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Topics of the Week.

The Ottawa Agreement.

INDIANS will heave a sigh of relief over the assurance of the Commerce Member that the Ottawa Agreement would terminate before April next. Since its inception, the Agreement has been denounced every where in India, and the so-called representatives of India who had been a party to it have suffered heavily at the polls. As early as 1936, the Indian Legislative Assembly demanded its termination. But the Government of India, not being responsive to public opinion, has so long flouted the wishes of the people. This shows as nothing else can, the supreme irresponsibility of the Government of India. When the Indo-British trade negotiations were being conducted, we had ventured to suggest that the Ottawa Agreement, should be terminated, so that both the British and the Indian trade interests might come to an unhampered decision. The continuance of the Ottawa Agreement put the Britishers in a position of advantage, for they knew that even if they failed to come to an agreement with the Indians, the Ottawa Agreement was there to give them succour. The termination of the Ottawa Agreement, we hope, will make the Britishers realise their position and facilitate the conclusion of the much hoped-for agreement between the British and the Indian trade interests.

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The Jute Strike in Bengal.

CONDITIONS bordering on a general strike have appeared in Bengal due to the evil effects of "The Jute Ordinance" promulgated by the Bengal Government in September last. "The Jute Ordinance" was mainly intended to check over-production which was the bane of the jute industry. But in its operation, it proved highly detrimental to the interests of both the workers and the cultivators. No statutory price was fixed for raw jute with the result that the jute manufacturers started exploiting the cultivators. Jute is largely a commercial crop which has no consumption value like rice for its growers. Naturally, therefore, the cultivators of jute must sell it at any price to the dealers. Secondly, the proprietors of the jute-mills are much richer and much better organised than the cultivators. Therefore, they can bring down the price of raw jute by a mere decision to defer their purchase. Taking all these considerations into account, the Bengal Government ought to have fixed the price of raw jute as Bihar and U. P. have done in case of sugar-cane. But the Bengal Government did nothing of the kind.

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SECONDLY, the Bengal Government did great injustice to the jute workers by reducing both their wages and employment. We concede that regulation of working hours in the jute mills became necessary for checking over-production. But this could have been done without effecting a corresponding reduction in the wages of the workers. The jute workers are already underpaid, and their miserable condition beggars description. The Royal Commission on Labour reported that the *bustees* of the jute workers were such that "little or no consideration being given to the amenities life, every available foot of land has been gradually built upon until the degree of over-crowding and congestion, particularly in certain parts of Howrah, is probably unequalled in any other industrial area in India." Still, by reducing the working hours from 54 to 45 a week, the Bengal Government has reduced the wages of these workers by 16 per cent. But this is not the whole story. All the jute mills have lunched a programme of rationalising the industry with the result that night-shifts have been abandoned and 25,000 jute workers have been thrown out of employment. It is significant to note in this connection that when the Bengal Government approached the Government of India in 1936 with a view to restricting the working hours in the jute mills, the Government of India refused to agree to it on the ground that it might affect adversely the interests of the cultivators and the workers. This is what has happened now. Both the cultivators and the workers have been sacrificed for the benefit of the manufacturers.

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It is not as if the Government of Bengal did not know the consequences of its action.

"The Jute Ordinance" was severely criticised by the Nationalist Press, and Mr. Sarat Chandra Bose, the leader of Opposition in the Bengal Assembly, subjected the ordinance to a scathing criticism. As early as 17th November Mr. Niharendu Dutt Majumdar, the labour representative in the Bengal Assembly, declared that unless "The Jute Ordinance" was withdrawn, the workers would fight it with a general strike. *The Bengal Chatkal Mazdoor Union*, the most representative union of the jute-workers of Bengal, approved of the programme of general strike and appointed a Council of Action for the purpose. Now, nearly 60,000 jute workers have struck work in Titaghur, Rajganj, Hajiganj and the other important centres of the jute industry. A representative Conference of the jute-workers held on 26th November, has formulated the following demands for acceptance by the Government :—

(1) 20% wage and rate increase to compensate for the wage-cut involved in the reduction of hours enforced by the Ordinance. (2) Unemployment allowance of Rs. 2/8- per week per head to workers thrown out of work as a result of the ordinance. (3) Old-age pensions. (4) Reinstatement of workers thrown out or victimised by the Titagar Mills. (5) Fixing of minimum price of raw jute at Rs. 7/- per maund to protect the interests of the peasant. (6) The Advisory Board to be appointed under the Ordinance must include equal representation of workers, peasants and mill-owners. (7) No victimisation. We hope that the Government of Bengal will give a sympathetic consideration to the above demands of the jute-workers, and instead of resorting to repression, follow such methods as will bring the strikers back to work.

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The Assam Ministry

THE success of the Bardoloi Ministry will be received with jubilation. Mr. Bardoloi's success is important in itself, but more important than that is the failure of the intrigues of the European party to unseat Mr. Bardoloi from the position of power. On the admission of Mr. Hockenhull, the leader of the European Group in the Assam Assembly, the Bardoloi Cabinet stood for abolishing the undue privileges enjoyed by the Europeans in the province. It is to retain intact those undue privileges that Europeans made common cause with the Saadullah group to drive the Bardoloi Ministry out of office. This, in itself, is proof sufficient of the progressive character of the Bardoloi Ministry. Had the European group succeeded in its efforts, all hopes of progress in Assam would have been dashed to the ground, for Sir M. Saadullah, always looking up to his European supporters for inspiration, could never have toucheed the privileged position of the Europeans. Every sensible person will agree that in order to better the position of the toiling masses, steps should be taken to end their exploitation. In every province, tenancy and debt-relief legislation has led to the diminution of the privileges enjoyed so far by the zamindars and the money-lenders. So, in the nature of things, attempts to better the conditions of the Assam people will necessarily affect the interests of the Europeans who are not only the employers of labour in Assam but also in some cases zamindars and money-lenders. In every progressive and civilised country, the rich are being taxed to help the poor. England, the "home" of our European friends, is no exception to this rule. We wonder, therefore, at the attitude of the Europeans of Assam who do not want in any case to forgo their privileges, conferred on them by an irresponsible government. Anyway, experience ought to have taught the Europeans of Assam that a determined opposition to all progressive reforms does not help in the long run the privileged class. It only results in a total annihilation of its privileges.

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DOUBTS have been expressed in certain quarters as to whether the Bardoloi Ministry can stand by its principles in view of its bare majority in the Assam Assembly. It has been argued that Mr. Bardoloi has not done a wise thing by forming a ministry. We do not think that there is any ground for such forebodings. The Bardoloi Ministry has shown clearly its courage of conviction by spurning the offer of the Europeans to make common cause with them. Secondly, by retaining office, it prevents the Saadullah group from forming a ministry which will be nothing less than a disaster for the province in view of the open alliance of Sir Saadullah with the European group. Even if the Bardoloi cabinet fails to carry out far-reaching measures of reform, still it will be doing a great service to the province if only it keeps the Saadullahaites out of office, for as we have already pointed out, the coming in of Sir Saadullah to power will mean giving a free rein to the reactionaries of the province.

