

VOL 36 NO. 13

COLOMBO

15th August 1957

WAYS AND WHEREFORES OF TAXES

Now, he's just a common man Tax him, tax him, all you can. Tax his house and tax his bed; Tax the bald spot on his head, Tax his bread and tax his meat; Tax the shoes clear off his feet; Tax his auto, tax his gas; Tax the road that he must pass; Tax the water, tax the air; Tax the sunlight, if you dare.

Yes, some poet surely felt bad about taxes!

Why do we have to pay taxes? According to the Encyclopedia Americana a tax is a "compulsory contribution from a person to a government to defray expense incurred in the common interest without any reference to

special benefits received." Additionally, modern tax experts hold that "taxes may be imposed wholly apart from revenue-producing qualities to achieve desired effects on particular occasions," and 'on the higher level of operation as instruments of human welfare."

The number of different taxes imposed or collected has been computed as well above a couple of hundreds. These are being collected by hundreds of "tax authorities." In the main taxes fall into the following seven categories with varying features as noted.

I. The Income Tax. In some places this is imposed twice by the Central & City governments, termed a 'progressive' tax because its rate increases with the increase in the

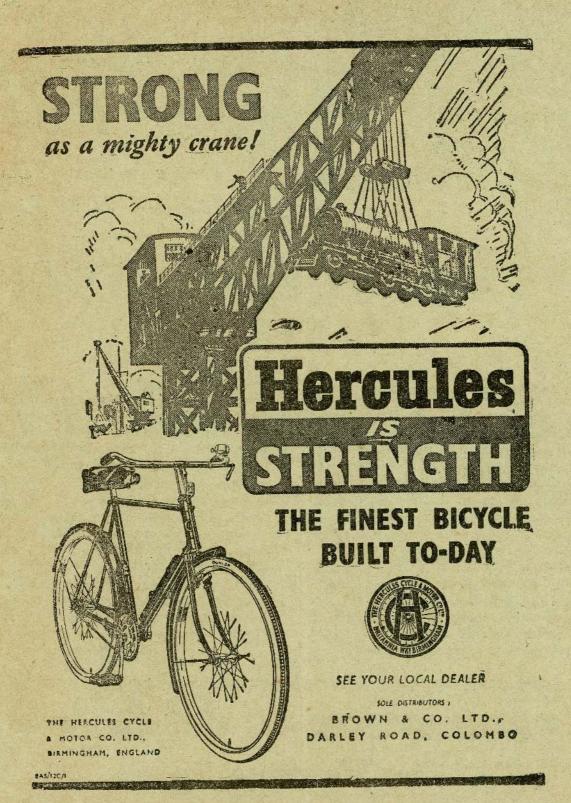
(Continued on page 21)

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Vol. 36 No. 13

COLOMBO

AUGUST 15th 1957

Abuses in Connection with the Bulking of Teas

The following is the memorandum a young Ceyonese, who recently took to the Tea Trade, and who has made good with his new enterprise, has forwarded to the Minister for Agriculture and Food. Being an educated man and an ex-journalist with friends in the Tea Industry, he has been successful in discovering how Indian tea traders carry on. The information gathered by him has been passed on to the Tea Controller since the traders referred to are up to nefarious practices and there by responsible for "rubbishy tea" being exported and Ceylon getting a bad name. The Tea Controller as well as the Minister for Agriculture, have acknowledged the memorandum and, it is belived, have acted upon it in the preparation of the new Tea Bill which will be presented to Parliament shortly.

ISSUE OF LICENCES TO INDIANS TO DEAL IN TEA

N the interests of Ceylonese engaged in the Tea Trade, I address this communication to you as a large number of Indians, who are now engaged in this business, are indulging in certain abuses which help them to make enormous profits and which they transfer to India under various devices without paying Income Tax on such profits. Some of the traders have obtained licences from the Tea Controller to deal in made Tea while others have not. All the same, they carry on a very lucrative trade.

It can be said, without fear of contradiction, that the Indian trader makes a 50% profit.

The majority of these do not maintain proper accounts of the purchases they make. Only



LAGER ALE STOUT

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of such teas as they buy at the Chamber of Commerce are kept by them. Neither are accounts of teas purchased surreptitiously from estates and refuse tea obtained from bought-leaf factories maintained.

ABUSES CONNECTED WITH THE BULKING OF TEAS

In the process of bulking refuse teas and stolen teas are used with tea purchased at the Chamber. If the quality and purity of Ceylon Tea is to be ensured dealers who bulk tea must be compelled to give notice to the Tea Controller of their intention to bulk teas to enable the Department to supervise such bulking. Packing of teas in gunny bags should be prohibited as all refuse teas and stolen teas are packed in gunny bags for the purpose of transporting the same to Colombo in lorries with bags of paddy and country rice so as to evade detection. Trafficking in stolen and refuse teas could be reduced to the minimum if a rule is made that all teas should be packed in chests with the date of packing, and the name of the Estate or the name of the Factory indicated on the chest.

If the chests contain bulked teas they should be stamped as such by a duly appointed officer of the Department under whose supervision the process of bulking should take place. This will put an end to refuse teas and stolen teas being bulked with purchased teas and passed on to tea buying firms at a big margin of profit.

