from this additional duty. We do not believe that there will be any great administrative difficulties in achieving that result, and action can be taken quite quickly if it is found to be necessary. I want to leave Honourable Members in no doubt that if anybody in connection with this Bill fears that it may have adverse effects on genuine industrial or agricultural users of fuel oil, we share those fears equally with them. We take exactly the same point of view and we shall feel ourselves under an obligation to devise measures for meeting that particular kind of objection.

[Sir George Schuster.]

Now, Sir, I hope this has explained the position pretty well to Honourable Members. I might add something in connection with the arguments which seem to have been advanced on the other side. I myself have been addressed, and I have no doubt that Honourable Members also have been addressed in this matter, by the National Petroleum Company. This company imports the oil in question. It addressed me, and I think it circulated all Members of the Legislature, in September in protest against the assessment of the oil at the 25 per cent. rate. Obviously if it protested against the 25 per cent. rate, the protests against what is contemplated in the present Bill will be considerably more intense. The case of the company is stated in a letter to the Bombay Chamber of Commerce that was enclosed with a circular on the 14th September to me. I do not want to go into it in very great detail, but if any arguments come up based on that letter, I shall be very glad to have an opportunity of answering them. I think I may say without being at all unfair that the letter is entirely misleading. It avoids any reference to the widespread use of these oils as illuminants and seems to imply that their only use is in diesel engines. They make a particular statement that a similar type of oil has been imported into India for many years. That statement is evidently incorrect. The imports of fuel oil other than those types definitely not suitable for use in lamps which are controlled by the Burniah Shell group were non-existent before 1930 and only 847 tons in 1930.

Diwan Bahadur A. Ramaswami Mudaliar: Did the Standard Oil Company import any oil similar to it at any time?

The Honourable Sir George Schuster: The Standard Oil Company may have imported a small quantity of this oil before we changed the method of assessment recently. I am not quite sure about the quantities, but I am quite sure of this that until 1930 no oil of this kind was imported and I repeat again that in 1930 when it first began, only 847 tons were imported. It is quite possible that a certain oil imported by the Standard Oil Company may have got through at the 12½ per cent. test before we had established the change in the customs in dealing with this oil and had established the fact that it was being mainly used as an illuminant, that is to say, not for fuel purposes. As soon as we established that, our customs authorities could no longer go on assessing it under item 41. They had to put it under item 75. That was established by them; we had nothing to do with it. It was the customs administration working in its ordinary way, and that new custom having been established, the oil could no longer claim to come in at the lowest rate of duty.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammedan Rural): Was this *ad valorem* duty of 25 per cent. under Article 75 levied also on all oils of that description, that is, 7½ million gallons used for fuel purposes and also one million gallons used as illuminant?

The Honourable Sir George Schuster: The position is quite clear. At present about 7½ million gallons a month are coming in of genuine fuel oil which we know cannot be used for any other purposes except fuel oil. It is only the quantity of one million gallons of this light diesel oil or gas oil which is coming in and which, we have satisfied ourselves, is being largely used as illuminant. Of course the customs authorities have to

distinguish between these two classes of oil and I may describe that as rather an unsatisfactory position. They have to make what is called an appraiser's test of it according to the purposes for which it is sold. What we are now going to do is to establish a definite and constant physical test, namely, the burning capacity in one of these test lamps. That will provide a much more satisfactory dividing line than the present rough and ready appraiser's test which has to be made. But as regards what is in my Honourable friend's mind, there is no question of subjecting all fuel oils to this higher rate of duty. The only oils which have been subjected to the higher rate of duty are oils which can be used as illuminants.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): Will this treatment be universal or only for the particular company which imports this oil?

The Honourable Sir George Schuster: I am afraid I cannot understand what suggestion lies behind that.

Mr. D. K. Lahiri Chaudhury: If other oil companies have some such oil which may be used as illuminant, will they receive the same treatment as diesel oils?

The Honourable Sir George Schuster: Of course. Indeed I find it impossible to state with sufficient emphasis that that would be our purpose. We want to get the maximum revenue from everybody without fear or favour and there is no possibility of discrimination between companies when the test that we are proposing to apply is the test of burning in a certain lamp which will be a scientific test and cannot be varied by anybody for any ulterior motive. That, I think, is all that I need say in asking the House to take this measure into consideration. I would only like to repeat again that from the revenue point of view it is really a very serious matter. If we are now losing something like Rs. one lakh to Rs. 1½ lakhs a month, that loss might grow to very large figures indeed. In fact, if the practice became universal, our loss would amount to something like a crore a year. Therefore, this is a case in which we must take some action, and I would ask the House to look at it from that point of view.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, be taken into consideration."

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 20th January, 1934."

