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## PART VI

Bills introduced into the Council of the Governor General of India and  
Bills published before introduction in that Council

## GOVERNMENT OF INDIA

## LEGISLATIVE ASSEMBLY DEPARTMENT

L. A. BILL NO. 4 OF 1945

[As Amended by the Select Committee]

(Alterations made are side-lined)

A Bill to amend the Indian Merchandise Marks (Amendment) Act, 1941

WHEREAS it is expedient to amend the Indian Merchandise Marks (Amendment) Act, 1941, for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. **Short title**—This Act may be called the Indian Merchandise Marks (Amendment) Supplementary Act, 1945.

2. **Amendment of section 7, Act II of 1941**—In section 7 of the Indian Merchandise Marks (Amendment) Act, 1941 (hereinafter referred to as the said Act), in the new section substituted by the said section for section 12 of the Indian Merchandise Marks Act, 1889 (IV of 1889)—

(a) in sub-section (2)—

(i) for the words "cotton sewing or darning thread" the words "cotton sewing, darning, crochet or handcraft thread" shall be substituted;

(ii) for the words and figures "in premises which are a factory, as defined in the Factories Act, 1934," the words and figures "in any premises not exempted by rules made under section 20 of this Act" shall be substituted;

(iii) for the words and figures "any rules made under section 20 of this Act" the words "the said rules" shall be substituted;

(iv) for the words "marked with the weight of thread in the unit" the words "marked with the length or weight of thread in the unit" shall be substituted;

(v) for the words "the grist number" the words "in such other manner as may be required by the said rules" shall be substituted;

(vi) for the words "from the factory" the words "from the premises" shall be substituted;

(b) in sub-section (3), for the words "or any cotton sewing or darning thread" the words "or any such thread" shall be substituted.

3. **Substitution of new section for section 9, Act II of 1941**—For section 9 of the said Act, the following section shall be substituted, namely:—

"9. **Amendment of section 20, Act IV of 1889**—In section 20 of the said Act, after sub-section (1) the following sub-section shall be inserted, namely:—

"(1A) The Central Government may make rules providing for the manner in which for the purposes of section 12 cotton yarn and cotton thread shall be marked with the particulars required by that section, and for the exemption of certain premises used for the manufacture, bleaching, dyeing or finishing of cotton yarn or cotton thread from the provisions of that section."

4. **Amendment of section 10, Act II of 1941**—In section 10 of the said Act, in clause (c), in the new clause (j) added to section 18 of the Sea Customs Act, 1878 (VIII of 1878)—

(a) for the words "cotton sewing or darning thread" the words "cotton sewing, darning, crochet or handcraft thread" shall be substituted;

(b) in sub-clause (ii) for the words "the grist number in accordance with" the words "in such other manner as is required by" shall be substituted;

(c) in sub-clause (iv) for the words and figures "a factory as defined in the Factories Act, 1934," the words, brackets and figures "premises not exempted from the operation of sub-section (2) of section 12 of the Indian Merchandise Marks Act, 1889 (IV of 1889)," shall be substituted.

The following Bill\* was introduced in the Legislative Assembly on the 28th February 1945:—

L. A. BILL NO. 5 OF 1945

A Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1945

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, British India, to fix maximum rates of postage under the Indian Post Office Act, 1898 (VI of 1898), to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942 (XII of 1942) and to modify certain of those duties, to alter the duty of customs and the duty of excise on tobacco, to fix rates of income-tax and super-tax, and to continue the charge and levy of excess profits tax;

It is hereby enacted as follows:—

1. **Short title and extent**—(1) This Act may be called the Indian Finance Act, 1945.

(2) It extends to the whole of British India.

2. **Fixation of salt duty**—The duty on salt manufactured in, or imported by land into, British India shall, for the year beginning on the 1st day of April 1945, be at the rate of one rupee and nine annas per standard maund.

3. **Inland postage rates**—For the year beginning on the 1st day of April 1945 the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898 (VI of 1898), as the First Schedule to that Act.

4. **Continuation of, and enhancement of, additional duties of customs imposed by section 6, Act XII of 1942**—(1) The additional duties of customs on certain goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under the said Schedule read with any notification of the Central Government for the time being in force, imposed up to the 31st day of March 1943 by section 6 of the Indian Finance Act, 1942 (XII of 1942), and continued, subject to certain modifications, up to the 31st day of March 1945 by section 4 of the Indian Finance Act, 1944, shall continue to be levied and collected as provided in section 6 of the Indian Finance Act, 1942 (XII of 1942), up to the 31st day of March 1946 subject to the modifications contained in sub-section (2).

(2) The additional duty to be levied and collected under the foregoing sub-section shall be one-half instead of one-fifth of the amount of the duty of customs specified in the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), in the case of spirits, comprised in Item No. 22 (4) and in sub-items (a), (c) and (d) of Item No. 22 (5) of the said Schedule; and no such additional duty shall be levied or collected on tobacco comprised in Items Nos. 24 (1), 24 (2) and 24 (3) of the said Schedule.

5. **Alteration of duty of customs on tobacco**—In the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934)—

(a) in Item No. 24, for the entry in the fourth column the entry "Rs. 8 per lb." shall be substituted;

(b) in Item No. 24 (1), for the entry in the fourth column the following shall be substituted, namely:—

"The rate at which duty is for the time being leviable on articles included in Item No. 27 of this Schedule

\* The Governor-General has been pleased to give the previous sanction required by sub-section (2) of section 67 of the Government of India Act as saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order, 1936, and the previous sanction required by sub-section (1) of section 141 of the Government of India Act, 1935, to the introduction in the Legislative Assembly of this Bill.

under this Act read with any other enactment in force, plus Rs. 7-8 per lb.;

(c) in Item No. 24 (2), for the entry in the fourth column the following shall be substituted, namely:—

“The rate at which duty is for the time being leviable on articles included in Item No. 87 of this Schedule under this Act read with any other enactment in force, plus Rs. 18-12 per thousand or Rs. 7-8 per lb. whichever is higher.”;

(d) in Item No. 24 (3), for the entries in the fourth and sixth columns, respectively, the entries “Rs. 7-8 per lb.” and “Rs. 7 per lb.” shall be substituted.

**6. Alteration of duty of excise on tobacco**—In the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944), in Item No. 9, under the heading “I. Unmanufactured tobacco”—

(a) for the entries (i), (ii) and (iii) contained in sub-item (1) beginning—

“ (1) if flue-cured and intended for—  
(a) manufacture into cigarettes containing—”

the following shall be substituted, namely:—

	Per lb.
“(i) more than 60 per cent weight of imported tobacco.	Seven rupees and eight annas.
“(ii) more than 40 per cent but not more than 60 per cent weight of imported tobacco.	Five rupees
“(iii) more than 20 per cent but not more than 40 per cent weight of imported tobacco.	Three rupees and eight annas.
“(iv) 20 per cent or less than 20 per cent weight of imported tobacco.	Two rupees and eight annas.
“(v) no imported tobacco .. .. .	One rupee” ;

(b) in sub-item (4) the word “stems” shall be omitted.

**7. Income-tax and super-tax**—(1) Subject to the provisions of sub-sections (3), (4) and (5)—

(a) income-tax for the year beginning on the 1st day of April 1945 shall be charged at the rates specified in Part I of the Second Schedule increased in each case by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of income-tax, and

(b) rates of super-tax for the year beginning on the 1st day of April 1945 shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (XI of 1922), be those specified in Part II of the Second Schedule increased in the cases to which paragraphs A, B and C of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of super-tax.

(2) If any provision is made in the Indian Income-tax Act, 1922 (XI of 1922), for the exemption from income-tax of a portion of the earned income included in the total income of an assessee, then, in making any assessment for the year ending on the 31st day of March 1946 there shall be deducted from the total income of an assessee in accordance with such provision an amount equal to one-tenth of such earned income exclusive of any income chargeable under the head “Salaries” but not exceeding in any case two thousand rupees.

(3) In making any assessment for the year ending on the 31st day of March 1946 where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries” or under the head “Interest on Securities” or any income from dividends in respect of which he is deemed under section 49E of the Indian Income-tax Act, 1922 (XI of 1922), to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1944, on his total income the same proportion as the amount of such inclusions bears to his total income.