STAFF FOR SUPERVISING WORK This work will necessitate the employment of additional hands by the Department. Distinctivly different Lalvani Bros. MAIN ST. COLOMBO ****

At least a 100 graduates should be recruited from among the educated unemployed to be trained at the Tea Research Institute so that they may acquire a knowledge in tea tasting, and how to distinguish between high-grown, medium grown and low grown teas and between original teas and bulked teas. Presently the Department is not having qualified personnel to effectively check the abuses prevalent in the Tea Trade hence these traders have recourse to nefarious practices and even introduce inedible matter to increase quantity. The recruitment of additional staff will entail additional expenditure. This can be easily met by increasing the cess by a fraction of a cent, for Estate Proprietors stand to benefit by it with the stoppage of the market for stolen teas.

LICENCES ISSUED TO INDIAN T.R.P. HOLDERS MUST BE WITHDRAWN.

In allowing Indian T. R. P. holders to deal in Tea, it affords them an opportunity to smuggle money out of Ceylon and therefore all



licences issued to them should be withdrawn. This will be an inducement for many educated Ceylonese, who are now swelling the ranks of the unemployed, to take to the Tea Trade.

The Indians who have acquired Citizenship rights have done so by donating large sums of money to the Political Funds and bribery Most of them have no interest at all in the affairs of this country. Their whole hobby is to make money and send it over to India by various devices. All such Indian traders should de compelled to take in as partners Ceylonese. Merely to ask them to engage Ceylonese as partners and employees will give them an opportunity to take in Ceylon Muslims and Ceylon Indian Tamils, as some have already done. The Indian T R. P. merchants of Indian origin who have obtained Ceylon Citizenship rights would always prefer to engage such persons as partners or employees in place of Sinhalese. Hence a condition must be imposed if licences are to be issued to them for 1958.

The majority of these Indian Traders have already transferred their capital to India under various subterfuges and they now trade on their wits. Most of the stolen teas from Upcountry Estates and refuse teas from other parts of the Island are brought over to Colombo where they are bulked with small quantities of good teas purchased at the public sale and converted into capital to carry on business. INDIAN T. R. P. 's AND TEA THEFTS.

There is a band of Indian T. R. P. Muslims in Peradeniya, Gampola. Nawalapitiya, Hatton and Nuwara Eliya who have direct connections with Colombon Idian Tea Traders and who operate in those areas in collecting stolen and refuse teas from estates. The profits made from the sale of stolen teas and refuse teas are enormous which are never shown in their books. A pound of stolen tea or refuse teas does not cost them more than -/25 cents These teas are bulked with good teas which they buy at Colombo auction and shipped to the Middle East or Persian Gulf ports or sold to European Shippers An idea of the profits made by these Indian Tea Traders can be gauged from the following data. That is why I have suggested that the process of bulking of all teas by licensed ten dealers should be carried out under the direct and strict supervision of the Department of Tea Control Such a course of action besides putting a stop to trafficking in stolen and impure teas will open out an avenue for a large number of Ceylonese to be employed by

the Department of Tea Control as checkers and supervisors

If the European Shippers are asked to furnish figures of bulked teas purchased by them during he last five years from Indian Traders in the Pettah, these will give one an idea of the magnitude of the business done in stolen and refuse teas by Indian Traders.

In the interest of the Tea Industry and also the economy of this country, it is absolutely necessary that the issue of licences to Indian Traders should be withdrawn. Where an Indian Trader with Ceylon Citizenship rights is concerned he should be compelled by legislation to employ 50% genuine Ceylonese in his establishment both as Executives

and minor employees

I would therefore earnestly appeal to you to request the Tea Controller to probe into all the existing ills in the Tea Trade and take such steps to tighten up the provisions of the Tea Thefts Prevention Act No. 45 of 1953 to eliminate this class of Indians from the Tea Trade in order to provide work for the ever increasing number of unemployed in this country. You will, perhaps be surprised to learn that 98 per cent of the Tea Exporters are non Ceylonese and that accounts for acute unemployment among the Ceylonese.

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THE CEYLON MANURE WORKS COLOMBO.

J. E. REZEL

Morning paper gave us the news that Mr.Dudley Senanayake, the acting President of the United National Party, will preside at a public meeting, on Sunday next, at the Municipal Grounds Victoria Park, at which the dominant character would be

A PERSON ON AN ELEPHANT REPRESENT-ING KING DUTUGEMUNU, WITH A RETI-NUE OF 10 YODAYOS (GIANTS.)

This is a mockery of history. We were further informed that Mr. Dudley Senana yake will lead the UNP procession which will start from Abeysinghe Aramaya, Panchikawatte, and proceed to the venue of the meeting.

The next column of the newsparagraph adds that 'processions from 12 Municipal Wards will converge on A be y singhe Aramaya and form one big procession with representatives from 23 UNP Youth Leagues in Colombo and adjoining elec torates. The



Mr. Dudley Senanayake

spleadour of the procession will, however, be shorn of Mayoral pomp as the UNP Mayor and a few UNP Ms. M.C., are still in Russia, in the full enjoyment of Communist hospitality.

It is a pertinent and, even, homourus question to ask whether this modern version of Kind Dutugemunn, reinforced with 10 Communist - rice - fed giants, processionists from 18 Municipal Wards, minus, of course their Mayor, who, perhaps, is dreaming happy dreams in Russia, and representatives from 23 UNP Youth Leagues are being taken to the Municipal Groun is, at Victoria Park, in the silly hope of encountering an Ellara of

the Federal Party? As a masterpiece of historical mockery, this demonstration of the United National Party has no parallel in the recorded history of the world.