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Within or Without.

TO those who think that Dominion Status is inferior to independence and who wish that India should go out of the Commonwealth in order to be free, the following statement by Col. Reitz, Minister of Mines in the South African Cabinet, cabled by Reuter on December 12th may be interesting :

> As an independent nation within the British Commonwealth, South Africa cannot be forced into a war, but we realise that if we are isolated we shall probably fall a victim to the first predatory Power that comes along. As an old Republican who fought against the British, I believe I am voicing the opinion of the majority of my Dutch-speaking compatriots when I say that we are free and safer within the Commonwealth than we were in the days of our Republics. Our safety lies in remaining in that great comity of nations.

Regarding the mutual obligations between Great Britain and the other Dominions, the British Prime Minister said in the House of Commons on December 5th that if any part of the British Commonwealth was attacked Great Britain would without hesitation go to its aid, but it was for each member of the Commonwealth to decide the extent to which it would participate in any war in which another member of the Commonwealth was engaged.

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Repression in Madras.

WE cannot congratulate the Madras Premier on the mass support he is indirectly evoking by his policy of repression to a party in Madras which has gone into oblivion owing to its communal, reactionary, and self-interested activities. Mr. E. V. Ramaswamy Naicker combines in

himself the championship of the masses against priestly exploitation, and that of the landholders, capitalists and industrial magnates against mass awakening for better living conditions. So much is his hatred of the Brahmin that he avowed in his recent statement before the Presidency Magistrate, Madras, that he could not get justice from him as he was a Brahmin! He identifies the propagation of Hindi with Brahminism. It should be noted that the present educational policy of the Madras Government is not to popularise Hindi among the masses by any form of compulsion, but to do it only among the High Schools which are mainly attended by the sons and daughters of the English-educated middle classes in towns. We are stating this fact to show that the educational policy of the Government and the anti-Hindi agitation of the Justice Party affect an extremely narrow section of the population of the better middle classes whose cause, to the extent to which they are non-brahmins, is supported by Mr. E. V. Ramaswamy Naicker.

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SUCH a sectional question has assumed an exaggerated importance owing to the severe sentences that are being passed under the criminal Law Amendment Act by the Magistracy in Madras. Mr. Naicker is one of the leading members of a party which has resolved to conduct the anti-Hindi agitation on strictly constitutional lines. Even though he did not rebut the evidence of the prosecution, he admits that he has not prevented any one from entering the Theological High School. It is a pity that the Magistrate did not give credence to his statement. Possibly Magistrates have taken the cue from the Premier who started his career of administration by an announcement that the powers of the executive should not be diminished by a separation of their judicial powers, and are obsessed by a sense of over-loyalty to the personnel of the Ministry. But it is unbelievable that the Premier of the Madras Government, who is an adept both by experience and intuition in handling mass movements, should be gratuitously giving the present agitation a fillip by repressive methods instead of allowing it to be fought out by the people themselves and to die of inanition. Neither a moral nor a legal responsibility rests on the Premier that he should strengthen the Justice Party by following the same policy of repression which the old bureaucracy adopted towards his own Congress Party. We hope prosecutions of this nature will be undertaken in future only on the representations of the affected persons who are picketed and molested from doing their normal work. We hope too that arrests and imprisonments will be as far as possible avoided as such a policy encourages cheap martyrdom and evokes public sympathy. We have also to remember that a policy of arrests vicariously transfers to the public exchequer the financial responsibility which the leaders owe to themselves for supporting the volunteers recruited by them for the anti-Hindi agitation. Mr. E. V. Ramaswamy Naicker has been sentenced to 12 months simple imprisonment, and a fine of Rs. 1,000, in default to a further imprisonment of six months. We find no justification for such a harsh sentence.

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India's Trade.

THE most disconcerting feature of India's trade as disclosed in *The Review of the Trade of India for 1937-38*, is the prevailing low price of India's staple products. It seems that a slow process of rise in prices began as early as 1933, but the rise was never so conspicuous as to be of great benefit to the agriculturists of India. Even in August 1937 when the prices were at their highest, the Calcutta index of prices stood at 74·5, that is to say, 25 per cent. below the pre-depression level. Since then another period of falling prices has begun which Dr. Gregory the reviewer, thinks has ended with June 1938, but hastens to add, "it is too early to say whether this is the beginning of a real business recovery." So, during the whole year under report we are confronted with a situation of falling prices. To quote a few figures, the prices of raw cotton declined from March 1937 to October 1937 by 33 per cent; raw jute fell in value from May 1937 to October 1937 by 25 per cent; wheat fell in value by 35 per cent and tea by 16 per cent during the same period. While the primary products, the mainstay of the agriculturists of India, were thus falling in value, nothing was done by the Government of India to lighten the tax and debt burdens of the peasantry. On the other hand, the Government of India blindly adhered to a rupee-exchange ratio which had a definitely deflationary effect on the prices. The autonomous Governments newly installed in the Provinces are trying their very best to relieve the distress of the peasantry by passing tenancy and debt relief measures. But as yet, the measures are too recent to show any result. Meanwhile, the agriculturist of India has been left high and dry to shift for himself as best as he can. We must say that in leaving the agriculturist of India to his own resources after having handicapped him with an overvalued rupee, the Government of India has committeed a grave breach of duty. Instances are not wanting of agriculturist countries taking many measures in hand to rehabilitate their agriculture. Australia and Argentine had long before suspended the gold standard and many South American countries had followed suit. Exchange control had been tried in some other countries. The Government of India refused peremptorily to consider any of these alternatives and declared its intention to continue borrowing on a scale as was necessary to maintain the fixed ratio with the consequence that the position of the Indian agriculturist is as bad as ever. We do not know how long the present position will continue. But we are sure that unless the present ratio is suitably altered, there will be no salvation for the people of our country.

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ANOTHER important fact disclosed by the trade review is the very weak position of the Indian exchange. During the year under report, there has been a marked decline in India's balance of trade. It has fallen from Rs. 51 crores to Rs. 16 crores only. India has to meet foreign obligations to the extent of nearly Rs. 45 crores. If the balance of trade shows no signs of increase, we fail to understand how the Reserve Bank will be able to maintain the exchange. Already, the export of gold has shown signs of diminishing, and it is foolish to expect that for all times to come, there will be an efflux of gold to steady the exchange. The Government of India would do well to give its most serious consideration to the situation. Otherwise, India's balance of trade, meagre as it is, will worsen progressively from year to year.

