

EAST INDIA (FINANCE ACT, 1938)

# Indian Finance Act, 1938

Made by the Governor-General under the procedure prescribed by Section 67B of the Ninth Schedule to the Government of India Act, 1935

INDIA OFFICE,  
26th May, 1938

S. F. STEWART,  
*Under Secretary of State for India*

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*Presented pursuant to Section 67B (2) of the Ninth Schedule to the Government of India Act, 1935*

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*Ordered by The House of Commons to be Printed  
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# EAST INDIA (Indian Finance Act, 1938).

## No. 1

### INDIAN FINANCE ACT, 1938

(Made by the Governor General on 26th March, 1938)

*An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.*

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax; It is hereby enacted as follows:—

1.—(1) This Act may be called the Indian Finance Act, 1938.

Short title and extent.

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

2. 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 be construed as if, for the year beginning on the 1st day of April, 1938, they imposed such duty at the rate of one rupee and four 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.

Salt duty.

3. For the year beginning on the 1st day of April, 1938, the Schedule contained in the Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

Inland postage rates.

4.—(1) Income-tax for the year beginning on the 1st day of April, 1938, shall be charged at rates applicable to the total income of each assessee the same, and increased in each case by the same fraction of the amount of the rate, as for the year beginning on the 1st day of April, 1937.

Income-tax and super-tax.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1938, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the same rates increased in each case by the same fraction of the amount of the rate, as for the year beginning on the 1st day of April, 1937.

(3) For the purposes of sub-section (1) "total income" means total income as determined in accordance with the provisions of the Indian Income-tax Act, 1922.

**SCHEDULE.**

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

[See section 3.]

**" INLAND POSTAGE RATES.**

[See section 7.]

*Letters.*

For a weight not exceeding one tola	... ..	One anna.
For every tola, or fraction thereof, exceeding one tola	... ..	Half an anna.

*Postcards.*

Single	... ..	Nine pies.
Reply	... ..	One and a half annas.

*Book, Pattern and Sample Packets.*

For the first two and a half tolas or fraction thereof	... ..	Six pies.
For every additional two and a half tolas or fraction thereof, in excess of two and a half tolas	... ..	Three pies.

*Registered Newspapers.*

For a weight not exceeding ten tolas	... ..	Quarter of an anna.
For a weight exceeding ten 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 forty tolas	... ..	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	... ..	Four annas."

## No. 2

*Recommendations to the Legislature, Certification, Assent, and Direction bringing the Act into operation forthwith.*

WHEREAS by its vote of the 9th March, 1938, the Legislative Assembly has refused to take into consideration a Bill entitled a Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax;

NOW, THEREFORE, I, Victor Alexander John, Marquess of Linlithgow, in pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, do recommend to the Legislative Assembly that it do pass the Bill in the form hereto annexed.

LINLITHGOW,

*Viceroy and Governor General.*

NEW DELHI;

*The 9th March, 1938.*

WHEREAS the Legislative Assembly has by its vote of the 10th March, 1938, refused leave to introduce a Bill entitled a Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax;

NOW, THEREFORE, I, Victor Alexander John, Marquess of Linlithgow, in pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, do hereby certify that the said Bill is essential for the interests of British India.

LINLITHGOW,

*Viceroy and Governor General.*

NEW DELHI;

*The 12th March, 1938.*

In pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, I, Victor Alexander John, Marquess of Linlithgow, do recommend to the Council of State that it do pass the Bill to fix the duty on salt manufactured in, or

imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax in the form hereto annexed.

LINLITHGOW,  
*Viceroy and Governor General.*

NEW DELHI;  
*The 12th March, 1938.*

This Bill has been consented to by the Council of State.

M. B. DADABHOY,  
*President, Council of State.*

*The 23rd March, 1938.*

I assent to this Bill.

LINLITHGOW,  
*Viceroy and Governor General.*

*The 26th March, 1938.*

This Act has been made by me as Governor General under the provisions of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935.