(4) In making any assessment for the year ending on the 31st day of March 1946—

(a) where the total income of a company includes any profits and gains from life insurance business, the super-tax payable by the company on that part of its total income which consists of such inclusion shall be at the rate of six pies in the rupee ;

(b) where the total income of an assessee, not being a company, includes any profits and gains from life insurance business, the income-tax and super-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable according to the rates

applicable under the operation of the Indian Finance Act, 1942 (XII of 1942), on his total income the same proportion as the amount of such inclusion bears to his total income, so, however, that if the aggregate of the taxes computed in respect of such inclusion exceeds the aggregate of the taxes on the same income payable by a company under the operation of the Indian Finance Act, 1942 (XII of 1942), the taxes payable on such inclusion shall be computed at the rates applicable to a company under the operation of the said Act.

(5) In cases to which section 17 of the Indian Income-tax Act, 1922 (XI of 1922), applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (1) of that section, and in accordance with the provisions of sub-sections (3) and (4) of this section where applicable.

(6) For the purposes of this section and of the rates of tax imposed thereby, the expression “total income” means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922 (XI of 1922), and the expression “earned income” means earned income as defined for the purposes of the said Act.

(7) Where the total income of an assessee referred to in paragraph A of Part I of the Second Schedule does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the income, if any, exempt from tax under any provision of the Indian Income-tax Act, 1922 (XI of 1922), or any notification issued thereunder shall be funded for the assessee's benefit and shall be paid to him on such date not more than twelve months after the termination of the present hostilities, as the Central Government may fix :

Provided that the amount to be funded for the assessee's benefit shall in no case exceed two-fifths of the tax payable by him.

*Explanation*—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

(8) Notwithstanding anything contained in sub-section (7) of section 6 of the Indian Finance Act, 1944, the amount to be funded for the assessee's benefit under the provisions of that sub-section shall in no case exceed two-fifths of the amount of tax payable by him in respect of his assessment for the year ending on the 31st day of March 1945.

(9) The provisions of section 23A of the Indian Income-tax Act, 1922 (XI of 1922), shall not apply in respect of profits and gains of the previous year for the assessment for the year ending on the 31st day of March 1946.

**8. Continuance of and rate of excess profits tax**

(1) In sub-clause (a) of clause (6) of section 2 of the Excess Profits Tax Act, 1940 (XV of 1940), for the words and figures “31st day of March 1945” the words and figures “31st day of March 1946” shall be substituted.

(2) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940 (XV of 1940), shall, in respect of any chargeable accounting period beginning after the 31st day of March 1945 be an amount equal to sixty per cent and two-thirds per cent of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

*Declaration under the Provisional Collection of Taxes Act, 1931*

It is hereby declared that it is expedient in the public interest that the provisions of clauses 4, 5 and 6 of the Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).

**THE FIRST SCHEDULE**

Schedule to be inserted in the Indian Post Office Act, 1911

(See section 3)

**“THE FIRST SCHEDULE**

INLAND POSTAGE RATES

(See section 7)

*Letters*

For a weight not exceeding one tola .. One and a half pies  
For every tola or fraction thereof, exceeding one tola. One anna

*Postcards*

Single .. .. . Nine pies  
Reply .. .. . One and a half pies  
*Book, Pattern and Sample Packets*  
For the first five tolas or fraction thereof .. Nine pies  
For every additional two and a half tolas or fraction thereof, in excess of five 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
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas	Half an anna
For every additional five tolas or fraction thereof, in excess of ten tolas.	Quarter of an anna :
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	

## Parcels

For a weight not exceeding forty tolas	Six annas
For every forty tolas or fraction thereof, exceeding forty tolas.	Six annas "

## THE SECOND SCHEDULE

(See section 7)

## PART I

## Rates of Income-tax

A—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B of this Part applies—

	Rate	Surcharge
1. On the first Rs. 1,500 of total income.	Nil	Nil
2. On the next Rs. 3,500 of total income.	Nine pies in the rupee.	Six pies in the rupee.
3. On the next Rs. 5,000 of total income.	One anna and three pies in the rupee.	Ten pies in the rupee.
4. On the next Rs. 5,000 of total income.	Two annas in the rupee.	One anna and six pies in the rupee.
5. On the balance of total income.	Two annas and six pies in the rupee.	Two annas and three pies in the rupee :

Provided that—

(i) no income-tax shall be payable on a total income which, before deduction of the allowance, if any, for earned income, does not exceed Rs. 2,000 ;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance, if any, for earned income) exceeds Rs. 2,000 ;

(iii) the income-tax payable on the total income as reduced by the allowance for earned income shall not exceed either—

(a) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds Rs. 2,000 the same proportion as such reduced total income bears to the unreduced total income, or

(b) the income-tax payable on the income so reduced at the rates specified in this Schedule, whichever is less.

B—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate	Surcharge
On the whole of total income ..	Two annas and six pies in the rupee.	Two annas and three pies in the rupee.

## PART II

## Rates of Super-tax

A—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B and C of this Part apply—

	Rate	Surcharge
1. On the first Rs. 25,000 of total income.	Nil	Nil
2. On the next Rs. 10,000 of total income.	One anna in the rupee.	One anna in the rupee.
3. On the next Rs. 20,000 of total income.	Two annas in the rupee.	Two annas in the rupee.
4. On the next Rs. 70,000 of total income.	Three annas in the rupee.	Two annas and six pies in the rupee.
5. On the next Rs. 75,000 of total income.	Four annas in the rupee.	Three annas in the rupee.
6. On the next Rs. 1,50,000 of total income.	Five annas in the rupee.	Three annas in the rupee.
7. On the next Rs. 1,50,000 of total income.	Six annas in the rupee.	Three annas in the rupee.
8. On the balance of total income.	Seven annas in the rupee.	Three annas and six pies in the rupee.

B—In the case of every local authority—

	Rate	Surcharge
On the whole of total income.	One anna in the rupee.	One anna in the rupee.

C—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—

	Rate	Surcharge
1. On the first Rs. 25,000 of total income.	Nil	Nil
2. On the balance of total income.	One anna in the rupee.	One anna in the rupee.

D—In the case of every company—

	Rate
On the whole of total income ..	Three annas in the rupee :

Provided that a rebate of one anna in the rupee shall be allowed on the total income as reduced by the amount of any dividend declared in British India in respect of the whole or part of the

previous year for the assessment for the year ending on the 31st day of March 1946 not being a dividend payable at a fixed rate.

*Explanation.*—For the purposes of this proviso, the expression 'dividend' shall be deemed to include any distribution included in the expression 'dividend' as defined in clause (6A) of section 2 of the Indian Income-tax Act, 1922, and any such distribution made during the year ending on the 31st day of March 1946 shall be deemed to have been made in respect of the whole or part of the previous year.

## STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to continue the existing rate of salt duty; to increase the inland postage rate on parcels exceeding forty tolas in weight; to continue the additional duty of customs imposed by section 6 of the Indian Finance Act, 1942 (XII of 1942) and to increase certain of these duties; to alter the duty of excise on tobacco in certain respects; to give relief from income-tax to earned income and to make a change in the existing rate of surcharge on incomes-tax and to continue the excess-profits tax.

A. J. RAISMSN

## Notes on Clauses

Clause 2 provides for the continuance of the existing provisions regarding salt duty for a further period of one year.

2. Clause 3 provides for the continuance for a further period of one year of the present inland postage rates except that in the case of parcels the rate for every 40 tolas or fraction thereof exceeding the first 40 tolas is increased from 4 annas to 6 annas.

3. Clause 4 provides for the continuance for another year of the additional customs duties imposed by section 6 of Act XII of 1942 subject to certain minor changes.

4. Clause 5 provides for certain increases in existing duty of customs on tobacco.

5. Clause 6 provides for certain changes in the excise duty on tobacco.

6. Clause 7 read with the Second Schedule provides for the continuance for another year of the existing basic rates of income-tax and super-tax. It also specifies the amount of deduction that will be allowed in respect of earned income if provision for such deduction is made in the Indian Income-tax Act. It further provides for an increase of 3 pies per rupee in the surcharge on income-tax on slabs of income above Rs. 15,000 and on income taxable at the maximum rate.