An appropriate symbol for this inappropriate demonstration would be the portrait of "THE FATHER OF THE NATION", with clenchad fists, so copiously distributed during the last general elections,

How pathetic it is to recede to history for a symbo!. Is the UNP so bankrapt for an animate symbol? Is it so damnably hard up that, driven by despair, it has to

BRING IN DUTUGEMUNU?

At a time when conciliatory speeches will be helpful to the government, pseudo-nationalists are mobilising national opinion against the government. Why keep pinching the scab of the linguistic sore, which is healing?

Must the exhiberating change which we have been experiencing during the past week be of short duration? Is it the destiny of our nation that it should be intimidated with communal acrimony and national aggrandisement? Must the political beligerent be al
Continued on page 9

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DISTRIBUTION OF RATION RICE BY CO-OPERATIVES

ITS REPURCUSSIONS AND IMPLICATIONS

BY SHERMAN A. FERNANDO

LTHOUGH the M.E.P. professed to form what is called a 'People's Government' or to use the more endearing term 'Ape Anduwa,' I am afraid this political 'Sign Board' is a misnomer, as everything the M.E-P. government has done so far is a definite disservice to the people.

The Hon. Mr. Philip Gunewardene has now decided to take over from the Private Traders the distribution of Rationed Rice and hand it over to the Co-operative Societies. He gives as his reason for this step the 'improvement of the Co-operative Society."

INCREASING UNEMPLOYMENT

Like many other similar rash decisions, this step of the Minister of Food is fraught with serious difficulties to the poor man-the manual worker, the carpenter, the poor farmer, fisherman and the daily wage-earner of the same class and even the white collar worker and those of his standing.

The Government decided to Nationalise the Bus Services but overlooked the fate of the besemployees, all of whom cannot be absor bed into the Transport Board. Then came the Bases and in this instance, as many as 10,000 employees have been thrown to the streets and now the Private Traders' boutiques which give employment to a large number of people will find their occupation gone and so will their employees who will be displaced. The sum total of all these foolish decisions will lead to a phenomenal increase in the ranks of the unemployed.

WHO IS THE MORE DISHONEST?

The Private Trader was described by the Minister as a "thoroughly dishonest man' but what has the Minister to say to the thousands of Co-operative Societies which rob their own members practically daily? Has he not heard of the numerous prosecutions launched against Secretaries, Treasurers, Presidents and Managers of Co-operative Societies ?DiHesdhe Moreham Foundation noolaham.org | aavananam.org

gotten the large defalcations that have occur. red and are occuring in Co-operative Societies and the shortages in the of stocks in most of them? Why have a number of Co.op's been closed down by the Department?

A Private Trader might at times try to over charge his customer but is there any excuse or pardon for a President, Secretary or Treasurer acting in collusion with the paid employees of the Society robbing the members? I can prove to the Hon, the Minister today that the prices charged at Co-operative Stores are definitely higher than those charged by private traders and there are systematic attempts even to misuse Rice Ration books assigned to such Co-operative Stores.

Continued on page 8

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Implications of the Nationalisation of Bus Transport

COMPENSATION FOR LIFE AND LIMB AND DAMAGE TO PROPERTY OF
THIRD PARTIES

BY SHERMAN A. FERNANDO

Na perious issue of 'The Searchlight' Mr.D. L Welikala has raised a very important question arising from the Nationalisation of the bus transport system in Ceylon namely what steps the Government would take to amend the law, giving the right to the users of the public road and of the "nationalised" vehicles, to sue the Crown for damages in the event of injury or death or damage to property as a result of accidents on the road. As the law stands today, nobody is entitled to bring an action against the Crown

It seems that neither the Government of Ceylon nor the Ceylon Transport Board have addressed themselves to this important question yet, although the deadline date for taking over the buses from the present owners has been fixed for January 1958. When will the Government take steps to remedy this situation and if it is going to be done it must be done forthwith.

Apart from this protection, there are other implications worth serious consideration by the authorities.

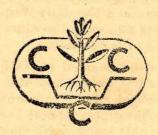
A HIT AT INSURANCE COMPANIES

At the moment all the bus fleets in Ceylon and the passengers travelling in them are insured by private insurance companies. In doing so, the bus operators pay huge sums of money by way of premia for such insurance. How will this be done once the Government becomes the owner of thousands of vehicles?

Once the buses are taken over by the Government the insurance companies will lose a colossal portion of their revenue and quite naturally the companies will have no other option but to discontinue a large number of their staffs. Loss of income for Insurance Companies means a large chunk of Income

Tax, which these companies now pay, will be completely cut off, and obviously the Government coffers, which are already depleted will be adversely affected,

Insurance Companies which now insure the bus fleets in Ceylon reinsure their risks either locally or abroad thus passing on a share of the burden to another company. Most of the Insurance Companies are members of the Ceylon Accident Association which is a body constituted of representatives of the affiliated companies which lays down the various rules and regulations from time to time, and member



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companies are expected to obey these rules and maintain the standards of ethics laid down for their guidance. If a member company attempts to back out from its responsibilities under a policy of insurance, the person affected has the right to make representations to the Ac cident Association which in turn would inquire into the whole matter and direct the company to pay the claim if it appears to the Association, that the company is really liable. Every pedestrian and passen er and the property of third parties is thus adequately protected today but what will be our fate once Nationalisation starts off without any Amendment of the Law? Will the Government simply sit tight once we are run over like stray dogs and cats? There are hundreds of motor accidents taking place almost every day and hundreds of people getting is jured as a result but the compulsory insurance of the vehicles has enabled the owners to pay adequate compensation to those injured and repair all damage and loss to private property.