I wish to say at the very outset that I have no idea of moving this amendment as a dilatory motion, but I want that full particulars should be placed before the House and that the people who are interested and dealing in this business should have their say. I have heard with great

[Mr. K. P. Thampan.]

interest the speech which the Honourable the Finance Member has just now made. I find that the chief point that he has made is that this oil, though it is imported in the guise of diesel oil is used for illuminating purposes and hence has to be taxed as kerosene. As the owner and user of an oil engine, I know what this kind of diesel oil is. I shall deal with it afterwards. It is the poorest people in the country that make use of this oil for their lamps. It is not fit for use in a table lamp or for that matter in an ordinary hurricane lamp. It is fit only for the small lamp made of tin that the poor people purchase for three or four pies, on which they do not use any kind of chimneys, but simply put a taper or a piece of cloth which they immerse in the oil and burn: it is capable of being used only for such purposes. As I said, the users of such lamps belong to the poorest class among us, and this House will be doing a sheer injustice to those people, who are already groaning under heavy taxation, if we accept this proposal

Mr. E. S. Sarma (Nominated Non-Official): Mr. President, may I ask one information from Government before this debate proceeds further? As there seems to be a good deal of support for a Select Committee in the House, will Government give indication to the House whether they are prepared to accept the later motion for Select Committee? If that is done, the discussion on this circulation motion will be cut short.

Mr. President (The Honourable Sir Shanmukham Chetty): Let the Honourable Member finish his speech.

Mr. K. P. Thampan: If my Honourable friend had risen to suggest that before I began to speak, I would have had no grievance against him. However, I am thankful to you, Sir, for your kind protection. Now, with regard to the engines consuming diesel oil, the oil which is generally supplied by the Burma Oil Company and others is distinctly of an inferior sort, whereas this is a better grade of oil, and the result is, with the use of this oil the engines have greater longevity than with the oil now supplied to the market. So, even if the price is slightly more, I would certainly prefer this oil for my engine to the oil which comes from Burma. As an agriculturist and as one who wants to safeguard the interests of the agriculturists, I should like to point out that in South India alone there are more than 20,000 oil engines engaged in irrigation work to baling out water to the fields and removing it from the back-water areas and other places on the West Coast. In these days when agriculture is not paying, it will be a very hard thing if we attempt to increase the burden on the ryots. There are quite a large number of engines employed in industries also. I, therefore, recommend that with reference to the oil used for engines also it is not desirable to accept the principle of this Bill. The Honourable Member was very kind to say in the course of his speech that if subsequently he found that this Bill affected the interests of the agriculturists, he would then devise means to exempt the oil that was used by them. I have no sympathy with that suggestion, because, by the time he realises the real position, the trade in this oil would have been strangled: the merchants who import this oil would have lost immensely and there will be nobody else to reintroduce this oil into the market; and, therefore, the promise that he would after some time exempt the oil used by the agriculturists cannot appeal to me

Then, there is another aspect of the question which is more serious than anything. On the assumption that the duty will not be increased, or at any rate that the present rate will not be interfered with during the current financial year, merchants might have given forward orders. Now, to make them pay this higher rate of duty is really wrong in principle. Evidently there are merchants who have ordered large quantities; as the Honourable Member himself has said that his information is that three lakhs tons of oil is on the way to be imported to Bombay. Such people will be hard hit by the proposal to increase the duty and it is only fair that such forward orders are exempted. On these grounds I am of opinion that the Bill ought to be circulated for opinion and the next stage of the Bill should be proceeded with only at the next Session: it is with that object in view that I have suggested that the Bill may be circulated by the 20th January, 1934. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 20th January, 1934."

Mr. B. S. Sarma: Now, may I ask the Finance Member, Sir, with your permission, whether he is agreeable to the Select Committee, because his answer to that will determine the attitude of some of us on this circulation motion

An Honourable Member: Nobody has moved the Select Committee motion yet.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member is entitled to ask the question, because if the Finance Member gives an indication that he will accept the Select Committee motion if and when it is moved, the Honourable Member will probably oppose this motion and support the other: otherwise he will probably support this motion.

The Honourable Sir George Schuster: Sir, this comes upon me a little bit suddenly and I have not had really time to consider it. I can tell the House quite clearly what my position is: we do feel that it is a most urgent matter to get this measure passed during the current Session. If this can be done, then, anything that I can do which will give Honourable Members an opportunity of satisfying themselves as to the merits of this measure I shall be only too glad to do, because we are quite confident in our own minds that anybody who studies this position will agree with us that some legislation of this kind is necessary. What will be possible as regards actual time during this Session is a matter on which I can hardly speak offhand: I should have to discuss it with you, Sir, and consider how this can be fitted in, because we have to take into account that this measure will have to be passed not only in this House, but in the Council of State also. If my friend will give me a little time to consider the matter and discuss what is possible in the way of timetable, I can tell him straightaway that, if I find it can be arranged to get on with this legislation this Session, even though the Bill is referred to a Select Committee, I should have no objection at all to accept a motion for reference to Select Committee. But, possibly, Sir, it might

[Sir George Schuster.]

be more useful, and I should imagine, would meet the wishes of a good many Members of the House if the present debate continued a little further, because I myself am certainly most anxious to hear what sort of case Honourable Members who are opposing this measure have got to make. I would suggest, therefore, to you, Sir, that if I might have time to consider this over the luncheon interval, I could then make a definite statement after lunch as to the attitude of Government on the question of reference to a Select Committee.