7. Clause 8 provides for the continuance of the excess profits tax at the rate of 66 $\frac{2}{3}$  per cent.

The following Bill\* was introduced in the Legislative Assembly on the 28th February 1945 :—

## L. A. BILL No. 6 OF 1945

*A Bill further to amend the Indian Income-tax Act, 1922 and the Excess Profits Tax Act, 1940*

WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922 (XI of 1922), and the Excess Profits Tax Act, 1940 (XV of 1940), for the purposes hereinafter appearing ;

It is hereby enacted as follows :—

**1. Short title and commencement.**—(1) This Act may be called the Income-tax and Excess Profits Tax (Amendment) Act, 1945.

(2) It shall come into force on such date as the Central Government may by notification in the official Gazette appoint.

**2. Amendment of section 2, Act XI of 1922.**—In section 2 of the Indian Income-tax Act, 1922 (XI of 1922) (hereinafter referred to as the said Act), after clause (6A) the following clause shall be inserted, namely :—

“(6AA) “Earned income” means any income of an assessee who is an individual, Hindu undivided family, unregistered firm or other association of persons not being a company, a local authority, a registered firm or a firm treated as registered under clause (b) of sub-section (5) of section 23—

(a) which is chargeable under the head “Salaries”; or  
(b) which is chargeable under the head “Profits and gains of business, profession or vocation” where the business, profession or vocation is carried on by the assessee or in the case of a firm, where the assessee is a partner actively engaged in the conduct of the business, profession or vocation; or

(c) which is chargeable under the head “Other sources” if it is immediately derived from personal exertion or

\*The Governor-General has been pleased to give the previous sanction required by sub-section (2) of section 67 of the Government of India Act as saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order, 1936, to the introduction in the Legislative Assembly of this Bill.

represents a pension or superannuation or other allowance given to the assessee in respect of his past services or the past services of any deceased person; and includes any such income which, though it is the income of another person, is included in the assessee's income under the provisions of this Act, but does not include any such income which is exempt from tax under sub-section (2) of section 14 or under a notification issued under section 61 :

**3. Amendment of section 10 Act, XI of 1922**—In sub-section (2) of section 10 of the said Act—

(a) in clause (vi), after the words "and in any other case to such percentage on the written down value thereof as may in any case or class of cases be prescribed", the following words shall be added, namely:—

"and, where the buildings have been newly erected or the machinery or plant being new has been installed, after the 31st day of March 1945, a further sum (which shall, however, not be deductible in determining the written down value for the purposes of this clause) in respect of the year of erection or installation equivalent to such percentage of the cost to the assessee of the building, machinery or plant as may in any case or class of cases be prescribed";

(b) clause (xii) shall be renumbered as clause (xv) and the following clauses shall be inserted after clause (xi), namely:—

(xii) any expenditure (not being in the nature of capital expenditure) laid out or expended on scientific research related to the business;

(xiii) any sum paid to a scientific research association having as its objects the undertaking of scientific research related to the class of business carried on, and any sum paid to a university, college or other institution to be used for such scientific research;

Provided that such association, university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority;

(xiv) in respect of any expenditure of a capital nature on scientific research related to the business, an allowance for each of the five consecutive previous years beginning with the year in which the expenditure was incurred, or, where the expenditure was incurred prior to the commencement of the business, for each of the five consecutive previous years beginning with the year in which the business was commenced, equal to one-fifth of such expenditure;

Provided that no allowance shall be made for any expenditure incurred more than three years before the commencement of the business;

Provided further that—

(a) where an asset representing scientific research expenditure of a capital nature ceases to be used for scientific research related to such business—

(i) no allowance shall be made in respect of any previous year after the previous year in which the cessation takes place, and

(ii) if the aggregate of the amounts allowed under this clause added to the value of the asset immediately before the cessation is less than the said expenditure, there shall also be allowed in respect of the previous year in which the cessation takes place an additional deduction equal to the difference;

(b) where such asset is sold without having been used for other purposes, the sale-proceeds shall be taken to be the value of the asset immediately before the cessation and if an additional allowance or a greater additional allowance would have been made in the year in which the cessation occurred on the basis of that value, an amount equal to the additional allowance which would have been made or, as the case may be, to the difference between the additional allowance which would have been made and the additional allowance which was made for that year shall be made in respect of the previous year in which the sale occurs;

(c) where the proceeds of the sale, plus the total amount of the allowances made under this clause exceed the amount of the expenditure, the excess or the amount of the allowances so made, whichever is the less, shall be treated as a receipt of the business accruing at the time of the sale;

(d) where a deduction is allowed for any previous year under this clause in respect of expenditure represented wholly or partly by any asset, no deduction shall be allowed under clause (vi) or clause (vii) of this sub-section for the same previous year in respect of that asset;

(e) where an asset is used in the business after it ceases to be used for scientific research related to that business,

and a claim for an allowance under clause (vi) or clause (vii) of this sub-section is made in respect of that asset, the actual cost to the assessee of the asset shall be treated as reduced by the amount of any deductions allowed under this clause;

(f) clause (b) of the proviso to clause (vi) of this sub-section shall apply in relation to deductions allowable under this clause as it applies in relation to deductions allowable in respect of depreciation;

(g) if any question arises under clause (xii), clause (xiii) or this clause as to whether, and if so to what extent, any asset constitutes or constituted, or any asset is or was being used for, scientific research, the Central Board of Revenue shall refer the question to the prescribed authority, whose decision shall be final.

*Explanation*—In clause (xii), clause (xiii) and this clause—

(i) "scientific research" means any activities in the fields of natural or applied science for the extension of knowledge;

(ii) references to expenditure incurred on scientific research do not include any expenditure incurred in the acquisition of rights in, or arising out of, scientific research, but, save as aforesaid, include all expenditure incurred for the prosecution of or the provision of facilities for the prosecution of, scientific research;

(iii) references to scientific research related to a business include—

(a) any scientific research which may lead to or facilitate an extension of that business or, as the case may be, all businesses of that class;

(b) any scientific research of a medical nature which has a special relation to the welfare of workers employed in that business or, as the case may be, businesses of that class;

**4. Insertion of new section 15A in Act XI of 1922**—

After section 15 of the said Act, the following section shall be inserted, namely:—

"15A. *Exemption of portion of earned income*—The tax shall not be payable by an assessee in respect of such portion, if any, of the earned income included in his total income as is directed by the annual Act of the Central Legislature fixing the rate or rates of tax for any year to be deducted in making an assessment for that year, and for the purposes of determining the rates at which income-tax (but not super-tax) is payable by the assessee for that year his total income shall be deemed to be the total income reduced by the said portion."

**5. Amendment of section 16, Act XI of 1922**—In section 16 of the said Act—

(a) in sub-section (1)—

(i) to clause (a) the following shall be added, namely:—

"and any sum exempted under section 15A shall also be included except for the purpose of determining the rates at which income-tax (but not super-tax) is payable by the assessee to whom the exemption is given;

(ii) in the second proviso to clause (c), for the words "for the purposes of this clause" the words "for the purposes of this section" shall be substituted;

(b) in sub-section (3), after clause (b), the following clause shall be added, namely:—

"(c) any income arising from assets remaining the property of such individual or from rights of any kind of such individual which, by virtue of a settlement or disposition whether revocable or not, is payable otherwise than for adequate consideration to his minor child not being a married daughter, or otherwise than for adequate consideration or in connection with an agreement to live apart to his wife, or otherwise than for adequate consideration to any person or association of persons for the benefit of his wife or a minor child or both."

**6. Amendment of section 17, Act XI of 1922**—To section 17 of the said Act the following sub-section shall be added, namely:—

"(5) Where the amount of the total income of any assessee is deemed to be the total income reduced under the provisions of section 15A by an allowance for earned income, the expression 'total income' in this section shall for the purpose of determining the amount of income tax (but not super-tax) payable by the assessee, be deemed to refer to his total income so reduced."

**7. Amendment of section 34, Act XI of 1922**—In sub-section (1) of section 34 of the said Act, the words "in consequence of definite information which has come into his possession" shall be omitted.

**8. Amendment of section 38, Act XI of 1922**—Section 38 of the said Act shall be renumbered as sub-section (1) of

that section and the following sub-section shall be added, namely:—

“(2) The Income-tax Officer may visit the premises of any person liable or believed by him to be liable to assessment for the purpose of making any enquiries he considers necessary; and the Income-tax Officer may, if so authorised by the Inspecting Assistant Commissioner in writing, enter any such premises and call for and inspect any such person's accounts, and may stamp any accounts so inspected.”