WILL THE TRANSPORT BOARD BE SUEABLE?

Has the Ceylon Transport Board the financial strength to bear the strain of a single claim? The Board needs Rs. 200 Million to pay for the buses but as it cannot find this money, it is offering to pay the owners in Government Bonds! The Central Government itself is in a financial mess so that these Bonds that are offered can be regarded as "Gilt Edged Securities" only if the financial stability of the Government is ensured. Otherwise what is the use of scraps of paper called Government Bonds? The Transport Board proposes to start its proprietership with a buge credit hanging round its neck and once the public start claiming on it for injury to life and limb and damage to property, how will the Board meet these obligations? There is a famous Sinhalese saying "Vatath nearath goyang kanavanam cata nadu pavsamde?" If the ridge and fence which protects the field eats the paddy, to whom can the matter be reported? Similarly, if a vehicle belonging to the Transport Board causes the death of a person on the public road, whom are we going to sue when we are already precluded from suing the Crown in tort?

THE C. W. E. TO ACCEPT INSURANCE

There is a proposal to allow the C.W.E. to handle all the insurance of these vehicles but here again it should be borne in mind

that this is another institution which is worked at very heavy loss practically every year and the C.W.E. too is a Government sponsored institution.

There is also another item on which the Government would lose heavily and that is the tax on these buses. At the moment a large sum of money accrues to the Government out of the taxes collected by the Commissioner of Motor Transport and this money enables the Government to maintain our roads and bridges in good repair. Once the buses are taken over all that money would be lost and all work in maintaining the roads and bridges will have to be met by the Government with no corresponding return, thus tightening its belt still further!

The foregoing are some of the points but there may be many more. I am sure the various Insurance Companies will no doubt make their own representations. But what is most important is the amendment of the law conferring on every citizen of this country the absolute and unquestioned right to sue the Crown in tort in the event of an accident arising from a vehicle owned by the Government Transport Board. Could it be likely that the Government has brushed aside this important aspect of the law in its own interests knowing well the implications that would be brought in its train.

Top Ranking

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TEXTILES

CLASSY CUSTOMERS
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Distribution of Ration Rice by Co-operatives

Continued from page 5

The Private Trader renders a definite service to the poor man which the Co-operative Society by reason of its constitution and rules cannot render. Daily paid workers of the class which I have described above, usually return home fairly late in the evening and it is after that he goes to buy his provisions to cook his next night meal and by this time the Co op is closed for the day.

The private trader very willingly accomadates him and very often, as a rule, he is given at least a week's credit till he gets his wages. These concessions will be completely lost to the poor man once the distribution of rice etc is taken away from the private trader. When the distribution of rice is taken away from him, he will have to put up his shutters and that is the end of his business. His employees too will be thrown out of work.

During the Second World War, private traders did exploit the public and the Cooperatives came in and sold at fixed prices, but such Co-operatives were very few indeed. After conditions returned to normal the private trader hal to adjust himself to more reasonable methods of trade; he definitely gave the public a better deal than Co-operatives. It was due to this change of heart among private traders to play fair by the public that made most Co-operatives to close down as they could not compete with them. If the Private Trader has flourished to the detriment of the Co-operative, then that is a definite indication that he has won for himself the confidence of the public. If Co operative Societies cannot make headway it is a definite sign that its members have lost faith in them. Why then suppress the Private Trader in order to improve the Coops which are not serving their members satisfactorily?

The Minister has lashed his whip in Parliament during the recent budget debate on Co-operative Societies and referred to them as Dens of Thieves. I gave him concrete instances of how a particular Society had been robbing its members all along but after he was invited to its annual general meeting, he appears to have changed his tune in regard to

the particular Store.

The readers will be surprised to learn that the Minister has already ordered a probe into the affairs of Moratuwa Co-op under Section 35 of the Co-operative Societies Ordinance on revelations made by me to the public at an official inquiry conducted by the Co--operative Department but in the matter of holding the probe he wants me to dance to the tunes of the accused which I have point blank refused to do. In fact I brought to the notice of the Minister before he came for the annual general meeting certain malpractices of this Society but he never spoke a word though he had the Balance Sheet staring in his face with the irregularities complained of WHAT HAS THE MINISTER TO SAY TO ALL THIS? Are these the type of men who will improve the movement when already they are robbing the public and bringing the name of the Cooperative Movement to disrepute?

The Minister does not know what he is doing and like some of the other Ministers of the Bandaranaike Cabinet, he is simply making a mess of everything. It is far better for Mr. Philip Gunewardena to hand over the Co-operative Department to some other Minister who would have the courage to keep his foot firm on the throats of Co-operative rogues rather than take over the business of the Private Traders in the distribution of rice and give it over to Co-operative Societies which have forfeited public confidence.

