

EAST INDIA (FINANCE ACT, 1923).

Indian Finance Act, 1923.

*Passed under the procedure prescribed by Section 67B of the
Government of India Act.*

INDIA OFFICE,
16 May 1923. }

F. W. DUKE,
Under Secretary of State for India.

(Presented pursuant to the Government of India Act, Section 67B (2).)

*Ordered, by the House of Commons, to be printed,
16 May 1923.*

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EAST INDIA (INDIAN FINANCE ACT, 1923).

No. 1.

WHEREAS I, Rufus Daniel, Earl of Reading, in pursuance of the power conferred by subsection (1) of section 67B of the Government of India Act, did recommend to the Council of State that it should pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax, in the form annexed hereto;

And whereas the Council of State did pass the said Bill in that form;

And whereas I did, in pursuance of the same power, recommend to the Legislative Assembly that it should pass the said Bill in the form in which it was passed by the Council of State;

And whereas the Legislative Assembly has failed to pass the said Bill in that form;

Now, therefore, I, Rufus Daniel, Earl of Reading, in exercise of the power conferred by the said subsection, do hereby certify that the passage of the said Bill is essential for the interests of British India.

(Sd.) READING,
Viceroy and Governor-General.

29th March 1923.

A BILL

To fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax; It is hereby enacted as follows:—

Short title, extent and duration. 1.—(1) This Act may be called the Indian Finance Act, 1923.

(2) It extends to the whole of British India, including the Southal Parganas and British Baluchistan.

(3) Sections 2, 4 and 6 shall remain in force only up to the 31st day of March 1924.

2.—(1) The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor-General in Council to impose

by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the first day of March 1923, they imposed such duty at the rate of two rupees and eight annas

per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

XII. of 1922. (2) With effect from the first day of March 1923, section 2 of the Indian Finance Act, 1922, is hereby repealed.

VIII. of 1894. 3.—(1) In Schedule II. to the Indian Tariff Act, 1894, the Amendment of Act VIII. of amendments specified in the First Schedule to this Act shall be made.

(2) In Schedule III. to the same Act, in item No. 3, for the entry in the fourth column the entry "5 per cent." shall be substituted.

VIII. of 1894. (3) The amendments made in the Indian Tariff Act, 1894, by this section shall have effect from the first day of March 1923.

4. With effect from the first day of April 1923, the Schedule contained in the Second Schedule to this Act shall be inserted in the Indian Postal rates.

VI. of 1898. Post Office Act, 1898, as the First Schedule to that Act.

X. of 1923. 5. In subsection (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1923" the figures "1924" shall be substituted.

6.—(1) Income-tax for the year beginning on the first day of April 1923 shall be charged at the rates specified in Part I. of the Third Schedule.

(2) The rates of super-tax for the year beginning on the first day of April 1923 shall, for the purposes of section 55 of the Indian Income-Tax Act, 1922, be those specified in Part II. of the Third Schedule.

XI. of 1922. (3) For the purposes of the Third Schedule, "total income" means total income as defined in clause (15) of section 2 of the Indian Income-tax Act, 1922.

XI. of 1922.

SCHEDULE I.

Amendments to be made in Schedule II. to the Indian Tariff Act, 1894.

[See section 3 (1).]

1. In Item No. 4, after the words "all sorts" the words "except ochres and other pigment ores" shall be added.

2. For Item No. 14 the following shall be substituted, namely:—
"CINCHONA BARK and the alkaloids extracted therefrom including QUININE."

3. In Item No. 29, for the words "spirit, which has been rendered effectually and permanently unfit for human consumption" the words "Denatured Spirit" shall be substituted.

4. In Item No. 30, to the entry in the fourth column the words "or 15 per cent. *ad valorem*, whichever is higher" shall be added.

5. In Item No. 31, the following shall be added to each of the entries in the fourth column, namely:—

"or 15 per cent. *ad valorem*, whichever is higher."

6. In Item No. 34, in the second column, the words "and saccharine produce of all sorts" shall be omitted.

7. After Item No. 34 the following heading and items shall be inserted, namely :—

SACCHARINE.			
34A.	SACCHARINE (except in tablets) .	Pound	20
34B.	SACCHARINE TABLETS . - -	<i>Ad valorem</i>	25 per cent. or Rs. 20 per pound of saccharine contents, whichever is higher."

8. In Item No. 43, for the entry in the fourth column, the following shall be substituted, namely :—“24-0 or 15 per cent. *ad valorem*, whichever is higher.”