**9. Amendment of section 41, Act XI 1922**—In sub-section (1) of section 41 of the said Act, to the first proviso, the following words shall be added, namely:—

“but, where such persons have no other personal income chargeable under this Act and none of such persons is an artificial juridical person, as if such income, profits or gains or such part thereof were the total income of an association of persons:”

**10. Amendment of section 51, Act XI of 1922**—In section 51 of the said Act, for clause (e), the following clause shall be substituted, namely:—

“(e) to grant inspection of any accounts or documents in accordance with the provisions of sub-section (2) of section 38 or section 39, or to allow copies to be taken of documents in accordance with the provisions of section 39;”

**11. Amendment of section 56, Act XI of 1922**—In section 56 of the said Act, after the words “Except in cases to which” the words, figures and letter “section 15A applies or to which” shall be inserted.

**12. Amendment of section 58, Act XI of 1922**—In sub-section (1) of section 58 of the said Act, after the words and figures “and sections 15” the figures and letter “15A” shall be inserted.

**13. Amendment of section 15, Act XV of 1940**—In section 15 of the Excess Profits Tax Act, 1940 (XV of 1940), the words “in consequence of definite information which has come into his possession” shall be omitted.

**14. Amendment of First Schedule to Act XV of 1940**—In the First Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), to the portion of rule 1 preceding the first proviso, the following words shall be added, namely:—

“except that the further sum referred to in clause (vi) of sub-section (2) of that section shall not be included in the allowances made:”

#### STATEMENT OF OBJECTS AND REASONS

This Bill has two main objects, viz., to give relief to the tax-payer and to strengthen the hands of the Income-tax Department in its task of assessing and collecting the revenue. The relief proposals include an exemption in respect of earned income, special initial depreciation allowances in respect of new buildings, plant and machinery and allowance of expenditure (both capital and revenue) on scientific research. The clauses are explained in the notes below.

A. J. RAISMAN

#### Notes on Clauses

**Clauses 2, 4, 5(a)(i), 6, 11 and 12**—These clauses contain the scheme for the exemption of a certain portion of “earned income”. Clause 2 defines “earned income”. It is, roughly speaking, income from personal exertion and does not include, for example, the income of companies, dividends, interest on securities and income from property. Clause 4 provides that the exemption shall apply, for the purpose of income-tax but not super-tax, to such portion of the earned income as is specified in the annual Finance Act. Clause 6 provides that the total income as reduced by the earned income allowance shall be the basis for calculating, for example, the amount of income-tax payable in cases where portion of the income is exempt by reason of being paid as life insurance premia or contributions to Provident Funds. Clauses 5(a)(i), 11 and 12 ensure that the allowance does not reduce the super-tax payable.

**Clause 3(a) and clause 14**—Clause 3(a) read with section 59 of the Act gives the Central Board of Revenue power to prescribe special initial depreciation allowances in respect of new buildings erected and new plant and machinery installed after the 31st March 1945. The allowance is not to be deducted in determining the written-down value and it is not to be given for excess profits tax purposes (clause 14).

**Clause 3(b)**—This proposes to allow expenditure on scientific research related to a business or to the class of business carried on. The first two items, viz., revenue

expenditure by the assessee on such scientific research and sums paid to research associations or institutions, will be allowed in the assessments of the profits of the year in which the expenses were incurred. The other item, viz., capital expenditure, will be allowed in five consecutive equal instalments and will be given also in respect of such expenditure incurred not more than three years before the commencement of the business. Provision is also made for allowing the difference between the residual value of an asset representing such expenditure and the amount allowed in the yearly instalments. Other provisions in connection with the allowance safeguard the revenue position, e.g., prevent double allowances or excessive allowances.

**Clause 5(a)(ii) and (b)**—In section 16(3)(a)(iii) and (iv) it is provided that in certain circumstances income from assets transferred by an individual to or for the benefit of his wife or minor child shall be included in such individual's total income. A *fortiori* where in similar circumstances the income from the assets, but not the assets themselves, is so transferred, the income should be included in the transferor's total income. A recent case, however, has shown that such a transfer is not caught either by these provisions or by section 16(1)(c). These amendments are designed to remedy this defect.

**Clauses 7 and 13**—Two recent cases have shown that the condition precedent to the application of section 34, viz., that definite information must come into the possession of the Income-tax Officer, is liable to cause considerable loss of revenue. In one case the Bombay High Court decided that an Income-tax Officer could not reopen an assessment in which he had misconstrued the law. And in another case the Patna High Court held that the Income-tax Officer could not reopen an assessment in regard to a branch of a business which he had in mind when he made the original assessment. In these and similar cases the loss to the revenue is irretrievable as the law stands, since the Department has no right of appeal against the assessment and no officer superior to the Income-tax Officer can amend it. It is proposed, therefore, to delete the condition in question. This amendment will bring the section into line with the United Kingdom law. A consequential change is proposed in the Excess Profits Tax Act.

**Clauses 8 and 10**—The Income-tax Officer is hampered, especially in these days of high taxation and black-markets, by lack of any power to visit business premises and to call for and inspect accounts. It is proposed to give him such powers and to provide a penalty for failure to comply with his requests.

**Clause 9**—Under the proviso in question tax is leviable at the maximum rate where the income is not specifically receivable on behalf of any one person or where the individual shares are indeterminate and unknown. This causes hardship in some cases, for example in cases of trusts for the maintenance of widows and children where the total income is small. The amendment proposes therefore that tax should be levied in such cases at the rate applicable to the trust income.

The following Bill\* was introduced in the Legislative Assembly on the 8th March 1945:—

L. A. BILL No. 7 OF 1945

*A Bill to provide for the creation of a fund to be expended by a Committee specially constituted for the improvement and development of the cultivation and marketing of oilseeds and of the production and marketing of oilseed products*

WHEREAS it is expedient to provide for the creation of a fund to be expended by a Committee specially constituted in this behalf for the improvement and development of the cultivation and marketing of oilseeds and of the production and marketing of oilseed products;

It is hereby enacted as follows:—

**1. Short title and extent**—(1) This Act may be called the Indian Central Oilseeds Committee Act, 1945.

(2) It extends to the whole of British India.

**2. Definitions**—In this Act, unless there is anything repugnant in the subject or context—

(a) “Collector” means, in reference to oilseeds crushed in a mill in British India, the Collector of the district in

\* The Governor-General has been pleased to give the previous sanction required by section 67 (2) of the Government of India Act, as saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order, 1936, to the introduction in the Legislative Assembly of this Bill.

which the mill is situated or any other officer appointed by the Central Government to perform the duties of a Collector under this Act;

(b) "the Committee" means the Indian Central Oilseeds Committee constituted under this Act;

(c) "Fund" means the Oilseeds Improvement Fund referred to in sub-section (2) of section 3;

(d) "mill" means any place in which oilseeds are crushed with the aid of power, which is a factory as defined in section 2 of the Factories Act, 1934 (XXV of 1934);

(e) "prescribed" means prescribed by rules made under this Act.

**3. Imposition of oilseeds cess**—(1) There shall be levied and collected, as a cess for the purposes of this Act, on all oilseeds crushed in any mill in British India, whether produced in or imported from outside British India, a duty of excise at such rate, not exceeding one anna per maund, as the Central Government may from time to time and after consulting the Committee, fix in this behalf by notification in the official Gazette.

(2) On the last day of each month, or as soon thereafter as may be convenient, the proceeds of the duty recovered during that month shall, after deduction of the expenses, if any, of collection and recovery, be paid to the Committee and the Committee shall credit the said proceeds and any other monies received by it to a fund to be called the Oilseeds Improvement Fund.