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A Mockery of History

Continued from page 4

lowed to disturb the tranquility which was restored after many dreary days of anxious talk?

Is it the destiny of little Ceylon that the requiem drapery of black flags should be repeated? Must the hands that have been washed with the waters of communal reconciliation grip stones and mud again? Must the restored frontiers of our movements be abridged once more? Must the easened mind be troubled again with the anguish of communal strife? In short, must we re live the horrible months of June and July, 1956?

The number of extremists and pseudo nationalists is so small that they can be regarded as a segregated group. It is the misfortune of the nation that they were moulded in the troubled womb of irrational belligerency. Another liability to the nation is the politician who is not aware that his aurora has faded.

The fiasco of the last general elections has not been taken to heart. Is the United National Party striving for a repetition of history to vanish, like Hamlet's ghost, into thin air?

It has been asked, what doth it profit a man if he gains the whole world and suffers the loss of his own soul? In the material plane, it would be relevant to the combative forces at play, to ask,

WHAT DOTH IT PROFIT A MAN TO GAIN THE WHOLE ISLAND AND SUFFER THE LOSS OF COMMUNAL HARMONY?

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Good News

HE joint declaration of the Premier and Federalists, on Thursday night, contains the exhilarating news that the Agreement has not broken down. The air at picturesque Horagolla is conducive for a conciliatory exchange of claims and counter claims. Two robust and dignified minds are collaborating for an honourable agreement. We do not for a moment, doubt the capacity of either of these two scholarly representatives of the people to measure carefully the effects and reactions of their agreement on the entire nation.

National unity is of paramount importance but in a plural society such as ours the price paid for it by the minority communities should not be a big one.

We feel that by prolonging of the Talks, between the Premier and the Federalists, the beligerent elements amongst us, are seeing through the pin pricks with magnifying glasses and in their hurry to seize power "by hook or crook, they are reaming about the city mobilising of public epinion against the Government, thus embarassing a government that is troubled with a gigantic problem, of the solution of which its stability depends.

Yes to those of us who have not been shorn of prudence, the spontaneous inclination is to contribute by our silence to the undisturbed continuation of what appears to be the concluding stage of the talks.

The New Tea Control Bill

FAR reaching measures to stop the production of inferior tea and legislative machinery for the tea industry have been recommended to the Government by the Minister of Agriculture and Food, Mr. Philip Gunawardena, in a new Tea Control Bill which he has placed before the Cabinet.

The new Bill, when approved by the Cabinet will automatically replace all existing Tea Control Ordinances.

Under the New Bill, the Tea Controller will be given wide powers to inspect Accounts of Dealers and Tea Producers and also to restrict the Buying and Selling of waste or refuse tea.

It is also proposed to restrict the export of high and mid-grown teas to the London Tea Market to ensure that good quality tea is available for local auctions.

This particular section of the Bill will be administered by the Minister of Food and Agriculture.

Other important features of the new Tea Control Bill are as follows:

A Tea Advisory Board will be set up by the Government to ensure the provisions of Bill are observed.

This Board will consist of 10 members consisting of the Tea Controller (Chairman) two representatives from the small holders, one local tea dealer, one representative from the tea manufacturers, one representative of the Ministry of Trade and Commerce and the rest from the Ministry of Agriculture and Food.

POLICE POWERS

The police will be empowered, during day or night, to enter any place used for the production of tea on an order from the Tea Controller. They can, if necessary, force their way into the premises for the purpose of an inspection. Provision has been made for the registratration of tea estates, tea dealers, tea factories etc.

The Tea Controller will have powers to inspect the accounts of tea producers and dealers every month.

The Controller will also be empowered to refuse registration of estates or factories which

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do not produce good quality tea or factories which have defective machinery. The purpose of this section is to discourage the production of inferior tea.

Tea nurseries will have to be registered so as to ensure that better quality tea will be grown on estates which are replanted, or new estates which are opened up.

Registration of dealers in green tea leaf and tea which are in marketable condition has also been provided for The Tea Controller will also be empowered to inspect the accounts of these dealers,

Persons who do not give correct information to the Tea Controller in respect of any of the provisions of the Bill will be liable to a fine of Rs 1 000 or six months' imprisonment (or both) if such guilt is proved before a court of law.

The plantation with less than 10 acres will not be recognised as estates legally, but will be regarded as small holdings.

Ayurvedic Medicine

"CEYLON spends one thousand one hundred and thirty million rupees Rs I 130 m) a year on Western Medical facilities. Not even a tenth of that amount Is given to indigenous medicine."

ADVICE

She exhorted the people to work harder and asked the village physician, the teacher the priest and the headman to confer and get the people to make a joint-effort to help the people and their welfare." said Mrs. Vimala Wijewardene, Minister of Health

'Shell Pink' in a Diabolical Coup

A disgraceful coup was successful last Saturday, seasoned punters were duped with the "news" that SHELL PINK was scratched. The swift circulation of the alleged scratching, reached with an immediate alteration of those ALL ONS, TREBLES & LUCKY FIVES in which pride of place was accorded to SHELL PINK. As a modus operandi for breaking the confidence of panters, the Coup, diabolical in intent, was a disgraceful practice on poor punters who had no swift means of obtaining confirmation from the C.T.C.

The damage has been done, but its exposure in your esteemed publication will produce

good results. in the future.