9. For item No. 51 the following items shall be substituted, namely :—

“51 MACHINERY, namely, such of the following articles as are not specified in any of the following numbers, namely, Nos. 15, 16, 53, 54, 55, 87, 90A, 96, 103, 111 and 127 :—

- (1) prime movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;
- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials and driving chains, but not driving ropes;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not; and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

Note.—The term “industrial system” used in subclause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

51A COMPONENT PARTS OF MACHINERY, as defined in No. 51, namely, such parts only as are essential for the working of the machine or apparatus, and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:

Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation, and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.”

10. Item No. 52 and the heading thereto shall be omitted.

11. Item No. 56 shall be omitted.

12. For Item No. 61 the following shall be substituted, namely :—

“61 IRON OR STEEL, anchors and cables.
IRON OR STEEL, beams, joists, pillars, girders and other structural shapes, whether fabricated or not, screw piles, bridge work and other descriptions of iron or steel not ordinarily used for other than building purposes; including ridging, guttering, flashing and continuous roofing; also including expanded metal and other descriptions of iron or steel designed for use in the reinforcing of concrete; but not including builders' hardware, that is to say, grates, stoves, ventilators, door and window fittings and the like. (See No. 90.)

"61 | IRON OR STEEL bolts and nuts, including hook-bolts and nuts for roofing.
 -cont. | IRON OR STEEL hoops and strips.
 | IRON OR STEEL nails, rivets and washers, all sorts.
 | IRON OR STEEL pipes and tubes and fittings therefor, that is to say, bends,
 | boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like.
 | IRON OR STEEL rails, chairs, sleepers, bearing and fish-plates, spikes (com-
 | monly known as dog-spikes), switches and crossings, other than those
 | described in No. 63, also lever-boxes, clips and tie-bars.
 | IRON OR STEEL sheets and plates, all sorts, whether fabricated or not,
 | including discs and circles.
 | IRON OR STEEL wire, including fencing-wire, piano-wire and wire-ropes, but
 | excluding wire netting. (See No. 97.)"

13. In Item No. 63, the words "engines, tenders" shall be omitted and for the second proviso the following proviso shall be substituted, namely:—

"Provided also that nothing shall be deemed to be dutiable hereunder which is dutiable under No. 51 or No. 51A."

14. After Item No. 63 the following item shall be inserted, namely:—

"63A | COMPONENT PARTS OF RAILWAY MATERIALS, as defined in No. 63, namely,
 | such parts only as are essential for the working of railways and have been
 | given for that purpose some special shape or quality which would not be
 | essential for their use for any other purpose:
 | Provided that articles which do not satisfy this condition shall also be deemed
 | to be component parts of the railway material to which they belong, if they
 | are essential to its operation and are imported with it in such quantities as
 | may appear to the Collector of Customs to be reasonable."

15. To Item No. 64 the following proviso shall be added, namely:—

"Provided that articles of machinery as defined in No. 51 or No. 51A shall, when separately imported, not be deemed to be included hereunder."

16. For Item No. 87 and the heading thereto the following shall be substituted, namely:—

CONVEYANCES.

"87 | CONVEYANCES, including tramcars, motor-omnibuses, motor-lorries, motor-vans,
 | passenger lifts, carriages, carts, jinrikshas, bath-chairs, perambulators, trucks,
 | wheel-barrows, bicycles, tricycles and all other sorts of conveyances not
 | otherwise specified, and component parts and accessories thereof, except such
 | parts and accessories of the motor vehicles above-mentioned as are also
 | adapted for use as parts or accessories of motor-cars, motor cycles or motor
 | scooters. (See No. 127.)"

17. After Item No. 90 the following item shall be inserted, namely:—

"90A | ELECTRICAL CONTROL GEAR AND TRANSMISSION GEAR, namely, switches,
 | fuses and current-breaking devices of all sorts and descriptions, designed
 | for use in circuits of less than 10 amperes and at a pressure not exceeding
 | 250 volts, and regulators for use with motors designed to consume less than
 | 187 watts; bare or insulated copper wires and cables, any one core of which
 | has a sectional area of less than one-eightieth part of a square inch, and
 | wires and cables of other metals of not more than equivalent conductivity;
 | and line insulators, including also cleats, connectors, leading-in tubes and
 | the like, of types and sizes such as are ordinarily used in connection with
 | the transmission of power for other than industrial purposes, and the
 | fittings thereof."