**4. Constitution of Indian Central Oilseeds Committee**—As soon as may be after the commencement of this Act, the Central Government shall cause to be constituted a Committee consisting of the following members, to receive for credit to the Fund the proceeds of the duty and to administer the Fund, namely:—

(a) the Vice-Chairman, Imperial Council of Agricultural Research;

(b) the Agricultural Commissioner with the Government of India;

(c) the Agricultural Marketing Adviser with the Government of India;

(d) three persons representing, respectively, the Department of Commerce, the Department of Industries and Civil Supplies and the Department of Food of the Central Government to be appointed by the Central Government;

(e) seven persons representing, respectively, the department concerned with the oilseed crushing industry in the Provinces of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and the Central Provinces and Berar, to be nominated by the Provincial Governments concerned;

(f) one person representing the oilseed crushing industry in the Indian States, to be appointed by the Central Government;

(g) fifteen persons representing growers of oilseeds, of whom two shall be nominated by the Government of Madras, two by that of Bombay, two by that of the United Provinces, two by that of the Central Provinces and Berar, and one each by the Governments of Bengal, the Punjab and Bihar, and four shall be appointed by the Central Government to represent growers of oilseeds in the rest of British India and the Indian States;

(h) one person representing the co-operative movement to be appointed by the Central Government;

(i) one oilseed technologist to be nominated by the Oil Technologists Association, Cawnpore;

(j) two persons representing the village oilseed crushing industry to be appointed by the Central Government after consulting Provincial Governments;

(k) two persons representing the *vanaspathi* industry to be appointed by the Central Government after consulting the appropriate commercial associations;

(l) two persons representing the power oilseed crushing industry to be appointed by the Central Government after consulting the appropriate commercial associations;

(m) two persons representing exporters of oilseed products to be appointed by the Central Government after consulting the appropriate trade associations;

(n) one person representing the Federated Chambers of Commerce to be nominated by that body;

(o) one person representing the Associated Chambers of Commerce to be nominated by that body;

(p) four persons representing trade and industry generally to be appointed by the Central Government after consulting the appropriate commercial associations;

(q) three persons representing consumers of oilseed products, of whom one shall be elected by the members of the Council of State and two by the members of the Legislative Assembly.

(r) such additional persons, not more than three in number, as the Central Government may appoint to represent interests not otherwise represented.

**5. Incorporation of the Committee**—The Committee shall be a body corporate by the name of the Indian Central Oilseeds Committee, having perpetual succession and a common seal with power to acquire and hold property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

**6. Vacancies**—(1) If within the period prescribed in this behalf, or within such further period as the Central Government may allow, any authority or body fails to make any nomination or election which it is entitled to make under section 4, the Central Government may itself appoint a member to fill the vacancy in the Committee.

(2) Where a member of the Committee dies, resigns or is removed, or ceases to reside in India, or becomes incapable of acting, the Central Government may, on the recommendation of the authority or body which was entitled to make the first nomination or election under section 4, or where such recommendation is not made within a reasonable time, then on its own initiative, appoint a person to fill the vacancy.

(3) No act done by the Committee shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Committee.

**7. President of Committee, Secretary, sub-committees and staff**—(1) The Vice-Chairman, Imperial Council of Agricultural Research, shall be the President of the Committee.

(2) The Central Government shall appoint a person to be the Secretary of the Committee and such person shall be paid by the Committee such salary and such allowances as may be fixed by the Central Government.

(3) The Committee may appoint such sub-committees and staff as may be necessary for the efficient performance of its functions under this Act.

**8. Appointment of officers**—The Central Government may, on the recommendation of the Committee, appoint an officer or officers, to discharge under the direction of the Committee such duties as may be prescribed, and such officer or officers shall be paid by the Committee such salary and allowances as may be fixed by the Central Government.

**9. Application of Fund**—(1) The Committee shall apply the Fund to meeting the expenses of the Committee and the cost of such measures as it may consider necessary or expedient to take for the improvement and development of the cultivation and marketing of oilseeds and of the production, utilisation and marketing of oilseed products.

(2) Without prejudice to the generality of the foregoing power, the Committee may utilise the Fund to defray expenditure involved in—

(a) undertaking assisting or encouraging agricultural, industrial, technological and economic research;

(b) supplying technical advice to growers and millers;

(c) encouraging the adoption of improved methods of cultivation and storage of oilseeds;

(d) producing, testing and distributing improved varieties of oilseeds or assisting such work;

(e) assisting in the control of insect and other pests and diseases of oilseeds both in the field and in storage;

(f) promoting the improvement of the marketing of oilseeds and their products including the setting up and adoption of grade standards for oilseeds and their products;

(g) collecting statistics from growers, dealers and millers on all relevant matters and promoting improvement in the forecasting of oilseed crops and the preparation of all relevant statistics relating to oilseeds and oilseed products;

(h) maintaining and assisting in the maintenance of, such institutes, farms and stations as it may consider necessary;

(i) advising and providing assistance on all matters connected with the improvement of the cultivation of oilseeds and the improvement of the industries using oilseeds or their products;

(j) adopting any other measures or performing any other duties which it may be required by the Central Government to adopt or perform or which the Committee may itself think necessary or advisable in order to carry out the purposes of this Act.

**10. Delivery of monthly returns**—(1) The owner of every mill shall furnish to the Collector, on or before the 7th day

of each month, a return stating the total amount of oilseeds consumed in the mill during the preceding month, together with such further information in regard thereto as may be prescribed :

Provided that no return shall be required in regard to oilseeds consumed before the commencement of this Act.

(2) Every such return shall be made in such form and shall be verified in such manner as may be prescribed.

**11. Collection of cess by Collector**—(1) On receiving any return made under section 10, the Collector shall assess the amount of the duty payable under section 3 in respect of the period to which the return relates, and if the amount has not already been paid, shall cause a notice to be served upon the owner of the mill requiring him to make payment of the amount assessed within thirty days of the service of the notice.

(2) If the owner of any mill fails to furnish in due time the return referred to in sub-section (1) of section 10 or furnishes a return which the Collector has reason to believe is incorrect or defective, the Collector shall assess the amount, if any, payable by him in such manner as may be prescribed, and the provisions of sub-section (1) shall thereupon apply as if such assessment had been made on the basis of a return furnished by the owner :

Provided that, in the case of a return which he has reason to believe is incorrect or defective, the Collector shall not assess the duty at an amount higher than that at which it is assessable on the basis of the return without giving to the owner a reasonable opportunity of proving the correctness and completeness of the return.

(3) A notice under sub-section (1) may be served on the owner of a mill either by post or by delivering it or tendering it to the owner or his agent at the mill.

**12. Finality of assessment and recovery of unpaid duty**—

(1) An assessment made in accordance with the provisions of section 11 shall not be questioned in any Court.

(2) Any owner of a mill who is aggrieved by an assessment made under section 11 may, within three months of service of the notice referred to in sub-section (1) of that section, apply to the Central Government for the cancellation or modification of the assessment and, on such application, the Central Government may cancel or modify the assessment and order the refund to such owner of the whole or part, as the case may be, of any amount paid thereunder.

(3) Any sum recoverable under section 11 may be recovered as an arrear of land revenue.

**13. Power to inspect mills and take copies of records and accounts**—(1) The Collector or any officer empowered by general or special order of the Central Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill.

(2) The Collector or any such officer may at any time, with or without notice to the owner, examine the working records, sale records and accounts of any mill and take copies of or extracts from all or any of the said records or accounts for the purpose of testing the accuracy of any return or of informing himself as to the particulars regarding which information is required for the purposes of this Act or any rules made thereunder.

(3) Where any officer other than the Collector proposes to examine under sub-section (2) any record or account containing the description or formulae of any trade process, the owner of the mill may give to the said officer, for transmission to the Collector, a written notice of objection and the officer shall thereupon seal up the record or account pending the orders of the Collector.

**14. Information acquired to be confidential**—(1) All such copies and extracts and all information acquired by a Collector or any other officer from an inspection of any mill or warehouse or from any return submitted under this Act shall be treated as confidential.

(2) If the Collector or any such officer discloses to any person other than a superior officer any such information as aforesaid without the previous sanction of the Central Government, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine :

Provided that nothing in this section shall apply to the disclosure of any such information for the purposes of a prosecution in respect of the making of a false return under this Act.

**15. Keeping and auditing of accounts**—(1) The Committee shall publish an annual report and shall keep accounts of all duty and other monies received by it under this Act and of the manner in which the Fund is expended

and shall also publish a summary of the accounts along with the annual report.

(2) Such accounts shall be examined and audited annually in the prescribed manner, and the auditors shall have power to disallow any item which has been, in their opinion, expended otherwise than in pursuance of the purposes of this Act.