Mr. President (The Honourable Sir Shanmukham Chetty): It has been distinctly understood that from the beginning of next week the House will confine itself only to the Reserve Bank and the Imperial Bank (Amendment) Bills, and that no other business will be taken up. If the Government are prepared to agree to refer this Bill to a Select Committee and, at the same time, are anxious that the Bill should be got through during this Session, and if that meets with the approval of non-official Members also, so far as the Chair is concerned, it will have no objection to direct that the House should sit for one extra day after the Reserve Bank and the Imperial Bank Bills are disposed of. That would enable the Government to dispose of this Bill, and I think what I have said now would probably help the Honourable the Finance Member to come to a decision on the point.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, may I say on behalf of those who are supporting the Select Committee motion that we are equally anxious that the Honourable the Finance Member should have every facility to dispose of this Bill during this Session, and if it is necessary to extend the sitting of this Assembly for a day, we shall put no obstacle in the way.

Mr. F. E. James (Madras: European): Sir, the only question that I want to ask is, if the further disposal of this Bill is postponed to a day after the Reserve Bank and the Imperial Bank Bills are dealt with, would that allow sufficient time for the other House to consider this Bill before the end of the present Session?

The Honourable Sir George Schuster: Sir, I am most grateful to you for the helpful statement that you have made, and I am also grateful to my friend the Leader of the Independent Party, for what he said as regards his own attitude, and I hope that he spoke for his Party. The point which I should have, if I had had the opportunity, wished to discuss with you, Sir, is that every day, as regards delay in this legislation, if it is going to be passed at all, is a matter of considerable importance. I have already told the House of one particular shipment which has just arrived. We had contemplated that if this House had passed this measure, it would have been available for consideration by the other House on the first day when they assembled.

Diwan Bahadur A. Ramaswami Mudaliar: That is only 14th of December.

The Honourable Sir George Schuster: That was one of the points on which I wished to make inquiry during the luncheon interval. I was not

quite sure on what day the other House would assemble, but the point I would like to put to you is this. If the time table could be so arranged that this Assembly should have the chance of disposing of this measure before the other House assembles, then I think that would be in everybody's interests, and, of course, we should not in the least be prejudiced by any delay up to that point. Therefore, Sir, what I would put to you is that possibly a suitable occasion might occur after the Reserve Bank Bill has been disposed of and before the Imperial Bank Bill is taken up, or possibly even in case of need, the discussions on the Reserve Bank Bill might be interrupted for a short time. I am prepared at once now to state that, if it is the general wish of the House, that this measure should be committed to a Select Committee, and if I can feel assured that Honourable Members will treat this as an urgent matter, then I would, on behalf of Government, raise no objection at all for its consideration in the Select Committee.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, may I point out what the Honourable the Finance Member himself said that the matter was not of very great urgency. He had all the facts before him in September last, and he himself did not bring forward any measure in September, and that means that he could afford to wait. So I think that nothing will be lost if this measure be postponed for another fortnight. If we are satisfied in the Select Committee, we shall see that no loss occurs to the revenue provided the measure will not harm the poor people.

Mr. G. Morgan (Bengal: European): Sir, may I say on behalf of my group that we have no objection to this Bill being referred to a Select Committee on the lines suggested by the Honourable the Finance Member. We are very anxious to get this Bill through as quickly as possible, and there is no reason why the Select Committee should not meet at once. If extra time is required so that the Bill can come before the Council of State the first thing before they start on the Reserve Bank and the Imperial Bank Bills, it can be found, so that the Bill may become law during the current Session. Sir, I support the motion.

Mr. President (The Honourable Sir Shanmukham Chetty): It has already been notified that the other House will commence the present Session on the 14th December. If it is the general desire of the House that the discussion of the Imperial Bank Bill or the Reserve Bank Bill might be interrupted for a day before the 14th December to get this Bill through, the Chair will certainly have no objection.

Several Honourable Members: We have no objection.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair takes it that since the House agrees, it meets the wishes of the Government. But the Chair must warn Honourable Members who will serve on the Select Committee that according to its direction for the next two weeks the House is sitting on all the days in the week including Saturdays and they should find time for the meetings of the Select Committee during those days.