MUSLIM LEAGUE AND THE STATES.

EARLY last week at Delhi the Working Committee of the All-India Muslim League adopted a resolution regarding the Indian States which is highly significant of the reactionary and selfish attitude of the Muslim League towards the aspirations of the subjects of the Indian States. The Resolution ran as follows:

> While the All-India Muslim League fully sympathises with the aspirations of the States' subjects for their constitutional advance, it deprecates the change of attitude on the part of the Congress whose main objective in championing the cause of the States people is only to secure the establishment in the Indian States of an elective system, enabling their representatives to be returned to the Federal Legislature irrespective of anything else, in the hope that it may get a majority in the Federal Legislature. The Council, therefore, views with grave apprehension the recent pronouncement of Mr. Gandhi which threatens the extinction of the Ruling Princes and the British Government with disastrous consequences if they did not meet the demand of the Congress.

The Resolution then went to reiterate the Muslim League's opposition generally to the federation and to hold out a threat if the Government yielded to the pressure of the Congress. It said:

> The Muslim League is already opposed to the Federal scheme embodied in the Government of India Act of 1935 for reasons it has repeatedly made clear, and it warns the British Government that if the methods of coercion and intimidation resulted in their (British Government) yielding to the Congress, the Mussalmans will not hesitate to resort to the extremist measures in their opposition to such a position where their most vital interests would stand to be sacrificed.

It will be noticed that, while the Muslim League professes sympathy with the desire of the States' peoples for constitutional advance, it does not indicate what the nature of the advance should be and what the Muslim League itself is prepared to do to help in the matter. Does the League contemplate constitutional advance in the States which does not involve the elective system? If so, it will do well to give an idea of that constitutional advance and see if it will satisfy the subjects of the States. It is the height of reaction for the Muslim League to fight against an elective system in the States and condemn the subjects to the autocratic rule of the Princes for ever.

The complaint of the League against the Congress is that the latter is interested in introducing the elective system in the States only in the hope that the Congress may get a majority thereby in the Federal Legislature. In the first place, it is no unworthy motive for a political party to hope for a majority on an elective basis. Unless it can be shown that the elective system in the States is beneficial to the Congress but detrimental to the subjects of the Indian States, there is no justification to run it down. If the elective system is good for the subjects of the Indian States, it cannot become bad because the Congress supports the view.

The Muslim League is interested only in the amount of Muslim representation in the Federal Legislature. In the Government of India Act of 1935 the Muslims, not necessarily Muslim Leaguers, have been guaranteed a third of the seats allotted to British India. The seats allotted to the States, which are now to be filled by nomination by the Princes, are not divided on a communal basis. The presumption is that, because the great majority of the Princes are non-Muslims, they are likely to nominate non-Muslims as the representatives of the States in the Federal Legislature. In consequence, while the Muslims will be a third of the British Indian part of the Federal Legislature, there is no guarantee, nor even probability, that they will form a third of the whole Federal Legislature, including the representatives of British India and the Indian States. This has been the fundamental opposition of the Muslim League to the federation proposed by the Government of India Act. But, whatever that may be, the introduction of the elective system in the Indian States will not in any way worsen the position of the Muslims, rather the Muslim Leaguers. In so far as the great majority of the Princes and their subjects are Hindus, rather non-Muslims, and on the presumption that non-Muslims will prefer non-Muslims as their representatives, it would make no difference to the Muslim Leaguers whether the majority of the representatives of the States, who will be non-Muslims, are nominated by non-Muslim Princes or elected by non-Muslim subjects. There is no guarantee that nomination by Princes will give a larger proportion of Muslims than election by the subjects of the States. The retention of the nomination system will not assist the Muslim League or the Muslims as such, but it may prevent the Congress capturing some of the elective seats in the States; and it will in any event weigh down the Federal Legislature with anti-democratic ballast from the Indian States. While it stands to gain nothing by it, the Muslim League is willing to sacrifice the subjects of the States and cripple the democratic element in the Federal Legislature, if only thereby it can discount the Congress!

In fact, the whole presumption that the plea for an elective system in the States is correlated with the federal system is, in our opinion, unfortunate. They are two different and not necessarily connected phenomena. India may have a single unitary government, or it may be a federation of a number of States and provinces, or it may consist of a number of sovereign independent units in the international sense; but the form of government in each unit can be and must be of the responsible type. In fact, until the first Round Table Conference in 1930, the prevailing view in

British India was unitary and responsible government for India. Even if the proposed federation is abandoned, and each single State and province becomes a sovereign State, still the government of every single unit must be responsible to its people. British Indian publicists and the Congress did not think of responsible government only after federation was proposed; and there is no reason to assume that the interest of British Indians and of the Congress in the matter of responsible government in the States is due to the proposed federation.

The Muslim League seeks to account for the present "change of attitude on the part of the Congress" towards the Indian States as due to the hope that the introduction of the elective system will give the Congress a majority in the Federal Legislature. Certainly, the Congress and the Mahatma did not make a new and sudden discovery now that an elective system rather than Princely nomination in the States held better hopes of the Congress getting a majority in the Federal Legislature. It was patent from the beginning that Congress stood to gain more by the elective system than by the nomination system. The elective system may not give it a majority; but Princely nomination would give it nothing.

The timing of the "change of attitude" of the Mahatma and the Congress have other reasons than the sudden realization that election gave better advantage to the Congress than nomination. At the instance of the Mahatma, the Congress had imposed on itself a self-denying ordinance not to interfere in the internal affairs of the States. It was partly because the Mahatma hoped that the Princes themselves would cheerfully volunteer the elective system, in substance if not in form, as was recently proposed by Mr. S. P. Rajagopalachari, of the Mysore Government, and partly, because he did not feel that the Congress was hitherto strong enough to intervene effectively in the Indian States. Now the Mahatma himself is satisfied that the Princes do not propose to go forward cheerfully and gracefully—a fact that many in the Congress and outside knew long ago. And partly because the Congress suspended civil disobedience against the British Government and partly because the Congress itself is the Government in a large majority of the British Indian Provinces, the Mahatma now feels that the Congress is strong enough to intervene effectively in the affairs of the Indian States. Whatever be the differences of opinion regarding the Mahatma's hopes of the Princes and his estimate of the strength of the Congress, there can be no doubt that the present change of attitude of the Mahatma and the Congress is not due to the sudden realization at this time that the Congress stood to gain more by the elective rather than by the nomination system in the States. At no time did the Congress hope that it will receive support from the Princes in the Federal Legislature; in fact, the Princely nomination was craftily insisted on by the British Government only because it was sure that the Princes were antagonistic to the Congress and would act as a counterblast to the Congress.