(3) If any item is disallowed, an appeal shall lie to the Central Government whose decision shall be final.

**16. Dissolution of Committee**—The Central Government may, by notification in the official Gazette, declare that, with effect from such date as may be specified in the notification, the Committee shall be dissolved, and on the making of such declaration all funds and other property vested in the Committee shall vest in His Majesty for the purposes of the Central Government and this Act shall be deemed to have been repealed.

**17. Power of the Central Government to make rules**—

(1) The Central Government may make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(a) for prescribing the time within which nominations or elections shall be made under section 4 whether in the first instance or on the occurrence of vacancies ;

(b) for prescribing the term of office of the members of the Committee ;

(c) for prescribing the circumstances in which and the authority by which any member may be removed ;

(d) for prescribing the quorum of the Committee ;

(e) for the holding of a minimum number of meetings of the Committee during any year ;

(f) for the maintenance by the Committee of a record of all business transacted and the submission of copies of such records to the Central Government ;

(g) for the definition of the powers of the Committee to enter into contracts which shall be binding on the Committee, and the manner in which such contracts shall be executed ;

(h) for the regulation of the travelling allowances of members of the Committee and of their remuneration, if any ;

(i) for the definition of the powers of the Committee, in respect of the appointment, promotion and dismissal of officers and servants of the Committee, and in respect of the creation and abolition of appointments of such officers or servants ;

(j) for the regulation of the grant of pay and leave to officers and servants of the Committee, and the payment of leave allowances to such officers and servants, and the remuneration to be paid to any person appointed to act for any officer or servant to whom leave is granted ;

(k) for the regulation of the payment of pensions, gratuities, compassionate allowances and travelling allowances to officers and servants of the Committee ;

(l) for prescribing the establishment and maintenance of a provident fund for the officers and servants of the Committee, and for the deduction of subscriptions to such provident fund from the pay and allowances of such officers and servants, other than Government servants whose services have been lent or transferred to the Committee ;

(m) for prescribing the preparation of budget estimates of the annual receipts and expenditure of the Fund and of supplementary estimates of expenditure not included in the budget estimates, and the manner in which such estimates shall be sanctioned and published ;

(n) for defining the powers of the Committee, the Standing Finance Sub-committee, if any, and the President, respectively, in regard to the expenditure from the Fund whether provision has or has not been made in the budget estimates or by reappropriation for such expenditure, and in regard to the reappropriation of estimated savings in the budget estimates of expenditure ;

(o) for prescribing the maintenance of accounts of the receipts and expenditure of the Fund and providing for the audit of such accounts ;

(p) for prescribing the manner in which payments are to be made by or on behalf of the Committee, and the officers by whom orders for making deposits or investments or for withdrawals or disposal of the funds of the Committee shall be signed ;

(q) for determining the custody in which the current account of the Fund shall be kept and the bank or banks at which surplus monies at the credit of the Fund may be deposited at interest, and the conditions on which such monies may be otherwise invested ;

which the mill is situated or any other officer appointed by the Central Government to perform the duties of a Collector under this Act;

(b) "the Committee" means the Indian Central Oilseeds Committee constituted under this Act;

(c) "Fund" means the Oilseeds Improvement Fund referred to in sub-section (2) of section 3;

(d) "mill" means any place in which oilseeds are crushed with the aid of power, which is a factory as defined in section 2 of the Factories Act, 1934 (XXV of 1934);

(e) "prescribed" means prescribed by rules made under this Act.

**3. Imposition of oilseeds cess—**(1) There shall be levied and collected, as a cess for the purposes of this Act, on all oilseeds crushed in any mill in British India, whether produced in or imported from outside British India, a duty of excise at such rate, not exceeding one anna per maund, as the Central Government may from time to time and after consulting the Committee, fix in this behalf by notification in the official Gazette.

(2) On the last day of each month, or as soon thereafter as may be convenient, the proceeds of the duty recovered during that month shall, after deduction of the expenses, if any, of collection and recovery, be paid to the Committee and the Committee shall credit the said proceeds and any other monies received by it to a fund to be called the Oilseeds Improvement Fund.

**4. Constitution of Indian Central Oilseeds Committee—**As soon as may be after the commencement of this Act, the Central Government shall cause to be constituted a Committee consisting of the following members, to receive for credit to the Fund the proceeds of the duty and to administer the Fund, namely:—

(a) the Vice-Chairman, Imperial Council of Agricultural Research;

(b) the Agricultural Commissioner with the Government of India;

(c) the Agricultural Marketing Adviser with the Government of India;

(d) three persons representing, respectively, the Department of Commerce, the Department of Industries and Civil Supplies and the Department of Food of the Central Government to be appointed by the Central Government;

(e) seven persons representing, respectively, the department concerned with the oilseed crushing industry in the Provinces of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and the Central Provinces and Berar, to be nominated by the Provincial Governments concerned;

(f) one person representing the oilseed crushing industry in the Indian States, to be appointed by the Central Government;

(g) fifteen persons representing growers of oilseeds, of whom two shall be nominated by the Government of Madras, two by that of Bombay, two by that of the United Provinces, two by that of the Central Provinces and Berar, and one each by the Governments of Bengal, the Punjab and Bihar, and four shall be appointed by the Central Government to represent growers of oilseeds in the rest of British India and the Indian States;

(h) one person representing the co-operative movement to be appointed by the Central Government;

(i) one oilseed technologist to be nominated by the Oil Technologists Association, Cawnpore;

(j) two persons representing the village oilseed crushing industry to be appointed by the Central Government after consulting Provincial Governments;

(k) two persons representing the *vanaspati* industry to be appointed by the Central Government after consulting the appropriate commercial associations;

(l) two persons representing the power oilseed crushing industry to be appointed by the Central Government after consulting the appropriate commercial associations;

(m) two persons representing exporters of oilseed products to be appointed by the Central Government after consulting the appropriate trade associations;

(n) one person representing the Federated Chambers of Commerce to be nominated by that body;

(o) one person representing the Associated Chambers of Commerce to be nominated by that body;

(p) four persons representing trade and industry generally to be appointed by the Central Government after consulting the appropriate commercial associations;

(q) three persons representing consumers of oilseed products, of whom one shall be elected by the members of the Council of State and two by the members of the Legislative Assembly.

(r) such additional persons, not more than three in number, as the Central Government may appoint to represent interests not otherwise represented.

**5. Incorporation of the Committee—**The Committee shall be a body incorporated by the name of the Indian Central Oilseeds Committee, having perpetual succession and a common seal with power to acquire and hold property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

**6. Vacancies—**(1) If within the period prescribed in this behalf, or within such further period as the Central Government may allow, any authority or body fails to make a nomination or election which it is entitled to make under section 4, the Central Government may itself appoint a member to fill the vacancy in the Committee.

(2) Where a member of the Committee dies, resigns or is removed, or ceases to reside in India, or becomes incapable of acting, the Central Government may, on the recommendation of the authority or body which was recommended of the authority or body which was entitled to make the first nomination or election under section 4, or where such recommendation is not made within a reasonable time, then on its own initiative, appoint a person to fill the vacancy.

(3) No act done by the Committee shall be questioned on the ground merely of the existence of a vacancy in, or any defect in the constitution of, the Committee.

**7. President of Committee, Secretary, sub-committees and staff—**(1) The Vice-Chairman, Imperial Council of Agricultural Research, shall be the President of the Committee.

(2) The Central Government shall appoint a person to be the Secretary of the Committee and such person shall be paid by the Committee such salary and such allowances as may be fixed by the Central Government.

(3) The Committee may appoint such sub-committees and staff as may be necessary for the efficient performance of its functions under this Act.

**8. Appointment of officers—**The Central Government may, on the recommendation of the Committee, appoint an officer or officers, to discharge under the direction of the Committee such duties as may be prescribed, and such officer or officers shall be paid by the Committee such salary and allowances as may be fixed by the Central Government.

**9. Application of Fund—**(1) The Committee shall apply the Fund to meeting the expenses of the Committee and the cost of such measures as it may consider necessary or expedient to take for the improvement and development of the cultivation and marketing of oilseeds and of the production, utilisation and marketing of oilseed products.