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That the Bill be referred to a Select Committee consisting of the Honourable Sir George Schuster, Mr. F. E. James, Mr. R. S. Sarma, Mr. Muhammad Anwar-ul-Azim, Khan Bahadur Haji Wajihuddin, Mr. K. P. Thampan, Mr. B. V. Jadhav, Mr. S. C. Mitra, Mr. Amar Nath Dutt, and the Mover, with instructions to report within fifteen days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Mr. President (The Honourable Sir Shanmukham Chetty): Will the Honourable Member read out the names once again?

Dr. Ziauddin Ahmad: The Honourable Sir George Schuster, Mr. F. E. James, Mr. R. S. Sarma, Mr. Muhammad Anwar-ul-Azim, Khan Bahadur Haji Wajihuddin, Mr. K. P. Thampan, Mr. B. V. Jadhav, Mr. S. C. Mitra, Mr. Amar Nath Dutt

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): I am not eager to go to the Select Committee.

Dr. Ziauddin Ahmad: and the Mover, with instructions to report within fifteen days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.

Sir, the reasons for which I move this reference to Select Committee are two. The first is, as the Honourable the Mover has pointed out, that our consumption of kerosene oil has diminished by three million gallons a month, but the consumption in this particular kind of oil has increased by one million gallons only. This clearly shows that a large number of people who, on account of depression, cannot afford to purchase kerosene oil, are compelled to live in darkness. The little money they may have is spent in providing a dim light for a short time with this new oil, and it is quite possible, Sir, that this particular class of men may be hard hit. By increase in duty this class may also prefer to live in darkness. So, if we put a special duty or increase the duty, it does not follow that there will be an increase in the consumption of kerosene oil or an increase in the revenue. On the floor of this House I have repeatedly said that in the Finance Department of the Government of India the law of diminishing returns is never understood. They always apply the principle that if you increase the duty the income will increase proportionately. I remind the House of the story of the horse which I gave on one occasion, and that is the principle on which the Government always work.

An Honourable Member: What is that story?

Dr. Ziauddin Ahmad: I shall repeat it. If the value of a horse four years old is Ra. 100 what would be the value of a horse which is 24 years old? Multiply it by six and that will be the value of the horse, but they forget that after a certain age the law of diminishing returns applies. In spite of their constant experience during the last five years, they have not yet realised that increase of the duty does not necessarily mean an increase of income; it may even mean a loss of income. So, this is a point on which we would like to examine the question in greater detail in the Select Committee. We would like to be convinced that by

putting on this special duty there would certainly be an increase in the income and that there will not be a diminution in it. As a corollary to that, we would like to be satisfied that we are not harming the poorer class of people. We who are sitting in this Assembly Chamber and are not in touch with the poorer classes living in the villages do not realise the misery in which they are now living. I toured in my constituency about a month ago and I noticed that a good many villagers were now realising that it was better for them, more comfortable for them, if they went to the jail than live in their own houses in the villages. They say that they would get food to fill their stomach and that they would be better clad and housed in the jail. If these feelings are firmly rooted, then it will create a situation which may not be troublesome to the Finance Member, but certainly troublesome to the Home Member. If you increase the burden on the poorer people by an anna or even by a fraction of that, it will tell very hardly upon the life of these villagers. Therefore, this is also a point which ought to be looked into—that you are not unnecessarily taxing the poorer classes who cannot really afford to burn even a lamp and who prefer to live in darkness simply because they cannot afford to buy oil.

The next point which we should like to examine carefully is as to the framing of the rules. The Bill says:

“... specify the design, construction and materials of test lamps to be used for testing the burning properties of mineral oils in wick lamps and provide for the standardisation of such test lamps.”

If you want us to vote without exercising our own judgment, it is a different matter; but if you ask us to vote with conscience, then I should certainly like to see what kind of lamp it is, whether that particular quality of lamp which you are using for this purpose can be changed from one type to another, and whether the kind of lamp is such as can be used only by the poorer classes and is not likely to be used by the upper classes, that is to say, those people who can afford. . . .

The Honourable Sir Brojendra Mitter (Law Member): One of these lamps should be produced at the Select Committee as an exhibit!

Diwan Bahadur A. Ramaswami Mudaliar: And the oil!

Dr. Ziauddin Ahmad: We should perform our own experiments. If we are to give our opinion with conscience, then it is necessary that we should go in detail in the Select Committee about the nature of these lamps, the quality of the diesel oil which will burn in this lamp, and also whether these lamps are used by the poorer classes or not. These are the points which I think ought to be examined rather carefully before we exercise our right of vote. For these reasons I beg to move that the Bill be referred to a Select Committee.