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ASSESSABLE SELECTION OF THE SELECTION OF

THE PROPOSED BAN ON THE EXPORT OF COPRA

HOEVER is responsible for suggesting to ban the Export of Oopra deserves to be sent to Angoda to be kept under observation since he appears to show signs of suffering from temporary insanity and hallucination. To impose a ban on such a valuable commodity as Ceylon Copra with its world demand and which has contributed in building up Ceylonese wealth and steadily supported the revenue of the country, seems to us an altogether hare-brained and fantastic suggestion that must be laughed out of court. Socialistic tendencies on the part of the Government or vote catching devices must be cast aside when it comes to hard facts of rupees and cents in the disposal of national products which supply the life-blood of the country and helps a robust economy sans chimmerical political ideologies.

The reasons adduced in support of the ban are so puerile as to carry their own condemnation. They are as follows:—

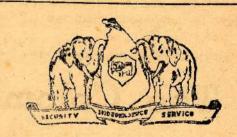
- (1) That the ban will help dairy and cattle owners to get their requirements of poonac cheap. The price of this commodity at present being high, and
- (2) That the ban will help Ceylonese householders to get their fresh co-conuts for domestic purposes cheap.

Here is an attempt calculated to penalise a great industry for no other reason than that it had helped the price of poonac to soar and also made it difficult for the average Cey. lonese householder to buy his or her fresh coconuts now selling between 22 and 25 cents a nut. The above arguments are trotted out in justification for banning the export of copra. That the bin will decidedly have an adverse effect on the entire coconut industry and thus jeopardise the interests of producers, seems to have been given little thought. Furthermore, the ban will also place coconut oil millers at an advantageous and strong position even to the extent of forming a ring or combine to purchase their copra at, an agreed price. Thus some 28 oil-millers will stand to benefit and have the opportunity of making big-proflts for themselves.

Assuming that the dairy and cattle owners as well as householders are entitled to some relief in the prevailing circumstances, cannot such relief we ask, be given by levying a prohibitive tax on the export of poonac? Would that not be far more advisable and equitable? As regards the householders Government can surely subsidise fresh coconuts as was done during the war and the distribution of nuts could be attended to by the Co-ops.

The ban is bound to have serious repurcussions on the coconut industry and contribute to an increase among the unemployed. Furthermore it will diminish Ceylon's foreign assets by losing on the Exchange. These assets, we are told, are already dwindling.

Ceylon's present economy cannot afford to take any risk. Due to measures prompted by political expediency, there are signs of a breakdown of our favourable trade balance. Copra should be allowed to be freely exported. In fact a serious attempt should be made to find new markets for the commodity which is recognised as a superior product and richer in its oil content The proposed ban on the export of the commodity therefore strikes us as something approaching the citting of the nose to spite the cheek!



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The Affairs of the Ceylon Shipping Lines Ltd.

AS THE SHAREHOLDERS SEE IT

(COMMUNICATED)

THE Ceylon Shipping Lines Ltd. have to be defended against copious allegations made against it on the floor of the House of Repre-

sentatives early last week by certain Members of Par liament. Whilst one cannot condone the impropriety of a UNP Minister and a Director of Commerce setting up a new business. (after they vacated office) as Ship Chandlers and receiving large patronage from the Shipping Lines "over whose destiny they had pre-



Mr. Stanley de Zoysa, Minister for Finance

sided," one is more concerned on the other hand, with the administration of the Ceylon Shipping Lines Ltd. as a whole.

Having gone exhaustively into the allegations hurled against this semi-national organisation, one is happy that the investigations do not reveal in anyway anything to tarnish the integrity of the company. It is not surprising to find that one of the architects of this company, now severed from it, had attempted to blur the reputation of the company in a spirit of vindictiveness brought about by personal disappointment. However, it would appear that the Government is being called upon to waste precious time and money on a Commission of Inquiry or by the Public Accounts Committee in going into the working of the company. Such an inquiry is not desirable in view of the Auditor General's approval of the statement of accounts drawn up by the company's accountant, and which settled all doubts raised in Parliament beyond dispute Anybody who cares to go into the vital administrative aspects of the Ceylon Shipping Lines will have no reason not to be satisfied with the virtue of bonesty that dominates it and the thorough business like methods employed.

PAYMENTS OF COMMISSION

A great fuss has been made about the payments of commission, or rather over their distribution or division. It must be noted here that when any freight is offered on the Baltic Exchange or elsewhere, the exact amount of the commission claimed by the Ceylon Government or their representatives, is clearly stated in the Charter Party. In fact, Government itself had taken the precautionary step of advertising in Baltic Exchange Circles with Brokers and Ship-owners, that the Ceylon Government claims only three and three quarter per cent by way of commission to whoever charters a vessel for the Government of Ceylon for the transport of government cargo commission is made up as follows .-

- (a) One and a quarter per cent is payable to the Ceylon Shipping Lines Ltd.
- (b) A further one and a quarter per cent is payable to Ceylon Shipping Lines (London Ltd) in which company the local company holds about 95 per cent of the shares) or the outside Broker successfully negotiating the freight.
- (c) And the balance one and a quarter per cent is returned to the Government as Address Commission.