It should be noted that the objection of the Muslim League is to the system of election as such in the Indian States; it makes no difference to it whether the system is cheerfully granted by the Princes themselves or wrung out of them by the agitation of their subjects, with or without the active support of the Congress. Its opposition to the federation contemplated in the Government of India Act of 1935 is based on no less reactionary attitude. All that the Muslim League wants is that in the Federal Legislature a third of the representatives, including those of British India and the Indian States, should be Muslims. If that were somehow secured, the opposition of the Muslim League to the Federation will be considerably reduced, if not altogether withdrawn. It matters little to it whether the federation is democratic or not, as long as Muslims form a third of the membership. It is hard to think of a more anti-democratic and reactionary attitude.

It is not clear that the British Government is not averse to granting the Muslims their unreasonable and anti-democratic demand. It has pampered them in the past so far as British India is concerned. The present difficulty is to secure the Muslims the same proportion of representation from the Indian States, of course by Princely nomination. It should not be surprising if the British Government devised means to satisfy the Muslim League's demand in order to buy off its opposition and once again ally itself with the Muslim League and the Princes as against the peoples of British India and the Indian States and, in particular, the Congress. Having done so much already to hamper the growth of democracy in India, the British Government is not likely to hesitate to go one step further, as long as it strengthens its hold on India and secures for it such allies as the Princes and the Muslims.

ZAMINDARIS IN MADRAS: CULTIVATORS.

IN the last issue of the *Servant of India* we remarked that the Report of the Madras Estates Land Act Committee was in many ways a most disappointing document. In none is it more disappointing than in its cavalier treatment of the actual cultivators. The terms of reference to the Committee did not exclude a consideration of the position of the cultivator who is sometimes an under-tenant. In fact, the Committee included it in the questionnaire it issued. It formed Question 10, and ran as follows. "What should be the legal status of under-tenants in zamindari areas in relation to (a) the

pattadar and (b) zamindar." The Committee, in its Report however, "decided not to make any attempt to decide the question" on the ground that the evidence it received was not enough, and it stated that a separate enquiry would have to be held independently. It is not correct to say that the Committee had not ample evidence to deal with the question. The plea that there was not enough evidence on the subject is most unconvincing when it is urged by the majority of the Committee which did not hesitate to make recommendations on the basis of no evidence at all. It is admitted by all members of the Commitee that the claim urged on behalf of the ryots before the Committee was that the rents payable to the zamindars by the ryots should be assimilated with the revenue payable by ryots in the ryotwari system. But the majority of the Committee decided that the rents should be as they were in 1801—a proposal which was not even mentioned in evidence! It is apparent that the majority of the Committee had approached the enquiry with preconceived notions, and the enquiry itself was a mere formality. In the case of the under-tenant the Committee lacked the will to consider his position, and therefore pleaded inadequacy of evidence as an excuse for not considering it. It is impossible to take the half-hearted observation, which is not even a positive recommendation, that another independent enquiry will have to be instituted to consider the status of the under-tenant. For, if the proposals of the majority Committee are now accepted and enacted, such enactment will render the further enquiry useless, for rights will have been created in the meanwhile which will bar such an enquiry. It is, we fear, the deliberate policy of the Prakasam majority in the Committee to create immediately a large class of rent-receivers, besides the zamindars, who will be worse rack-renters than the zamindars have ever been or are likely to be.

Granting, as the majority of the Prakasam Committee contend, that the zamindar is not the owner but the ryot is, who is the ryot that was contemplated in the Permanent Settlement and other State papers referred to by the Committee? Mr. Hodgson, who is relied on a great deal by the Prakasam majority, is quoted on p. 8 of the Report to say:

> The cultivators of the soil had the solid right from time immemorial of paying a defined rent and no more for the land they cultivated.

On page 22 of the Report the Prakasam majority contrast the zamindar with the *cultivator*. "Having dealt with the status of the zamindars, . . . we shall now turn to the status of the *cultivator*. If we note the history of the *cultivator* or the 'inhabitant' (as he has been generally described in all old documents from the very outset) . . . " (italics ours.) Commenting on the extract from the Proceedings of the Board of Revenue, dated the 5th January 1890, quoted on page 23 of the Report, the Prakasam majority say that it is consistent with the rule laid down by Manu and other Hindu writers, regarding the status of the ryot as owner. Here again the ryot is defined as the cultivator. "He who occupies land and cultivates it, becomes the owner of it as his own private property." (p. 24) The Prakasam majority emphasises the same idea on page 25.

> We hold that the *cultivator* of the permanently settled estates is entitled to the same rights which a ryotwari cultivator holds under the Government (italics ours).

Again the Prakasam majority clinches the matter on page 33:

> Nothing can be clearer than these words to show that the object of the Permanent Settlement was primarily to help the *cultivator* (italics ours).

The Prakasam majority is not un-aware that the ryot whom it proposes to benefit by its proposals is not now always the cultivator, whom according to the the Committee, Permanent Settlement was meant to benefit. It admits that evidence was produced before it that the ryots were sub-letting their lands to sub-tenants who were the real cultivators, and that the cultivators paid a much higher rent to the ryots. If the ryot who pays rent to the zamindar is himself a rent-receiver from a cultivating tenant, he is but a middle-man and not a cultivator whom the Permanent Settlement wished to protect and benefit. If the Permanent Settlement had fixed the rent payable by the cultivator to the zamindar in perpetuity as the Prakasam majority claims, it is undoubted that a goodly number of cultivators are now paying very much higher rents than the Prakasam majority takes into account. It is admitted that in many cases the zamindar received from his immediate ryot a rent which is much higher than what the Government receives from a similar ryotwari area. But the cultivator pays even more to the ryot under the zamindar. For instance, Mr. Jogiraju, in his Bulletin No. 40 issued by the Department of Agriculture, Madras, is quoted to have stated that the cultivator paid the ryot something between three to five times the rent that the ryot paid to the zamindar! The Prakasam majority passes by this question unconcerned on the flimsy ground that the legal status of the under-tenant was not clear to it. It even avoids an enquiry into the matter by exclaiming, "Where is the possibility of knowing who is the under-tenant?" (p. 142).

The Prakasam majority says: "The word 'under-tenant' itself implies that he should be a man in possession, in exercise of his own customary right. There were under-tenants even at the time of the Permanent Settlement. Persons who rush to the landholders and offer competitive rates each year cannot be treated as under-tenants." (p. 142.) If there were under-tenants even as early as 1802, they must have customary rights or developed such rights by now. Moreover, because they are obliged to pay competitive rents, their case for relief is more urgent than

that of the rent-receiving ryots of the zamindars. The Prakasam majority is, however, unmoved by such considerations. It actually says: "The fact that higer amounts were collected by the cultivators from their sub-tenants cannot be a point against the cultivator." (p. 142) Apart from the callous complacency, the confusion of terms here is amazing. 'Sub-tenants' as used here are really the cultivators, and 'cultivators' the rent-receiving ryots of the zamindar!