Mr. President (The Honourable Sir Shanmukham Chetty): Further amendment moved:

“That the Bill be referred to a Select Committee consisting of the Honourable Sir George Schuster, Mr. F. E. James, Mr. R. S. Sarma, Mr. Muhammad Anwar-ul-Asim, Khan Bahadur Haji Wajihuddin, Mr. K. P. Thampan, Mr. B. V. Jadhav, Mr. S. C. Mitra, Mr. Amar Nath Dutt, and the Mover, with instructions to report within fifteen days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The Honourable Sir George Schuster: I should like to move a small amendment to my Honourable friend's motion. I would not press it if it does not receive his acceptance, but I would like to suggest that as we have here a representative of the Government of Burma, Mr. Grantham, it would be valuable if he could be added to this Committee.

Dr. Ziauddin Ahmad: Certainly I would accept it with great pleasure. He is a very old class fellow of mine.

The Honourable Sir George Schuster: I move that the name of Mr. S. G. Grantham be added to the Select Committee. I should like to make one further suggestion, namely, that the Committee be asked to report within one week.

Dr. Ziauddin Ahmad: I said within a fortnight, and it means any convenient time between one and fourteen days.

Some Honourable Members: A week.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhammadan): I beg to move that the name of U Ba Maung who comes from Burma may be added and I hope that my Honourable friend will have no objection to the addition of his name.

Dr. Ziauddin Ahmad: Yes, that is all right.

Mr. President (The Honourable Sir Shanmukham Chetty): Further amendments moved:

"That the names of Mr. S. G. Grantham and U Ba Maung be added to the Select Committee."

The question is that those names be added.

The motion was adopted.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): I was for circulation of this Bill, because this is a very serious question. On the one hand there is the question of revenue that is being affected, and on the other hand there is an assertion in the representations, that have been made to us that this Bill is being passed in order to affect a company, which is an Indian company and has come into existence recently, and owing to the jealousy of the European firms or some of them who misrepresented things to the Government. That was why I sent an amendment for this Bill being circulated. Since then I find that an amendment for Select Committee has been moved. I would like to support that amendment only if I get a proper and satisfactory answer from the Honourable the Finance Member that he is in possession of facts, not only of one side, but of both sides and that he will place all the papers and materials and expert opinions before the Select Committee for their consideration, because, as the case is being made out on behalf of Government, I take it that this diesel oil is being considered in the first place as ordinarily used for fuel and it is only alleged that there is some capacity of lighting in it. Therefore, being ordinarily an oil for fuel, if there is really some capacity of illuminacy in it, it should be tested very carefully and the House should be satisfied that there is really

such a difference in it that it should be treated as not extraordinary, but ordinarily used as an illuminant. When I said that it was being said that misrepresentations had been made to the Government by some interested company, it was not my own assertion or allegation, but I think most Members had received telegrams from one national Petroleum Company, a copy of which I hold in my hands. It says:

"Understand Sir George Schuster moving Monday amendment customs tariff affecting import our diesel oil quality only seems this motion started by interested companies to harm Indian oil companies who have since their inception benefited India many crores of rupees by reduction rates also permanent benefit to India. If above Bill passed hurriedly will end Indian companies business resulting innumerable loss to India please arrange rejection above motion or at least get postponed for circulation and consideration press public and interested companies."

In the face of these allegations it is a serious thing. We should not vote for the Bill simply because it will bring certain revenues to the treasury. We should see that it is a righteous thing that the Government should have this revenue and I expect the Select Committee will go into the allegations on both sides and an opportunity should be given to the companies which are being affected to place its views before the Select Committee and satisfy them that this difference that is being made is not justified. Let me give the history of this case, how this national company alleges that it is being affected. It was said that the kind of diesel oil which was being imported by this company was such that it had illuminant capacity and it was being alleged at the same time that before 1930 such diesel oil was not imported. On the other side, as the Honourable Member read from the representation made by the company, there is an allegation that there was a similar kind or even better diesel oil which had more illuminant capacity which was being imported and charged not in the way in which it is now sought to be charged. This is a matter which is for the Select Committee to consider whether it is a fact that the Standard Oil Company did import before 1930 diesel oil and was charged under item 41 (2), and may I also ask the Select Committee to consider and find out this fact whether even at present there is a diesel oil of the Standard Oil Company which is being charged under 41 (2) as not being pure kerosene and as being used with a flashing power of over 150 degrees and yet it is being charged under 41 (2). If, therefore, justice is to be done, then it should be found out what is the difference between the two. Is there any difference between the diesel oil imported by the national company and that imported by the Standard Oil Company? The Select Committee would have to make that test and see for themselves if these allegations are correct or not.