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THE CHARTER PARTY

Although the Ceylon Shipping Lines, either direct or through its London Office, book the freight, all Charter Parties are signed by the Government of Ceylon and by the Owner or his Agent. In such Charter Parties it is usual to record all commissions payable. Furthermore, the Food Ministry has insisted that the government is only concerned with the commission paid to the Charterer's Agents and not to Owner's Agents, and that Charter Parties signed by the Government should contain details of commissions payable to Charterers and that such commis sions should never exceed three and three quarter per cent, which will be distributed as aforesaid. If the Norwegians were really making'illieit commissions'or if such were paid to them, as was alleged so blatantly by Mr. Kenneman in his diatribe in Parliament, it is obvious that such commissions cannot be earned at the expense of the Government of Ceylon for the two reasons already mentioned, VIZ:

- (a) The fully publicised decision of the Ceylon Government that under no circumstances will it claim more than three and three quarter per cent commission (of which it takes one and a quarter per cent)
- (b) And the fact that details of distribution of the commission are recorded in the Charter Party and, therefore, wellknown to the owners whose vessel had been chartered.

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Another strong argument is that if the Norwegians or anyone else were earning commissions from Owners, on the scale as was sug. gested in Parliament, this would imply that they have a degree of control over the operations of the Baltic Exchange and the entire Freight Market. That would be almost dicta. torial. It is absurd, therefore, to suggest that any Owner who knows of the commissions paid to the Ceylon Government and to the Ceylon Shipping Lines and of the interest of the Norwegian Group in the Ceylon Shipping Lines Ltd, would be prepared to make further payments to people having such an interest. It would be equally absurd to suggest that a Owner who is a Member of the Baltie Exchange, or any other recognised Shipping Exchange, would compromise himself to the extent of making secret payments to Charter. ers or their Agents at the expense of their own legitimate profits.

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DELAY OF THE PAYING IN OF SHARE CAPITAL

Is the delay in the payment of the Share Capital by the Norwegian Group a suspicious act, or was there good reason for this delay? It appears that the Public subscriptions to the Share Capital of the Company did not come in as fast as was anticipated in spite of the Government having made its full contribution. Accordingly, the Ceylon Shipping Lines Directorate was advised by the Ministry of Commerce that it would be un wise for the Norwegians to make their contribution on the due dates. If this had been done, as originally planned, it would have given the Company a somewhat distorted complexion in that the Norwegian shareholding would have been much greater to that of the Ceylon subscribing public. For this reason, payment in full of the Norwegian Share Capital was delayed.

Here, it must not be forgotten that as a result of the delayed payment, the Norwegiens were deprived of the full measure of profit which their shareholding would have entitled them had they not acted on the advice of the Ministry of Commerce and postponed their full contribution. In other words the profits accruing to the Norwegian Group during that period were limited to their actual payments on allotted shares at that particular time. Incidentally, nowhere in the Prospectus or Memorandum of the company is it stated that payments of Share Capital should be in cash. This accounts for the allegation made that payments had been made to the Company for shares on Credit Notes and Bank Advice. This, in itself, is evidence of the normalcy of the procedure adopted.

SHARE MONEY DEPOSITED IN A LONDON BANK

In addition to the above, it cannot be refuted that a certain portion of the Norwegian Share Capital was deposited in a Joint Account outside the Company's Bank account in a London Bank. This arrangement was resorted to as an earnest of the good faith of the Norwegians who wanted to provide evidence of the availability of funds for transfer to Ceylon but which transfer was delayed at the specific request of the Minister of Commerce.

We are reliably informed that the Board of Directors of the Company of which Major



-0-

"Hence I wanted the Ceylon Shipping Lines to be free from any political pressure and, therefore, I am anxious to link up with another small country, like Ceylon, in a common venture."— Mr. R.G. Senanayake Minister of Trade and Commerce

-0-

J. R. Baptist was a Director, had decided to ignore the confidential report of the Major which was dated 11/4/56, as he had exceeded his authority in coming to such an arrangement regarding the Colombo Company. The Directors were further of the opinion that the Confidential Report contained observations by the author which were irresponsible and unsupported by any evidence.

THE BALANCE SHEET

The Balance Sheet drawn up by the Chief Accountant of the Company (Mr. Thawson) to which reference had been made in the debate in Parliament, was a Trial Balance Sheet. It is usual in all well-managed Companies for regular Trial Balance Sheets to be drawn and submitted to the Board of Directors. This Trial Balance Sheet valued the Shares of all Shareholders, both Norwegian and Ceylonese at Rs. 10/- per share. There was no preference whatsoever given or shown to the Norwegiaus. The actual payments received from all parties and the calls from each of the parties were truly and accurately stated.

It is important to know that all Freight Rates are negotiated rates. The Company can only quote to the Government rates which are quoted to it. It does not manufacture its own rates. In the process of negotiations and bargaining with Owners, it is possible and usual for rates originally quoted to be modified and reduced. The fact, therefore, that a

higher rate was originally quoted and a lower rate was subsequently accepted is nothing more than normal procedure in regard to fixing Charter Parties to be modified and reduced. Obviously, therefore, the deliberate insinuation made in Parliament that there was manipulation or some planned irregularity is both false and malicious and intended to bring the Company to disrepute.