There is enough evidence to show from the Prakasam majority report itself that the authors of the Permanent Settlement, and in fact, the State from that day onwards, were really concerned to protect the *cultivators* and not the rent-receiving middle-men. It is quite conceivable that the authorities had only zamindars and cultivators in mind and no middlemen at the time of the Permanent Settlement. In the days before that Settlement, most of the zamindars exacted, in one way or other, all that they could wring out of the cultivators, and left no margin for a class of middle-men to grow up to any appreciable extent. It was only in recent years that the class could have grown up, consisting of erstwhile cultivators. The proposals of the Prakasam majority will considerably augment this class. The reduction of rents payable to the zamindars will leave larger margins of profit with the present ryots, both cultivators and non-cultivators, directly paying rents to the zamindars and will lead to greater sub-infudation. Even the cultivating ryots of to-day will be tempted to sub-let their farms and become rent-receivers like the non-cultivating ryots. They will form a smaller edition of the zamindars, with this difference that they will be devoid of the traditional obligations towards the ryots which restrained the rapacity of the zamindars. Being small landlords, they will be obliged to squeeze every pie that they can get from the unfortunate cultivators at the bottom of the chain of tenants and sub-tenants. The plight of the cultivators will be much worse than it is to-day. Nothing worse can befall them than the enactment of the proposals of the Prakasam majority.

The Prakasam Committee was asked to "enquire and report on the conditions prevailing in zamindari and proprietary areas" and this included, as the Committee itself admitted, the position of the sub-tenants or cultivators. We have stated how, in our view, the enquiry into the status of the cultivators even more than that of the rent-receiving middle-men was more urgent and more important, for the prosperity of the country depends on the cultivators and not on the rent-receivers. It happens that a goodly number of cultivators in zamindari and other proprietary areas are under-tenants. This is so in ryotwari areas also, as the Famine Commission of 1880 pointed out:

> In consequence of the tendency on the part of those who are recorded as ryots to sublet their lands or part of them and to live on the difference between the rents they receive and the revenue they pay to Government, a considerable class of subordinate tenants is growing up who have no permanent interest in the land and who pay such high rents that they must always be in a state of poverty. These subordinates are not recorded or recognised in the Government registers, but the existence of such a class involves the same evils as we have dwelt on in the case of tenants in Upper India. We think that the question should be submitted to the consideration of Local Governments whether it is contemplated under land revenue settlement Government ryots should be permitted to sublet their lands, and if so, whether measures should not be taken for recognising the status of such sub-tenants and recording the area they hold, the rents they pay and the conditions of their tenure. (Para. 32.)

The Famine Commission was so impressed with the evils of sub-letting that it actually proposed that measures should be taken for the prevention of sub-letting in zamin areas, so that the cultivators may be protected from the rack-renting:

> Concurrently with the extension of rights of transfer, the practice of sub-letting by an occupancy tenant should be discouraged or even, if possible, forbidden. If a tenant for a long period fails to keep up the stock required for cultivating his land or otherwise ceases to be by occupation and habit a *bona fide* cultivator, the rights he or his ancestors acquired by cultivating the soil might reasonably pass from him to the person who, having become the actual cultivator, occupies his place. (Para. 31.)

The Prakasam majority admits that the zamindars were willing that occupancy rights should be given to the cultivating tenants. (p. 142). Nevertheless, it declined to consider the proposed offer. It is a matter of profound regret that a popular Minister and a Congress Minister as the Hon. Mr. Prakasam, should be so indifferent, nay, almost hostile, to the claims of the cultivators whose needs are greatest and who are the least able to protect their just rights, and that he should be so solicitous of creating a class of rack-renting middle-men who will be the worst exploiters of the cultivators.

THE INCOME-TAX BILL.

(ITS OTHER MAIN PROVISIONS)

SINCE we wrote last about the Income-tax Bill, agreed amendments to clauses 4 and 5 of the Bill have been passed by the Central Assembly. They provide that for purposes of taxation of foreign income, any individual would be considered as "ordinarily resident" in British India if during the preceding seven years of the year of taxation he has been in British India for a period of, or for periods amounting in all, to more than two years. Secondly, a company will be con-

sidered as resident in British India in any year (a) if the control and management of its affairs is situated wholly in British India in that year or (b) if its income arising in British India in that year exceeds its income arising without British India during that year. We think that the amendments proposed are satisfactory enough and will bring the foreign income of non-Indians within the scope of taxation. The discriminatory character of the clauses referred to above has been toned down considerably with the insertion of these amendments.

Having disposed of the discriminatory provisions of the Bill, we can now enter into an examination of those provisions which are a special feature of the Bill in question. The first in importance among these provisions is the establishment of an independent tribunal for deciding cases of income-tax appeal. Heretofore, all appeals regarding matters of "fact" lay within the Department itself; appeals lay from subordinate officers to superior officers. It was only in matters of "law" that appeals could be preferred to the High Court and the Privy Council. The new Bill provides for setting up a tribunal independent of the Income-tax Department to decide matters of "fact." Of the members of this tribunal, one at least shall have legal qualifications and another accountancy qualifications. In matters of "law" the jurisdiction of the High Court is retained as in the existing Act. We have no doubt that this tribunal will remove a long-felt grievance and will be hailed as one of the most important provisions of the Bill.