LINLITHGOW,  
*Viceroy and Governor General.*

*The 26th March, 1938.*

WHEREAS I, Victor Alexander John, Marquess of Linlithgow, am of opinion that a state of emergency exists which justifies the direction by me that the Indian Finance Act, 1938, being an Act made by me under the provisions of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, shall come into operation forthwith:

NOW, THEREFORE, in exercise of the power conferred by the proviso to sub-section (2) of that section, I do hereby direct accordingly.

LINLITHGOW,  
*Viceroy and Governor General.*

*The 26th March, 1938.*

## No. 3.

*Despatch to the Most Honourable the Marquess of Zeland, P.C., G.C.S.I., G.C.I.E., His Majesty's Secretary of State for India.*

*No. 10 dated New Delhi, the 1st April, 1938.*

*The Indian Finance Act, 1938.*

MY LORD MARQUESS,

I have the honour to forward herewith an authentic copy of the Indian Finance Act, 1938, to which I have signified my assent under clause (b) of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935.

2. In the majority of the previous cases in which resort has been had to the Governor General's powers of certification in respect of a Finance Bill, the exercise of that power has been necessitated by the carrying of ostensibly reasoned amendments in the Legislative Assembly for the reduction of taxation to an extent involving a serious unbalancing of the Budget. On this occasion, the circumstances were different. When the General Discussion of the Budget in the Legislative Assembly was due to commence, the Leaders of all the organised Parties in the Assembly, with the exception of the European Group, announced that, with a view to demonstrate their dissatisfaction at the exclusion from the demands submitted to the vote of the Assembly of the demand which had in previous years been submitted for the pay of civilian clerks in the Defence Department, they and their followers would take no part in the General Discussion of the Budget or of Demands for Grants or of the Finance Bill but that they would vote against all Demands for Grants and against the motion to take the Finance Bill into consideration.

3. Your Lordship is aware of the compelling grounds which, upon a review of classifications of expenditure consequential on the commencement of the Government of India Act, 1935, led my Government to conclude that they could not constitutionally refrain from classifying expenditure on the pay of the clerks in question as Defence and thereby causing the expenditure to enter the non-votable field under the operation of sub-clause (c) of clause (vi) of sub-section (3) of section 67A of the Government of India Act, 1935, and for the purposes of this Despatch it is unnecessary for me to enter upon a justification of that conclusion or upon an estimate of the extent to which the Parties combining in the programme which I have described were

actuated by any genuine sense of grievance. It will suffice to say that the Parties in question commanded between them an assured majority and therefore had no difficulty in giving effect to their expressed intention.

4. Faced with an indiscriminate and wholesale refusal of all votable demands, my Government felt that they had no alternative save an equally indiscriminate and wholesale restoration, and in the interval between the rejection of the demands and the moving of the motion for the consideration of the Finance Bill, a declaration under sub-section (7) of section 67A of the old Act, as set out in the Ninth Schedule to the new Act, was made in respect of all the demands. The motion for consideration of the Finance Bill having been rejected by the Assembly on the 9th March by 69 votes to 48, it was abundantly plain that I had no alternative save to intervene with a recommendation to the Assembly to pass the Bill in its original form. On the 10th March a motion for leave to introduce the Bill in the form recommended was moved in the Assembly and was rejected by 68 votes to 46. Thereupon I certified the Bill in the form recommended and the Bill with the necessary recommendation was in due course laid before the Council of State. The only two organised Parties in that Chamber followed the tactics adopted in the Assembly but the Bill in the form recommended was duly passed on the 22nd March by 27 votes to 15. I gave my assent to the Bill on the 26th March and for obvious reasons caused to be endorsed upon the Bill a direction in the terms of the proviso to sub-section (2) of section 67B of the old Act, as set out in the Ninth Schedule to the new Act.

5. Copies of the papers relating to the Act are enclosed herewith.

I have the honour to be,

My Lord Marquess,

Your Lordship's most obedient, humble servant,

LINLITHGOW.

**No. 4.**

*Telegram from the Secretary of State for India to the Governor General, dated 9th May, 1938.*

I am taking steps to lay before both Houses of Parliament the Indian Finance Act, 1938, which received your assent and was under your direction brought into operation forthwith in the circumstances related in your Despatch No. 10 dated 1st April.

I approve your proceedings.