18. To Item No. 96 the following shall be added, namely:—

"and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one quarter of one horse-horse-power."

19. In Item No. 103, after the word "tiles" the words "firebricks not being component parts of any article included in No. 51 or

No. 63" shall be inserted, and after the word "specified" the words "including bitumen and other insulating materials" shall be added.

20. In Item No. 127, the words "bicycles and tricycles" and the words "or of bicycles or tricycles" shall be omitted.

21. To Item No. 130, the words "and parts thereof" shall be added.

22. In Item No. 139, the word "and" shall be inserted after the word "cycles," and the words "bicycles and tricycles" shall be omitted.

SCHEDULE II.

Schedule to be inserted in the Indian Post Office Act, 1898.

(See section 4.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding two and a half tolas	-	-	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	-	-	One anna.

Postcards.

Single	-	-	Half an anna.
Reply	-	-	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	-	-	Half an anna.
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Registered Newspapers.

For a weight not exceeding eight tolas	-	-	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	-	-	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	-	-	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	-	-	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	-	-	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	-	-	Four annas.

SCHEDULE III.

(See section 6.)

PART I.

Rates of Income-tax.

A. In the case of every individual, every unregistered firm and every undivided Hindu family—	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000,	Six pies in the rupee.

	Rate.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company and every registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

- | | |
|---|--------------------------------------|
| (1) In the case of every company | One anna in the rupee. |
| (2) (a) In the case of every Hindu undivided family— | |
| (i) In respect of the first twenty-five thousand rupees of the excess. | Nil. |
| (ii) For every rupee of the next twenty-five thousand rupees of such excess. | One anna in the rupee. |
| (b) In the case of every individual and every unregistered firm, for every rupee of the first fifty thousand rupees of such excess. | One anna in the rupee. |
| (c) In the case of every individual, every unregistered firm and every Hindu undivided family— | |
| (i) For every rupee of the second fifty thousand rupees of such excess. | One and a half annas in the rupee. |
| (ii) For every rupee of the next fifty thousand rupees of such excess. | Two annas in the rupee. |
| (iii) For every rupee of the next fifty thousand rupees of such excess. | Two and a half annas in the rupee. |
| (iv) For every rupee of the next fifty thousand rupees of such excess. | Three annas in the rupee. |
| (v) For every rupee of the next fifty thousand rupees of such excess. | Three and a half annas in the rupee. |
| (vi) For every rupee of the next fifty thousand rupees of such excess. | Four annas in the rupee. |
| (vii) For every rupee of the next fifty thousand rupees of such excess. | Four and a half annas in the rupee. |
| (viii) For every rupee of the next fifty thousand rupees of such excess. | Five annas in the rupee. |
| (ix) For every rupee of the next fifty thousand rupees of such excess. | Five and a half annas in the rupee. |
| (x) For every rupee of the remainder of the excess. | Six annas in the rupee. |

(Sd.) READING,
Viceroy and Governor-General.

The 29th March 1923.

This Act has been made by me as Governor-General under the provisions of section 67B of the Government of India Act.

(Sd.) READING,
Viceroy and Governor-General.

The 29th March 1923.

No. 2.

WHEREAS I, Rufus Daniel, Earl of Reading, am of opinion that a state of emergency exists which justifies a direction by me that the Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax, being an Act made by me under the provisions of section 67B of the Government of India Act, shall come into operation forthwith ;

Now, therefore, in exercise of the power conferred by the proviso to subsection (2) of that section, I do hereby direct accordingly.

(Sd.) READING,
Viceroy and Governor-General.

29th March 1923.

No. 3.

DESPATCH FROM THE GOVERNOR-GENERAL TO THE RIGHT HON. VISCOUNT PEEL, HIS MAJESTY'S SECRETARY OF STATE FOR INDIA, No. 50, DATED 4TH APRIL 1923.

The Indian Finance Act, 1923.