Then, in my humble opinion, it seems to me, this oil rightly comes under 75 of the Act itself. It already provides for oil of that nature and, therefore, there is no necessity for having any other article as 40B. That is also a point for the Select Committee to consider. When you read 40, we see that 40 provides for what I would call as pure kerosene. It says kerosene, also any mineral oil other than kerosene and motor spirit which has its flashing point, etc. Now this is what I would call pure kerosene and this is charged to three annas nine pies duty, but there is article 75 which says all sorts of animal and mineral oils not otherwise specified. Now, kerosene oil is provided by 40 and there is already an article prescribing lesser duty for all other kinds of animal and mineral oil. Now, mineral oil would include kerosene of a lesser degree. If the pure kerosene or strong kerosene comes under 40, then any other kind of mineral oil which has illuminant power will come under 75. Therefore,

[Mr. Lalchand Navalrai.]

where is the necessity now to increase the duty unless it is only to do injustice of charging them more at a prohibitive rate as I will presently show. If it is, then in the case of this article, a right article, which has already been legislated by this Legislature, why should any new provision be now made? Article 40B which is sought to be enacted reads "mineral oil, not included in item No. 40 or item No. 40A" which is suitable for use as an illuminant in wick lamps. This means mineral oil which does not come under 40. This is already provided for by Article 75. Therefore, you will be providing two articles of a similar nature. I submit that there is no necessity for this legislation, but, however, as the Bill is going to the Select Committee, that is another point that should be considered there.

Now, Sir, see the justice of charging on the basis that all diesel oil is illuminant. No. It is not alleged at all. Only a portion of it, which is again very difficult to find out by the test of a burning lamp. However, that might be tried, but let us see what amount of incidence you are going to place by this amendment under item 40B and you will be simply astounded. Sir, under item 40 the incidence is three annas nine pies per gallon and under item 41 (2)—under which this diesel oil was being charged before until the time when it was changed to 7½ pies as was said by the Honourable Member—it was about four pies per gallon, and that will come to Rs. five annas five per ton. Then, under item 75, it is about 7½ pies per gallon, which will mean again about Rs. 10 per ton. Now, let us see what is the effect of this proposed legislation and see whether there is justice in it. We will be making a jump, which is most unreasonable and unrighteous. Under this article 40B, it will be two annas three pies per gallon plus a nine pies surcharge, which will mean three annas. In other words, it will be Rs. 52-11-0 per ton. The duty that was being paid at one time was Rs. 5-5-0. Then, that was raised to Rs. 10, and now you are raising it to Rs. 52 a ton. Is it not, therefore, Sir, a very serious question for the Select Committee and for this House to consider before any sanction is given to the amendment proposed in the Bill?

Then, Sir, I would submit that as we have not the facts before us, no reports of any experts before us and also as there is no correspondence, which the Honourable the Finance Member tells us he has acted upon, before us, I trust he will not have any objection to placing all those papers before the Select Committee. We shall certainly be wanting public opinion on that point, because if you are not circulating the measure for eliciting public opinion, then it would mean that the opinion of the public is neither before the House nor before the Select Committee. However, I would submit that that can be met by calling in some experts with regard to this oil, because you are giving a power into the hands of the customs officer which may be abused. After all, it may be a very small customs officer, and he may say: "Well, I will charge your diesel oil as an illuminant". If you ask him, "Why?", he will probably say, "Well, I have seen that that test applies". Well, he may be a man who may not be responsible. Then his report comes before the customs officer. Now, may I ask, if ever the report of a subordinate has been thrown away? This Indian company which came into existence only two years ago is going to be hit hard; and it has been already brought to the notice of the House that this company's oil is very much helpful to Indians as fuel and also if, as is alleged, it has some power as an illuminant, then that power, though small, is of such a nature as can be profitably used by the poorer people.

Then, there is one other thing I wish to draw attention to. I hope the Honourable the Finance Member will take note of this fact that it is being alleged while this sort of diesel oil, which is used in small tin lamps by only poor people, has the highest capacity of some lighting for one hour only and then it will again become fuel; that is, such oil will not afterwards give out any illuminant power. Are you, therefore, going to charge 52 per cent. on kerosene which only poor people use in small lamps with a small wick and which can only be used for one hour, it becoming useless afterwards? If so, you will be doing an act of clear injustice. Sir, I do not want to take any more time of the House, but I would ask that the learned members of the Select Committee should not, while considering everything that is being said from the Government side, rest content with mere assurances given by the Government that the customs officers have done their best and that there is justification for this tax or for this import duty being raised. They should see to the interests of both sides, because while I do not want that any revenue should be lost, it should not on the other hand be that, because there are certain companies interested in the Burma oil which, by the way, are purely European companies—there are three such European companies working in Burma, the Burma Shell, the Standard and the Indo-Burma—and have got long vested interests there, because they have been in existence for sixty years and have acquired a monopoly, the interests of some Indian companies which have now come into existence should not be safeguarded

Mr. Muhammad Azhar Ali: (Lucknow and Fyzabad Divisions: Muhammadan Rural): Can you give us the names of such Indian companies?