Next to the question of income-tax tribunal, we should like to refer to the provision for compulsory returns. Under the Income-tax Act as it is today, it is not obligatory on the part of the prospective assessees to submit their annual returns to the Income-tax Department. It is the duty of the Income-tax Officers to spot out the people who, in their opinion, are liable to income-tax and then to ask them to submit their returns. But under the new Bill, every person whose income exceeds the maximum amount not chargeable to income-tax will be required to submit his return, after the publication of a notice to that effect by the Income-tax Officer. Failure to do so will make the culprit liable to fine, but care has been taken to see that persons whose income is less than Rs. 3,500 a year are not fined at all in case they fail to furnish returns on a general notice. Failure to comply with a special notice asking them to furnish their returns, will render those not liable to income-tax to a fine upto a maximum of Rs. 25 and those liable to income-tax upto twice the sum of income-tax payable. Simultaneously with the provision for compulsory returns, power has been vested in the Income-tax Officers to enter the premises of prospective assessees and to demand books for purposes of inspection. This power was very drastic as originally proposed, but the Select Committee, to which the Bill had been referred, considerably curtailed the power in question and stipulated that an Income-tax Officer could not enter the premises of an assessee unless he was authorised to do so by the Commissioner. Closely connected with this, is the power of re-opening of the past assessments. Hitherto, assessments could be re-opened for a period of one year only. But since the present Bill allows losses to be carried forward for six years, it was thought prudent to extend the time-limit of re-opening assessment also to six years. For carrying forward losses, businessmen would be compelled to preserve their account books for at least 6 years. So they can find no difficulty in handing over the same to the Income-tax Officer when required for inspection. But the business community strongly objected to this, and in deference to their wishes, the power of re-opening assessment has been limited to a maximum period of 4 years only. But where income has escaped assessment in consequence of the assessee having concealed the particulars of his income or deliberately furnishing inaccurate particulars of his income, re-opening of assessment can be extended to a period of 8 years. While dealing with the provisions mentioned above, viz., those relating to the submission of compulsory returns, allowing Income-tax Officers the right of entry into the premises of the assessees and the right of re-opening assessment for a period of 4 years, we will be guilty of under-statement if we fail to take notice of the wide-spread opposition that greeted the insertion of these provisions. It was said that most of the Indians were illiterate, and the provision for compulsory returns would be a great hardship to them. Secondly, it was argued that great hardship would arise because of Income-tax Officers entering the premises of the assessees. Indian women observed purdah; so the right of entry would violate the sanctify of home. We realise the force of these objections. Still, we cannot help observing that the powers detailed above are absolutely necessary to ensure that dishonest citizens do not escape taxation. On the testimony of the Finance Member, "in the three years 1934-35, 35-36, 36-37 if the returns submitted by assessees had been taken as correct, the exchequer would have lost three crores a year." This clearly shows the justification of arming Income-tax Officers with the foregoing powers.

Coming again to the new features of the Income-tax Bill, we find that the Bill introduces a new method of taxing incomes. It is the "slab system" by which successive slices of income are taxed at progressively higher rates. This is as it should be. It is a well-known fact that the tax-paying capacity of a man increases with every increase in his income. Therefore, the successive slices of income beyond the exemption limit should be taxed at higher and higher rates. It has been estimated that there are 300,000 people in

India liable to income-tax. Of these, those whose income is below Rs. 8,000 a year will pay less than they do at present by the introduction of the "slab system". Of those whose earnings are between Rs. 8,000 to Rs. 24,000 a year, some will pay more and some less than at present. Those people whose income is more than Rs. 24,000 a year will pay more than at present. The "slab system" of taxing income is much more equitable than the "step system" which has been followed hitherto in our country. Sir Otto Niemeyer had observed that the rich in India paid far less in taxes than did the poorer section of the people. Let us hope that with the introduction of the "slab system" of taxing income this disparity will be removed to a certain extent.

Last of all, we come to those provisions of the Income-tax Bill which touch specially the pockets of the businessmen. The Bill in its original form had given a new definition of 'Dividend' by which bonus shares, bonus debentures, etc. were liable to super-tax in the hands of the share-holders. The reason for this new definition was simply this : knowing that additions to capital were not liable to tax, the companies had gone on accounting part of the profits as 'accumulated Dividend' and later on releasing it to the share-holders in the form of debentures, bonus shares and so on. This deprived the Income-tax Department of a part of its income. Therefore the new Bill proposed to define 'Dividend' so as to cover all profits distributed by a company. Before commenting on this provision, we would like to point out that the provision in question related to the imposition of super-tax only. Therefore, it would have affected only the very rich people. Still, with a view to the progress of industry in general the Select Committee has modified this provision to ensure that a bonus share is not liable to taxation until it is paid off actually by the company. Again the accumulated profits distributed on the liquidation of a company shall only be included in the dividend for purposes of taxation if they arose within six years of the liquidation. We think this will completely satisfy the requirements of our businessmen.

There is another provision in the Bill providing for carrying forward losses to a maximum period of six years which is altogether a new addition. It has also been provided that depreciation of the stocks of a company shall be calculated on the basis of "written-down value" of the stocks and not on the "cost basis" of the stocks as heretofore. Few businessmen objected to this procedure except on the ground that the procedure was a new one and required time to get accustomed to. With regard to the creation of trusts, it had been provided that in practically every case where the *corpus* of a trust was reserved to the settler or was likely to revert to him, the income of the beneficiary should be taxed as the income of the settler. It was argued that this was a very unfair provision, because it assumed that whenever a trust was created the *corpus* of which was likely to revert to the settler, it had been done so for avoiding taxation. The provision was severely assailed by Mr. Bhulabhai Desai, the leader of the Opposition. At last the Finance Member accepted an amendment to the clause. The amendment provides that the trust clause shall not apply to any income accruing to any person by virtue of a settlement or disposition which was not revocable for a period exceeding six years.

There are some other provisions in the Bill which deserve mention. The income of a private religious trust has been made liable to income-tax, in case it does not enure to the benefit of the public. Religous trusts which enure to the benefit of the public have been exempt from income-tax. Hitherto, only income from Provident Funds had been exempt from taxation, but the new Bill provides that super-annuation funds also shall enjoy the same exemption. The maximum premia of a life-insurance company exempt from income-tax has been raised from as Rs. 6,000 to Rs. 12,000 in the case of joint Hindu families. Similarly, though it has been provided that hereafter income-tax will be levied on "salaries payable" and not only on "salaries paid", still care has been taken to see that no body is asked to pay tax on salaries which have not been received by him.

In the nature of things, much of the smoothness of the administration of the new Bill will depend on the efficiency of the Income-tax Department and though the Finance Member has given repeated assurances that injustice or harassment to assessees will be strictly avoided, still nothing definite can be said about the administrative aspect of the Bill, until it comes into actual operation. On the merits of the Bill, we are convinced that in many ways it is an improvement on the Act, and to the extent to which it succeeds in bringing additional income, it will be of great help to the Provincial Governments whose nation-building activities are being stunted at present for want of means.

Miscellaneous.

MR. N. M. JOSHI'S SPEECH ON THE INCOME-TAX BILL.

Mr. N. M. Joshi delivered the following speech on 26th November in the Legislative Assembly, on the Select Committee report of the Income Tax (Amendment) Bill.

MR. N. M. JOSHI: Sir, in the last Delhi Session, during the discussion on the motion that the Bill be referred to a Select Committee, I had an opportunity of expressing my views on the general principles underlying this measure. I shall, therefore, confine myself on this occasion, generally to the changes which have been made by the Select Committee and my views as regards changes

which, in my opinion, the Select Committee should have proposed.