(2) Without prejudice to the generality of the foregoing power, the Committee may utilise the Fund to defray expenditure involved in—

(a) undertaking assisting or encouraging agricultural, industrial, technological and economic research;

(b) supplying technical advice to growers and millers;

(c) encouraging the adoption of improved methods of cultivation and storage of oilseeds;

(d) producing, testing and distributing improved varieties of oilseeds or assisting such work;

(e) assisting in the control of insect and other pests and diseases of oilseeds both in the field and in storage;

(f) promoting the improvement of the marketing of oilseeds and their products including the setting up and adoption of grade standards for oilseeds and their products;

(g) collecting statistics from growers, dealers and millers on all relevant matters and promoting improvement in the forecasting of oilseed crops and the preparation of all relevant statistics relating to oilseeds and oilseed products;

(h) maintaining, and assisting in the maintenance of, such institutes, farms and stations as it may consider necessary;

(i) advising and providing assistance on all matters connected with the improvement of the cultivation of oilseeds and the improvement of the industries using oilseeds or their products;

(j) adopting any other measures or performing any other duties which it may be required by the Central Government to adopt or perform or which the Committee may itself think necessary or advisable in order to carry out the purposes of this Act.

**10. Delivery of monthly returns—**(1) The owner of every mill shall furnish to the Collector, on or before the 7th day



of each month, a return stating the total amount of oilseeds consumed in the mill during the preceding month, together with such further information in regard thereto as may be prescribed :

Provided that no return shall be required in regard to oilseeds consumed before the commencement of this Act.

(2) Every such return shall be made in such form and shall be verified in such manner as may be prescribed.

**11. Collection of cess by Collector**—(1) On receiving any return made under section 10, the Collector shall assess the amount of the duty payable under section 3 in respect of the period to which the return relates, and if the amount has not already been paid, shall cause a notice to be served upon the owner of the mill requiring him to make payment of the amount assessed within thirty days of the service of the notice.

(2) If the owner of any mill fails to furnish in due time the return referred to in sub-section (1) of section 10 or furnishes a return which the Collector has reason to believe is incorrect or defective, the Collector shall assess the amount, if any, payable by him in such manner as may be prescribed, and the provisions of sub-section (1) shall thereupon apply as if such assessment had been made on the basis of a return furnished by the owner :

Provided that, in the case of a return which he has reason to believe is incorrect or defective, the Collector shall not assess the duty at an amount higher than that at which it is assessable on the basis of the return without giving to the owner a reasonable opportunity of proving the correctness and completeness of the return.

(3) A notice under sub-section (1) may be served on the owner of a mill either by post or by delivering it or tendering it to the owner or his agent at the mill.

**12. Finality of assessment and recovery of unpaid duty**—(1) An assessment made in accordance with the provisions of section 11 shall not be questioned in any Court.

(2) Any owner of a mill who is aggrieved by an assessment made under section 11 may, within three months of service of the notice referred to in sub-section (1) of that section, apply to the Central Government for the cancellation or modification of the assessment and, on such application, the Central Government may cancel or modify the assessment and order the refund to such owner of the whole or part, as the case may be, of any amount paid thereunder.

(3) Any sum recoverable under section 11 may be recovered as an arrear of land revenue.

**13. Power to inspect mills and take copies of records and accounts**—(1) The Collector or any officer empowered by general or special order of the Central Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill.

(2) The Collector or any such officer may at any time, with or without notice to the owner, examine the working records, sale records and accounts of any mill and take copies of or extracts from all or any of the said records or accounts for the purpose of testing the accuracy of any return or of informing himself as to the particulars regarding which information is required for the purposes of this Act or any rules made thereunder.

(3) Where any officer other than the Collector proposes to examine under sub-section (2) any record or account containing the description or formulae of any trade process, the owner of the mill may give to the said officer, for transmission to the Collector, a written notice of objection and the officer shall thereupon seal up the record or account pending the orders of the Collector.

**14. Information acquired to be confidential**—(1) All such copies and extracts and all information acquired by a Collector or any other officer from an inspection of any mill or warehouse or from any return submitted under this Act shall be treated as confidential.

(2) If the Collector or any such officer discloses to any person other than a superior officer any such information as aforesaid without the previous sanction of the Central Government, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine :

Provided that nothing in this section shall apply to the disclosure of any such information for the purposes of a prosecution in respect of the making of a false return under this Act.

**15. Keeping and auditing of accounts**—(1) The Committee shall publish an annual report and shall keep accounts of all duty and other monies received by it under this Act and of the manner in which the Fund is expended

and shall also publish a summary of the accounts along with the annual report.

(2) Such accounts shall be examined and audited annually in the prescribed manner, and the auditors shall have power to disallow any item which has been, in their opinion, expended otherwise than in pursuance of the purposes of this Act.

(3) If any item is disallowed, an appeal shall lie to the Central Government whose decision shall be final.

**16. Dissolution of Committee**—The Central Government may, by notification in the official Gazette, declare that, with effect from such date as may be specified in the notification, the Committee shall be dissolved, and on the making of such declaration all funds and other property vested in the Committee shall vest in His Majesty for the purposes of the Central Government and this Act shall be deemed to have been repealed.

**17. Power of the Central Government to make rules**—(1) The Central Government may make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(a) for prescribing the time within which nominations or elections shall be made under section 4 whether in the first instance or on the occurrence of vacancies ;

(b) for prescribing the term of office of the members of the Committee ;

(c) for prescribing the circumstances in which and the authority by which any member may be removed ;

(d) for prescribing the quorum of the Committee ;

(e) for the holding of a minimum number of meetings of the Committee during any year ;

(f) for the maintenance by the Committee of a record of all business transacted and the submission of copies of such records to the Central Government ;

(g) for the definition of the powers of the Committee to enter into contracts which shall be binding on the Committee, and the manner in which such contracts shall be executed ;

(h) for the regulation of the travelling allowances of members of the Committee and of their remuneration, if any ;

(i) for the definition of the powers of the Committee, in respect of the appointment, promotion and dismissal of officers and servants of the Committee, and in respect of the creation and abolition of appointments of such officers or servants ;

(j) for the regulation of the grant of pay and leave to officers and servants of the Committee, and the payment of leave allowances to such officers and servants, and the remuneration to be paid to any person appointed to act for any officer or servant to whom leave is granted ;

(k) for the regulation of the payment of pensions, gratuities, compassionate allowances and travelling allowances to officers and servants of the Committee ;

(l) for prescribing the establishment and maintenance of a provident fund for the officers and servants of the Committee, and for the deduction of subscriptions to such provident fund from the pay and allowances of such officers and servants, other than Government servants whose services have been lent or transferred to the Committee ;

(m) for prescribing the preparation of budget estimates of the annual receipts and expenditure of the Fund and of supplementary estimates of expenditure not included in the budget estimates, and the manner in which such estimates shall be sanctioned and published ;

(n) for defining the powers of the Committee, the Standing Finance Sub-committee, if any, and the President, respectively, in regard to the expenditure from the Fund whether provision has or has not been made in the budget estimates or by reappropriation for such expenditure, and in regard to the reappropriation of estimated savings in the budget estimates of expenditure ;

(o) for prescribing the maintenance of accounts of the receipt and expenditure of the Fund and providing for the audit of such accounts ;

(p) for prescribing the manner in which payments are to be made by or on behalf of the Committee, and the officers by whom orders for making deposits or investments or for withdrawals or disposal of the funds of the Committee shall be signed ;

(q) for determining the custody in which the current account of the Fund shall be kept and the bank or banks at which surplus monies at the credit of the Fund may be deposited at interest, and the conditions on which such monies may be otherwise invested ;

(r) for prescribing the preparation of a statement showing the sums allotted to Departments of Agriculture and Industries or institutions not under the direct control of the Committee for expenditure on research, the actual expenditure incurred, the outstanding liabilities, if any, and the disposal of unexpended balances at the end of the year;

(s) for prescribing the duties of the officers appointed under section 8, and the powers and duties of the Secretary of the Committee;

(t) any other matter which is to be or may be prescribed.