Mr. Lalchand Navarai: For instance, the National Petroleum Company which has come into existence about a year and a half ago; then there is another Indian company, the Western India Oil Distributing Company which has come into existence since a year. The three European companies now compete with this infant indigenous industry, and this industry, Sir, should be allowed to grow. The time will come when the competition may be on equal terms, but, until such time, let not the Legislature and let not the Government join hands with those European companies which have already got a monopoly. Now, representations are freely made, and such representations and the materials should be investigated into properly, before this particular oil is charged with the exorbitant or rather prohibitive duty of Rs. 52 a ton which will simply go to the demolition of these two Indian companies. If the Standard Oil Company was dealing in oil which was diesel oil and there was some power in it as an illuminant, then why is it that it is being charged under Article 41 (2)? It is not even charged under 75 yet, and I think there is no justice in that. Why should the Standard Oil Company or any other, which imports this diesel oil, be allowed by this House to have an advantage over the Indian company and pay a charge for the same kind of oil only under 41 (2) while this company should be charged at Rs. 52 a ton? I submit, therefore, that this matter should be very thoroughly investigated by the Select Committee.

There is one thing more that I wish to say with regard to item 41 (2), which reads thus:

"Oil which has its flashing point at or about 100 and 80 degrees of Fahrenheit thermometer and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes."

[Mr. Lalchand Navalrai.]

I hope the members of the Select Committee will bear me out when I say that they will be doing proper justice if they make this company revert to pay duty under item 41 (2) and not under item 75 as their incidence has been raised to that limit. They should thoroughly go into that question and, if they do so, they will find that it comes under item 41 (2), because it is said "any other oil which has a flashing point at 150 degrees and is ordinarily used for fuel". Now, it has been admitted by the other side that ordinarily it is used as a fuel and it is only in extraordinary cases that it is used for other purposes. Of course, if it was stated that ordinarily it is used as an illuminant and extraordinarily it is used as a fuel, then item 75 would have applied. Sir, the Burma Shell Oil Company's oil is called diesel oil A and, in comparison to it, I have already referred to the Standard Company's diesel oil. So it is that diesel oil is being imported by the National Company only. I would also ask the members of the Select Committee not to be misled by the fact that because diesel oil has been shipped and will be imported soon, and on that account to hurry up the matter. Do not give any consideration to that fact. If you do so, you may be raising the revenue, but you will be doing injustice to the Indian companies which ought to be encouraged. Poor people who can get at a smaller rate the kerosene or diesel oil should not be hampered because of the advancement of the company's trade.

Sir, I would like to place before the House one thing more. How is the case being fought out by the House at the present time? The case is this. One side has got all the materials and the other side, namely, the non-official Members, are absolutely in the dark. There is no material before the House. The Honourable the Finance Member says: "Believe me." Of course, we have very much respect for him. But in this case he himself as a judge would like to consider both sides and then expect us to come forward and join hands with him in passing this Bill. I only hope and trust that the Select Committee will give this matter a very serious consideration and not be led away by influences.

Mr. Amar Nath Dutt May I be permitted to make a suggestion? In view of the learned speaker's study of the subject, he may be taken in the Select Committee in my place. I, therefore, beg to move that the Chair will kindly substitute the name of Mr. Lalchand Navalrai for that of mine.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair would deprecate the attempt to add names to the Select Committee at later stages; it must be done by agreement beforehand. But, in this particular case, if the Honourable Member wants to make room for another Honourable Member and the House has no objection, the Chair certainly has no objection. The question is:

"That the name of Mr. Lalchand Navalrai be substituted for that of Mr. Amar Nath Dutt."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): Today being Friday, the House will be adjourned at quarter to one, but if it is the wish of the House to carry on the discussion in the afternoon, we shall do so.

Several Honourable Members: There will be no need to sit in the afternoon.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I support the motion of my friend, Dr. Ziauddin, for the Select Committee. I understand, the principle of the Bill is an attempt to bring in other kinds of oil under the same rate of taxes as the kerosene oil if it is used for burning purposes. If the object of the Bill is in any way to give preferential treatment to the Burma Shell group of companies, when they compete with other companies, then certainly I am against such a principle. There is a general apprehension that the Burma Shell group is always given some advantage here by the Indian Government and I would like to support my argument by citing specific cases. The Honourable the Finance Member said that he had received a very strong representation from the Burma Government about the probability of loss to the Burma Oil Company. May I ask him if he got any representation from the Burma Government as to how the Burmans are suffering because of the dumping of rice by Japan? The other strong point made out was about the loss of revenue that the Government of India are suffering from. Times without number it was suggested in this House that the excise duty and the import duty on kerosene should be equalised. Even one of our very efficient Commerce Members, Sir George Rainy, himself said that there was nothing wrong in that principle and he did not see any reason why it should not be done. Though we can get several lakhs—I think it is about a crore and a quarter—by equalising import duty on kerosene, I do not find even Sir George Schuster to be very anxious for more revenue in these bad days by tackling the question properly. We have found that this Burma Oil Company was selling petroleum cheaper in London than it is selling in India. We know from our daily experience in the market that the price of petroleum varies from Rs. 1-11-0 to Rs. 1-6-0 at very short intervals. If you make an inquiry, you will find that when the oil of other competing firms is exhausted, because they do not have proper facilities to store oil, they raise the prices. Is it fair for them to do so? Do they claim any special advantage from our people when they try their utmost to take as much as they can from the consumers? That is why I say it should be made clear that a fair deal will be made to all the parties and that no preferential treatment would be given to any particular group. I think we must be careful to see that our industry or our agriculture does not suffer in the least, because it is an unusual thing that it is only in India that the Honourable the Finance Member justifies even import duty on machinery used for agricultural purposes. In no part of the civilised world, in countries which are developing their industrial line, the machinery is taxed. If the cost of running this small machinery is increased by increasing the cost of machine oil, it will be an additional burden on the poor agriculturists. I appreciate the suggestion of the Honourable the Finance Member that if he finds that this tax weighs as a burden on industrial or agricultural machines, he will try his best to meet the situation. I say he is even now in a position to provide the means. What part of this one million gallon of diesel oil is used for running machines? As he said it will not be difficult to provide for it if he found it necessary. Why not from the beginning make a start and see that the oil used for machinery for agricultural purposes is not taxed extra.