At the outset, let me thank the Honourable the Finance Member for accepting one of my suggestions made during the last discussion. I had suggested that, in order that Members might be able to study the Bill better, he should provide them with some help by arranging the material in a proper manner. He has been kind enough to do that, and I am very greatful for that help. I hope that the other Departments, whenever they have similar measures for discussion before the Legislature, will follow the excellent example of the Honourable the Finance Member. May I also say that we have this time received a large number of amendments to the measure, Consolidated list, Supplementary lists No. 1, No. 2, No. 3—I do not know what is the last number.

An Honourable Member: No. 4 so far.

Mr. N. M. Joshi: May I suggest that before Monday we may have a consolidated list, so that we may be able to follow the discussion a little better than we generally do, when we have several supplementary lists?

The main object of this measure is, first, to tighten up the provisions of the Act, so that the so-called legal avoidance of the tax may be prevented. The second object is to rope in some of the incomes which have so far escaped taxation. Considering the report of the Select Committee from the point of view of these two objects, I feel that on the whole, taking into consideration all the suggestions of the Select Committee, the Select Committee has done more in favour of the assessee than in favour of the national revenues. I do not forget that the Select Committee has made recommendations, by which the Government of India could make more revenue, and it was a matter of surprise to me that the Government of India, instead of accepting the help offered by the Select Committee, has rejected it.

Dealing with some of the important changes made by the Select Committee, I would first mention the change which they have made in the definition of the word "dividend." One of the objects of this Bill is to prevent profits being converted into capital and thus escape taxation. The Select Committee has greatly weakened the original proposal of the Government of India. I feel that it is undesirable that the industrialists should be permitted to convert what are profits into capital. It is a wrong practice in the first place, because experience has shown that, that practice leads to over-capitalisation of an industry. Over-capitalisation leads to inefficiency, and inefficiency leads to the worsening of labour conditions in the industry. I therefore feel that it is an unwholesome practice, a wrong practice, that the industrialists should be permitted to convert profits into capital. If that practice be allowed, there is also so much less to be spent for what I call the welfare of labour. If the industrialist can convert his profits into capital, he can always say that there is not enough to be spent for improving the conditions of labour. This method of converting profits into capital serves a useful purpose to the industrialist. The working classes are not generally very well educated people, and when they find that an industry gives a dividend of, say, five or even ten per cent, but converts large portions of the profit into capital, they find it difficult to realise that the industry was going through a period of boom. This is one of the disadvantages of allowing the undesirable practice of profits being converted into capital. If an industry requires more capital, there is nothing wrong if the industrialists appeal to their shareholders, after the shareholders get their money in their hands, to purchase additional shares; but it is wrong to allow the directors to convert the profits into bonus shares or debenture shares or other kinds of shares and convert the profit into capital. I feel that this practice is against the interests of the working classes, and therefore, anything done by the Income-tax Act which will encourage this practice is against the interests of the working classes of this country. I therefore feel that the Select Committee has done a wrong in modifying the definition of dividend in such a way that, some of the profits can be converted into capital.

An Honourable Member: What is the English practice?

Mr. N. M. Joshi: I am not an admirer of everything that is English.

There is another point upon which I would like to say a word. The Select Committee has also modified the proposals regarding depreciation. I feel that if the industry is to be conducted on sound lines, a reasonable amount of depreciation fund is necessary. At the same time, I feel that it is wrong to permit industrialists to set apart amounts for depreciation which are in excess of the need. I feel that the changes made by the Select Committee are likely to permit the industrialists to set apart sums in the name of depreciation which ought not to be set apart. I can understand the industrialists setting apart some money for the wear and tear of the machinery, but is it not necessary that there should be some money set apart for the wear and tear of the human element? If you set apart large amounts for depreciation of the machinery, to that extent you have a smaller amount for making good the wear and tear of the human element. I therefore feel that it is wrong to allow larger sums to be set apart for depreciation than are absolutely necessary. If some sums are set apart for wear and tear of machinery, I would also like the practice of setting apart some funds in the shape of health insurance, old age pensions and so on. That kind of depreciation fund is more desirable, than the fund for the wear and tear of machinery.

The Select Committee has omited the Government of India's proposals, regarding pooling together the income of husband and wife for a higher rate of income-tax. I have no doubt that the device of transfering moneys to the wife's name, in order to escape a part of the income-tax is resorted to by many people and there was nothing wrong in the Government of India's proposal that the incomes of the husband and wife should be pooled for the purposes of fixing the rate of income-tax. However, I am one of those who take interest in social reform and I would like the wife to have an independent existence and entity. From that point of view, if the deletion of this clause will lead to women getting a little more independence than what they have, as a social reformer I would not go against the proposal of the Select Committee.

There is one more point upon which I would like to say a word, and that is the proposal relating to taxing the profits of local bodies. I do not know why the Government of India should have taken the privilege away from local bodies regarding income-tax. The local bodies do not exist for making profit. They carry on services intended for the public good.

The Honourable Sir James Grigg: I do not want to interrupt the Honourable Member, but I

would point out that for services supplied within their own jurisdiction they are exempt, and they are liable to the tax only in respect of services supplied outside their own jurisdiction.

Mr. N. M. Joshi: If the Honourable Member had a little more patience, I would have made it clear to him that I have understood his proposals correctly. I agree that it is only when a local body transacts some business beyond its own jurisdiction that the profits of the business will be taxed, but even when a local body transacts business outside its jurisdiction, it is not for the purpose of making profit, but for helping some other local body. For example, the Bombay Municipality has good water works. There are some municipalities on the way, from which the water-supply of Bombay comes, like the Thana and Kurla Municipalities. The Bombay Municipality, in order to help these municipalities, supplies water to them and makes a profit, say, of Rs. 2,000; but surely the municipality is not making this profit for itself, but does so to improve the amenities of the million inhabitants of Bombay who get the benefit of Rs. 2000 distributed to them. Therefore, I say, it is a wrong principle to tax the profits of local bodies, made even outside their jurisdiction. It may be that one local body carries on business within the jurisdiction of another municipality and that other municipality carries on a bus-service in the jurisdiction of the neighbouring municipality. That is a sort of co-operation and I don't know, why the Government of India should be against this form of co-operation and mutual help.

I have already pointed out some of the changes made by the Select Committee in favour of the assessee; I would like, now, to point out that the Select Committee has done a very right thing in asking the Government of India to change the Government of India Act, to permit the pensions which are paid outside the country to be taxed. There is absolutely no reason why a pension paid out of the Indian revenues, though it may be paid outside the country, should not be taxed.

I would also like to thank the Select Committee on another point and that is they have taken away from the Government of India the future power of granting exemptions. It pains me to say that the Government of India used the power of exemption given to them in a very wrong away. The Government of India so far, have been dominantly a British Government and it was an act of almost nepotism on their part, to have given exemptions to their own countrymen as regards pensions, leave salaries and several other matters. The Government of India have shown by their own conduct, that they are unfit to be entrusted with such important powers. Therefore, the Select Committee has done the right thing in recommending that these powers should be taken away from the Government of India.