**18. Power of the Committee to make regulations**—The Committee may, with the previous sanction of the Central Government, make regulations consistent with this Act and with any rules made under section 17 to provide for all or any of the following matters, namely:—

(a) the appointment of a Standing Finance Sub-committee or other Sub-committee and the delegation thereto of any powers exercisable under this Act by the Committee;

(b) the method of appointment, removal and replacement and the term of office of members of the Sub-committees, and for the filling of vacancies therein;

(c) the dates, times and places for meetings of the Committee and the Sub-committees and the procedure to be observed at such meetings;

(d) the circumstances in which security may be demanded from officers and servants of the Committee, and the amount and nature of such security in each case;

(e) the times at which, and the circumstances in which, payments may be made out of the provident fund and the conditions on which such payments shall relieve the fund from further liability;

(f) the contribution, if any, payable from the funds of the Committee to the provident fund;

(g) generally all matters incidental to the provident fund and the investment thereof.

**19. Publication of rules and regulations**—All rules made under section 17 and all regulations made under section 18 shall be published in the *Gazette of India*.

#### STATEMENT OF OBJECTS AND REASONS

India is one of the world's principal producers of oilseeds. In view of the importance of oilseeds in the national economy it is considered necessary to put oilseed research, development and technology on a more permanent basis than it is at present. Accordingly it is proposed to set up an Indian Central Oilseeds Committee on the lines of other similar commodity committees such as the Indian Central Cotton Committee, the Indian Lac Cess Committee. The Committee which will have on it representatives of all the important interests concerned, will devote exclusive attention to all problems connected with the improvement and development of the cultivation and marketing of oilseeds, the production and marketing of their products and all matters incidental thereto. Since it is desirable that the Committee should have an independent source of income, it is proposed that as in the case of other similar Committees, funds should be provided by the levy of an excise duty at the rate of one anna per maund of oilseeds crushed in power-operated mills in British India.

NEW DELHI

The 24th February 1945

JOHN D. TYSON

The following Bill was introduced in the Legislative Assembly on the 8th March 1945:—

L. A. BILL No. 8 OF 1945

*A Bill to further to amend the Mines Maternity Benefit Act, 1941*

WHEREAS it is expedient further to amend the Mines Maternity Benefit Act, 1941 (XIX of 1941), for the purposes hereinafter appearing;

It is hereby enacted as follows:—

**1. Short title**—This Act may be called the Mines Maternity Benefit (Amendment) Act, 1945.

**2. Amendment of section 2, Act XIX of 1941**—In section 2 of the Mines Maternity Benefit Act, 1941 (hereinafter referred to as the said Act), after clause (e) the following clause shall be added, namely:—

“(f) a woman shall be deemed to work underground in a mine, if, within the six months preceding the date on which any question arises whether she does or does not so work, she has worked below ground on ninety days in all.”

**3. Amendment of section 3, Act XIX of 1941**—Section 3 of the said Act shall be renumbered as sub-section (1) of that section and to the section as so renumbered the following sub-section shall be added, namely:—

“(2) No owner or manager of a mine shall employ any woman below ground in the mine while she is pregnant, if he has reason to believe, or if the woman has informed him that she is likely to be delivered of a child within ten weeks.”

**4. Amendment of section 4, Act XIX of 1941**—In section 4 of the said Act—

(a) in the proviso to sub-section (1), after the words “Provided that” the words “except in the case of a woman employed below ground in the mine” shall be inserted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) If any woman employed below ground in a mine who is pregnant gives notice either orally or in writing to the manager of the mine that she expects to be delivered of a child within ten weeks from the date of such notice, the manager shall permit her if she so desires to absent herself from work up to the day of her delivery and such leave shall be treated as a period of authorised absence on leave.”

**5. Amendment of section 5, Act XIX of 1941**—Section 5 of the said Act shall be renumbered as sub-section (1) of that section and in the section as so renumbered, after the proviso but before the *Explanation*, the following sub-section shall be inserted, namely:—

“(2) Every woman working underground in a mine who has been continuously employed in that mine or in mines belonging to the owner of that mine for a period of not less than six months preceding the date of her delivery shall, if she complies with the other conditions imposed by this Act and is certified, where the manager has so required, by a qualified medical practitioner or midwife as being likely to be delivered of a child within ten weeks, be entitled to receive, and the owner of the mine shall be liable to make to her, in accordance with the provision of this Act, a payment at the rate of eight annas a day for every day during the ten weeks immediately preceding and including the day of her delivery and for each day of the four weeks following her delivery.”

**6. Amendment of section 7, Act XIX of 1941**—In section 7 of the said Act, after the word brackets and figure “sub-section (1)” the words, brackets, figure and letter “or sub-section (1A), as the case may be,” shall be inserted.

**7. Amendment of section 8, Act XIX of 1941**—In section 8 of the said Act,—

(a) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) Where a woman entitled to maternity benefit has given the notice referred to in sub-section (1A) of section 4, the manager shall within three days pay to her maternity benefit for ten weeks in advance, unless, within the said three days as a result of examination of the woman by a qualified medical practitioner or midwife of which the manager shall bear the cost, he obtains a certificate that she is not pregnant or not likely to be delivered of a child within ten weeks or the woman refuses to submit to such examination.”;

(b) in clause (a) of sub-section (2), after the word, brackets and figure “sub-section (1)” the words, brackets, figure and letter “or sub-section (1A)” shall be inserted.

**8. Amendment of section 9, Act XIX of 1941**—In sub-sections (1) and (2) of section 9 of the said Act, after the word, brackets and figure “sub-section (1)” the words, brackets, figure and letter “or sub-section (1A)” shall be inserted.

**9. Amendment of section 10, Act XIX of 1941**—In sub-section (1) of section 10 of the said Act, before the word and figure “section 3” the words, brackets and figure “sub-section (1) of” shall be inserted.

**10. Amendment of section 11, Act XIX of 1941**—In section 11 of the said Act—

(a) in sub-section (1), after the words “Chief Inspector or any Inspector” the words “or any other officer authorised in this behalf by the Central Government” shall be added;

(b) in sub-section (2), after the words “the Chief Inspector or Inspector” the words “or other officer” shall be inserted.

**11. Amendment of section 12, Act XIX of 1941**—In section 12 of the said Act, for the word and figure “section 3” the words, brackets and figures “sub-section (1) of section 3” shall be substituted.

**12. Amendment of section 14, Act XIX of 1941**—In section 14 of the said Act—

(a) in sub-section (1), after the words "Chief Inspector" the words "or of an officer authorised in this behalf by the Central Government" shall be added;

(b) in the proviso to sub-section (3), the words "of the Chief Inspector" shall be omitted.

**13. Amendment of section 15, Act XIX of 1941**—In sub-section (2) of section 15 of the said Act—

(a) in clause (c), after the word and figure "section 4" the words, brackets and figures "and under sub-section (2) of section 5" shall be inserted;

(b) in clause (f), after the words "the Chief Inspector and Inspectors" the following shall be inserted, namely:—

"and the officers authorised by the Central Government referred to in section 11 and sub-section (1) of section 14,"

#### STATEMENT OF OBJECTS AND REASONS

The Bill is intended to prohibit the employment of women below ground in mines when in an advanced stage of pregnancy and to grant maternity benefit to those women workers who are so prohibited.

In 1943 a great shortage of labour for employment in coal mines became noticeable, and coal raisings were seriously affected to the serious detriment of the war effort of the country. It therefore became necessary temporarily to remove the ban on the employment of women below ground in coal mines in the major coal areas. The measure is of a purely emergent and temporary nature and the ban will be reimposed as soon as conditions permit. Employers are already prohibited from employing in mines women for 4 weeks after delivery and women are entitled to benefit for 4 weeks before and after delivery. The removal of the ban on the employment of women below ground makes it

necessary to extend the period of prohibition in the case of women working underground and to arrange for payment of benefit over a longer period. The Bill therefore proposes to prohibit the employment of women below ground for a period of 10 weeks before confinement as an addition to the present prohibition of employment for four weeks after confinement and to make the woman eligible for benefit for a period of ten weeks before expected date of confinement. It is also considered necessary to have

powers to vest any specified official with the powers at present exercised by the Chief Inspector of Mines and the Inspectors of mines only under the Mines Maternity Benefit Act, 1941. The Bill is intended to provide for this also.  
NEW DELHI  
*The 28th February 1945*

B. R. AMBEDKAR

MD. RAFI  
*Secy. to the Govt. of India*