I have the honour to forward herewith an authentic copy of the Act noted above which has been made by me in accordance with the provisions of clause (a) of subsection (1) of section 67B of the Government of India Act. The Bill was originally introduced in the Legislative Assembly and fixed the duty on salt at two rupees and eight annas per maund. In the Assembly an amendment was carried against Government reducing the rate to one rupee and four annas, the rate in force at the time of the introduction of the Bill. On the Bill being laid before the Council of State, I made a recommendation to that Chamber that it should make certain amendments in the Bill with a view to restore the duty to the figure of two rupees and eight annas. These amendments were moved accordingly and carried. I then recommended to the Legislative Assembly that it should pass the Bill in the form in which it had been passed by the Council of State. The Assembly, by declining to concur in the amendments made by the Council of State, failed to pass the Bill in the form recommended by me. I thereupon certified that the passage of the Bill was essential for the interests of British India, and placed my signature on the Bill, which thereby became an Act. In view of the manifest necessity of putting this Act into operation forthwith, I have made the proper direction under the proviso to subsection (2) of section 67B of the Government of India Act.

2. Having regard to the constitutional issues involved, I have thought it advisable to set forth in some detail the circumstances which, in my opinion, made it incumbent on me to take the necessary steps to pass the measure into law.

3. The financial position of India in the last few years has been the subject of correspondence with Your Lordship as well as with Your Lordship's predecessor in connection with the Annual Budgets and the salient features of the position are well known. Ever since I came to India and learnt the financial conditions, I have been deeply impressed by the imperative necessity of placing them on a sound basis, and have kept this object continually in view. The

first Budget after my arrival was that of 1922-23. I then learnt that there had been cumulative deficits in the four preceding years totalling 90 crores. Increases of taxation estimated to yield over 17 crores had been imposed by my predecessor's Government in order to balance the Budget for 1921-22. Further additions to taxation and increased railway and postal rates estimated to bring in 19½ crores of additional revenue were introduced by my Government in connection with the Budget for 1922-23. It will be remembered that at that time my Government also proposed to double the salt duty. The Legislative Assembly rejected this proposal; their decision was accepted and I did not certify the necessary legislation. Without dwelling in detail on the reasons for not certifying the salt duty last year, it will suffice to mention that my Government were deeply impressed with the need urged by the Legislature for retrenchment in both military and civil expenditure as a necessary step precedent to any taxation of this nature, and further that food prices generally were then high and prices of wheat exceptionally high. A deficit amounting to 9½ crores was left uncovered in the Budget for 1922-23, and as there was no reason to believe that this figure exceeded the possibilities in the direction of retrenchment, it was obviously inadvisable to press for the extra duty on salt until measures of retrenchment had been fully explored.

4. As Your Lordship is aware, my Government lost no time in appointing a Retrenchment Committee presided over by the Right Honourable Lord Incheape, and that Committee has presented an admirable Report recommending retrenchment aggregating 19½ crores in the civil and military expenditure of the Central Government. My Government lost no time again in incorporating the effect of these retrenchments in the Budget for 1923-24, and with the co-operation of His Majesty's Government we found it possible to take credit in that Budget for retrenchments aggregating 13½ crores out of the 19½ crores recommended by the Retrenchment Committee, the difference representing, in the main, allowances which have to be made for delays in introducing particular schemes of retrenchment and essential terminal charges. On the civil side we expect to be able to effect retrenchments amounting to 7½ crores against 9½ crores recommended by the Committee, while on the military side we take credit for a saving of 5½ crores against the 10 crores recommended, which did not allow for the inevitable delay in introduction and effect of some measures of retrenchment or for terminal charges. In the considered opinion of my Government, the fullest effect has been given in the present Budget to all retrenchments in expenditure which could be made operative in the ensuing financial year. Nevertheless we were faced with a deficit which, when the Budget was presented to the Legislature, amounted to 4½ crores and has since been reduced to 3½ crores. I am convinced that the position cannot be ameliorated by any revision of our estimates of revenue on the present basis of taxation or by further reductions in expenditure.

5. My Government held that in view of the past accumulated deficits it was essential in the interests of India to balance the Budget for 1923-24. It had every reason to look for the support of the public and the Legislature in this view. Ever since my arrival in this country the Legislature, all sections of the press and public men, in deputations, addresses, and speeches, have insistently urged on me the vital necessity of securing financial equilibrium. In addition, representations had persistently been made that the

Government of India should balance its Budget in order that it might begin to remit the contributions of 9½ crores from the provincial Governments to the Government of India, a matter vitally important to the progress of those departments which have, under the Reforms Scheme, been committed to the charge of Ministers. One of the first effects of an unbalanced budget must be to stifle any development in the provision of all those beneficent activities such as Education, Public Health and Industry, which should be the first fruit of the reforms.