I would like to say a word about the much-talked of subject of "world income". I feel that income-tax is imposed upon people on the principle that people have to pay according to their ability. Income-tax is not a consumption tax, so that it should be levied upon people for services rendered. Therefore, when some of my colleagues of this Assembly talk that the Government of India do not render much service to those Indians who go out, and, therefore, the Government have no right to tax—they have not understood the principles by which income-tax is imposed. If people make money in foreign countries and they accumulate large fortunes, their ability to pay is increased and, therefore, there is nothing wrong if they are asked to pay not only on their income in this country but on their income outside. Moreover, it has been said that a tax imposed on the world income of people discourages foreign trade, ruins business, and all sorts of calamities are predicted. I feel, nothing of the kind will happen. Income-tax is not a tax on capital, it is a tax on "income" or profits. If you have followed what my Honourable friend, Sir Abdul Halim Guznavi, told us you will realise that if certain people have an income of Rs. 3 lakhs and they have been asked to pay Rs. 10,000 in Malaya and Rs. 10,000 in China and another Rs. 75,000 in India, they still have an income of Rs. 2,0,5000, and that makes the position clear that there is absolutely no injustice in the tax imposed upon them both in China, Malaya and in India. If persons who had an income of Rs. 2,05,000 wanted more trade to be undertaken, with some other country, they had enough money; they could spend, say, Rs. 50,000 a year upon their personal expenses and they would still have left Rs. 1,55,000 with them for further undertaking of foreign trade. It is, therefore, wrong to say that income-tax is a sort of impediment in the way of foreign trade. There is nothing wrong in imposing this tax. Moreover, it is not quite fair to the Government of India to say that they afford no protection to the Indians who go abroad. The Government of India maintain a department called the Overseas Department as a part of the Department of Education, Health and Lands. The Government of India maintain agents in South Africa, Ceylon, Malaya and Burma, and they propose to maintain agents in some other places. They have also got trade agents. Besides that, the Government of India have sent deputations of officers to help Indians abroad, and if you want to know what the Government of India do, I saw an instance of what they had done last year when I was returning from Europe. I met a gentleman belonging to the firm Mahomed Ally and Co., who were trading in Abyssinia and I learnt that they had just got at that time large sums of money from the Italian Government. Could they have got that money from the Italian Government without the help of the Government of India? I am not suggesting that the Government of India do everything that they should and ought to, but certainly it is wrong to say that they render no help to the people who go abroad.

Sir, I am in favour of imposing taxation on the whole income of every one who resides in India. I am therefore, against the proposal of the Government of India for excluding Europeans from some of this additional taxation. It is wrong for them to make a discrimination between Indians who reside and are domiciled in this country and those people who reside here and do not get domiciled. We are not asking these people who are to my right that they should not get domiciled. They refuse to be domiciled and they refuse to be domiciled because by that method they can escape taxation. Is it right for the Government of India to thus discriminate and help people who work in the country, who get the best out of the country and then refuse

to give that country the benefit of their experience and run back to a country which had not given them anything? I feel it is wrong for these Britishers to come here and not get a domicile. I was told by my Honourable friend, Sir Yamin Khan that for various reasons discrimination between Europeans and Indians is necessary. The European must be taxed less. I feel, however, there are good grounds why the Europeans should be taxed more. We Indians are prepared to give equal treatment to these Europeans who live in our country and get domiciled and secure rights of citizenship, but they are not content with the equal rights of citizenship, they want special privileges.

May I ask, Mr. Deputy President, whether the few thousand Britishers who are in this country could have, on the basis of population, secured these nine seats in this Legislature? Without special privilege, could they have secured the seats they have at present in Bengal? Sir, the European Group in the Bengal Legislative Assembly holds the whole Government of Bengal in the hollow of their palm. They are trying the same game in Assam. They are able with this special representation to control the Governments in Bengal and Assam. How are they able to do this? By special privileges. If these Britishers, who come to this country and who refuse to get domiciled are given special privileges, is there anything wrong in asking them to pay for these privileges? Sir, we are not asking them even to pay for these privileges; we are asking them to pay what the Indians pay. What is the ground for complaint, therefore, if they are asked to pay similarly as the Indians pay? If we are to be fair, we might ask them to pay at even a higher rate than the Indians do. I, therefore, appeal to the Government of India and say that they are wrong in making this discrimination.—and let me tell my friends the European group here that they may, of course, enjoy the fruits of this discrimination for sometime but I am not holding out a threat if I tell them that we, as men of self-respect, cannot agree to the privileges enjoyed by them. Is that a threat? I may tell you what passes in my mind. They cannot have our good will, when they claim privileges and refuse to pay for these privileges.

I feel there is another point on which I can say a word and that is about double tax. I feel there is nothing wrong in a double tax. I do not see why any relief should be given for a double tax and it is wrong to give that relief to people who refuse to take domicile in our country. I do not know why any relief should be given to them. If they want to have the best of the two countries they must pay double tax. Double tax if you have got money, certainly is not wrong. These people want to keep their incomes and everything in England. They want to get the benefit of that for which they are taxed there. They come to India, they exploit us, they get many advantages, and if they are taxed by us, they say it is double taxation. The agreement made by our Government with Great Britain is not in our favour and that agreement again was made by a Government which was predominantly British. That agreement should not have been made by them. If I were in their place, I would not have made it. I think it is an act of nepotism. But they made it. We are asking them now to change that agreement. If there is to be an agreement, let there be a fair agreement but we do not want an agreement. If as a result of our not having an agreement, we find that these friends of ours go back to Great Britain, we may feel some sorrow for having lost some friends but at the same time we shall not go in deputation to the Governor General and say, "keep them here."

Sir, I do not wish to take up any more time of the House, but before I sit down, I should like to say a word about the income-tax machinery. The Income-tax Act itself is a complicated measure, and I myself find it very difficult to understand it. I have been trying to wade through its sections during the last few days and I have not yet been able completely to understand it. This Amending Bill is going to make it more complicated. Therefore, ordinary people will not understand the provisions of the Bill very easily. The Bill will give scope to the officers of the Department to harass them. Moreover, this Bill is giving some discretion to the officers in the matter of the imposition of the tax, the rate of the tax, and the amount of the tax. I feel that under these circumstances there is some room for harassment and corruption. I would like the Honourable the Finance Member to take care to see that his staff and the department will be efficient and will be above any temptation. I hope the Honourable the Finance Member will take steps in this direction. I support the motion for the consideration of this Bill.

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