The other point was emphasized by my Honourable friend, Dr. Ziauddin Ahmad, and I should like to repeat it that the standard lamp should be of a certain specification so that anybody could test it for himself so that

[Mr. S. C. Mitra.]

this may not be a new instrument in the hands of unscrupulous people to show their differentiation to any particular class of oil and, what we on this side of the House demand is a fair and just rule that one kind of oil may not be preferred to other kinds of oil. By competition we are now able to get cheaper oil. If there are more oil suppliers, the Indian consumers are benefited. With these words, I support the motion for reference to Select Committee.

Mr. K. P. Thampan: In view of the fact that the Government are going to accept the motion for reference to Select Committee, I beg leave of the House to withdraw my amendment for circulation.

The circulation motion was, by leave of the Assembly, withdrawn.

The Honourable Sir George Schuster: Sir, as I understand that the House is to be adjourned at 12-45 today, I only wish to reply very briefly as regards what my Honourable friend, Mr. Mitra, has just said. I feel quite confident that when he examines this matter in the Select Committee, he will be able to satisfy himself that what we are proposing now is not in the least influenced by any sort of partisan spirit. I have only heard one partisan representation made in this discussion and that fell from my Honourable friend, Mr. Lalchand Navalrai. If he fears taxation on his own speech I can reassure him that there is not the slightest chance of my suggesting taxing his speech as an illuminant. It was obviously only suitable for purposes of fuel. (Laughter.) I really do very hotly resent my Honourable friend's suggestion. He represents this motion as one which has been inspired by certain oil producing companies. I can assure him that in our consideration of this matter we have looked at it only from one point of view, that is the public interest, and my Honourable friends who are some of them sitting here who came to see me and pointed out to me how our revenues were suffering and how their own interests were being affected can tell my Honourable friend privately that I told them—I will not repeat my exact words—"I do not care for your interests, the only thing that influences me is the public interests as regards revenue".

Mr. Lalchand Navalrai: I have no doubt about that.

The Honourable Sir George Schuster: That is the spirit in which this measure is conceived. We shall now have an opportunity to go into it in great detail in the Select Committee. I welcome that opportunity, because I feel there are many misapprehensions present in the minds of Honourable Members and misapprehensions of that kind can be best corrected by a full and frank discussion across the table. We shall be ready to put before the Select Committee all the evidence we have on this matter and I am quite satisfied in my own mind that if they have seen that evidence they will support us in our proposals. Sir, I have already informed you that on behalf of Government we have no objection to this motion to refer the measure for the consideration of a Select Committee. I only wish to suggest one small amendment to the original motion, which, I understand, will be accepted by my Honourable friend, who moved it, namely, that the time within which the Committee has to report should not be 14 days, but seven days.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair takes it that the Honourable Member accepts the amendment proposed by the Honourable Sir George Schuster.

Mr. S. C. Mitra: I accept the amendment on behalf of my Honourable friend, Dr. Ziauddin Ahmad.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill further to amend the Indian Tariff Act, 1894, the Indian Finance Act, 1931, and the Sea Customs Act, 1878, for certain purposes, be referred to a Select Committee consisting of the Honourable Sir George Schuster, Mr. F. E. James, Mr. R. S. Sarma, Mr. Muhammad Anwar-ul-Azim, Khan Bahadur Haji Wajihuddin, Mr. K. P. Thampan, Mr. B. V. Jadhav, Mr. S. C. Mitra, Mr. Lalchand Navalrai, Mr. S. G. Grantham, U Ba Maung, and the Mover, with instructions to report within seven days, 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 Assembly then adjourned till Eleven of the Clock on Monday, the 27th November, 1933.