6. The rehabilitation of India's credit by presenting a balanced Budget was not a measure which could be delayed. The need for large capital funds for material development obliges the Indian Government to enter the money market for considerable sums both in England and India; it would be in the highest degree unfortunate if it had been obliged to present a deficit for the sixth year in succession, and when the circumstances no longer permitted a hope that the deficit was purely temporary or was one which would yield to a determined effort at retrenchment. Reductions have been made in military charges which seemed incredible a year ago. My Government have stated that in making these reductions we are taking military risks, but we feel that we are justified by the financial stringency. His Majesty's Government have agreed in principle to the reductions. In the civil departments similar retrenchments of a far-reaching character have been accepted. If after making these efforts we still had to present a deficit, there was every possibility that the fact would react on our position as a borrower. Our hopes for a gradual reduction in our interest charges would be frustrated with results damaging not only to India's progress as a country, but to every industrial and trading interest in the land. The provinces have now their own commitments for capital expenditure on their material development. Their interests would suffer even more severely than those of the Central Government in proportion as their resources are more limited.

7. The most careful and anxious consideration was given to the possibility of finding an alternative to the salt tax as a means of raising the additional revenue necessary to attain equilibrium. No alternative presented itself to my Government, nor indeed, when the matter came to be discussed, to the Legislature. The reason is obvious. Those engaged in trade and industry have had laid upon them heavy increases in taxation during recent years. Postal and railway rates have been enhanced. The burden thus placed on commerce and industry will require time for adjustment, and further taxation in these directions would have failed to provide the sum required. I have myself given most careful consideration to the objections which appear to exist against the enhancement of the salt tax whether on economic grounds or those of sentiment. The tax is said to have historic unpopularity; but it existed before British rule. In the period from 1861-77 it stood in Northern India at Rs. 3. In 1878 the rate was Rs. 2. 12. From 1879-81, and again from 1888-1902, it stood at Rs. 2. 8, and since 1916 it has been at Re. 1. 4. The objection is thus not to the tax itself but to its present enhancement. Every increase in the rate of a tax is unpopular; yet it must be remembered that it has been collected in the ordinary way at the enhanced rate throughout British India since the 1st March of this year. The economic arguments against the tax appear to stand on shadowy foundations. Perhaps never in the

recent history of India has there been a year in which such enhancement will press more lightly on the poor. Wages are still on a favourable basis; but prices of foodstuffs have markedly fallen and with the abundant promise of a rich harvest around us may be expected to decrease still further. Even a slight fall in the price of foodstuffs is of great importance to the poor family. The mill labourer is shown to spend approximately 56 per cent. of his income on food, and of this amount salt represents only two-fifths of 1 per cent. The increase in salt tax must have an infinitesimal effect at a period such as this; prices of food grains fell by 20 per cent. between October 1921 and December 1922; between January 1922 and 1923 retail prices of wheat fell by 100 per cent. in important centres of Northern India.

8. These considerations were duly laid before the Legislative Assembly. That body had from the first admitted in principle the paramount necessity of balancing the Budget. Many of the members had emphasised the need of regaining equilibrium as a necessary preliminary to fulfilling our obligations in regard to the gradual reduction of provincial contributions; and it is indeed obvious that no step in this direction can be taken so long as the finances of the Central Government are in deficit. The Assembly was unable to agree on the adoption of any alternative form of taxation which would secure the amount required. Nevertheless, it rejected the proposal for an enhancement of the salt tax. It was in these circumstances that it became my duty to certify the measure. Finally, I wish to remind Your Lordship that my action merely imposes an enhancement of the tax until 31st March 1924, when the matter must again come before the Legislature. It will then have had a year's experience of the operation of the tax, and it will be in a position to determine whether, in view of the condition of the country, and having regard to our obligations to the provinces, it will vote for its retention.

9. In accordance with the instructions contained in your predecessor's Despatch No. 61, dated the 21st December 1869, a copy of the papers relating to the Act mentioned in the accompanying is enclosed.

I have, &c.,
READING.

No. 4.

*From the Secretary of State for India to the Governor-General,
dated 16th May 1923.*

(Telegraphic).

I have received Your Excellency's Despatch, No. 50, dated 4th April 1923, and authentic copy of the Indian Finance Act, 1923, which has received your assent and has been brought into operation forthwith under your direction. I desire to assure you that the provisions of the Act and your action in respect of it have my full approval. I am taking steps to lay the Act before both Houses of Parliament in pursuance of section 67B of the Government of India Act.