COMMISSIONS

The procedure regarding payment of Commissions has already been explained. It is absurd to suggest that either the Company or the Government were such simpletons as to triplicate as alleged Commissions paid out. If any of the Commissions quoted by the Ceylon Shipping Lines could be said to increase the freight rates paid by the Government, the only Commission in question would be the address commission claimed by the Government itself. As the other commission charged by the Ceylon Shipping Lines and Ceylon Shipping Lines (London) Ltd. and the Companies other representatives in other shipping centres, would anyhow be charged by any broker involved in the Freight arrangements made on behalf of the Government

From the abundance of detailed information obtained one is at a loss to understand what useful purpose would be served by further inquiries by a Special Commission or by a general checking up of the accounts of the Ceylon Shipping Lines by the Public Accounts Committee. In view of the above facts the pub-

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lichave no reason for believing that there would be any necessity or purpose served by a redundant investigation. So far, the shareholders are eminently satisfied and the Government is convinced that there is neither manipulation or any irregularity committed.

This Government is Unsatisfactory

"Our political leaders are like demons come from another world to devour us and all that is good. Where before there was security, law and order, and a high sense of justice and fairplay, today there is communal strife, lawlessness and indiscipline."

"Not a day passes without some news of a strike."

Although voted in by the people, this government has proved unsatisfacory: the people are daily losing confidence in it. It has brought communal problems, language problems and a great deal of confusion.

"And even the Sangha has been divided together with the people and the country," said Ven. Vettilatota Pagnadassi Thero, President of the Matara Rural Development Societies Union.

BOSCH

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HEARD ON THE COURSE

BY GAB

THAT a diabolical coup was carried out very successfully on the Fourth Day of the August Race Meet



Mr. F. Amarasuriya

THAT those who suffered most were the poor punters who bet with Bookies off the Course

THAT this confounded 'scare' about the scratching of SHELL PINK spread like wild fire

THAT it side tracked many an innocent punter

THAT many ALL ON'S and LUCKEY FIVES & TREBLES were shattered

THAT with the alleged withdrawal of SHELL PINK the major-

ity of the punters went "nap" on Joshua

THAT who is the Bookie responsible for this?

THAT never was a scare of this nature created in the annals of Ceylon Racing

THAT this action tantamounts to sheer dishonesty

THAT the failure of many ALL ONS, LUCKY FIVES & TREBLES is due to the doleful display of the running of Joshua

THAT Joshua hardly showed his capabilities comparing his magnificient victory in the G. G. Cup

THAT his deplorable failure is a thorough disappointment

THAT why did Trainer Sheriff Hussein enter him in the O.E.G. Cup Race when his charge had not the ghost of a chance.

THAT was it a racing gamble or a Bookie's pull?

THAT it was a "coup de maitre" on the part of some unknown hand

THAT will the authorities of the C.T.C. consider releasing the Scratchings like in the past?

THAT what action has the Board of Stewards taken on the ignominious failure of Joshua in the O.E.G. Cup Race?

THAT Judar's victory in the Galle Cup was indeed a meritorious one

THAT Mr. A. E. Wijesuriya's horses always run true to track form

THAT much of the off course betting could be reduced if the Entrance to the various enclosures are brought down

THAT then only will the coffers of the C.T.C swell

THAT banner headlines of local newspapers have a tendency to mislead punters.

THAT many instances could be cited THAT what has happened to Jockey Ted Fordyce?

THAT punters dont see the one time "champion" in his true colours

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THAT has he also joined the R happy band of "Kill-roys"?

THAT come on Ted, live up

to your traditions

THAT let not Papa Selva and Brother-in-law Renga tie you down

THAT the most genial combine Mr. & Mrs F. Amarasuriya scored a profitable double through Sunny Tudor and Petro-

THAT the colours of this combine should be seen more often

THAT there was a time when this powerful combination carried away four to five trophies during an August Meet

THAT the In and Out running of certain horses warrants the attention of the Stewards

THAT Trainers too should

be more vigilant as to the running of their horses



SRI LANKA DISTILLERIES LTD. WADDUWA

THAT when public favourities are pulled Bookies reap a rich harvest

THAT what has Ceylon Racing come to?

A WORTHY SUCCESSOR

MHE demise of an esteemed friend of THE SEARCHLIGHT, Mr. S. B. A. Hamid. necessitates the rubbing of heads, again, to 'elect' a successor to the Mayoral Chair The agreement for the rotation of the Mavoral Chair, among three United National Party Ms. M.C. is not annuled by the death of the

agreed successor to the present Mayor and, therefore, it would be legitimate for the UNP to mention who should succeed Mr Mohamed who gets mo ved into Mr. Hamid's place.



We have a M. D. Kitchilan, J.P., M.M.C.

contribution to make and we do it with candour, honesty of purpose, and an abiding liking for Noolaham Laundaliam org

enhancing the reputation of the Colombo Municipal Council. Our spontaneous choice is the chubby faced Mr. M. D. Kitchilan: a staunch Party supporter, a mellow personality, a sincere social worker, a moderate and sensible politician, a good mixer, and, above all, an eternal advocate of the working class.

For many years he has breathed the air of civic politics with which the chambers of the Council have been heavily impregnated. He knows the nation. He knows its nationals. He knows the Constitution of the Council. He knows that new obligations are inherent in new responsibilities.

He is carved out of his own knife and herein lies the secret of his happy co-existence with the other members of the Council of varied political colours. His natural capa. city to create a congenial climate will be conducive to sustain cordial relations among the representatives of the various political parties in the Colombo Municipal Council.

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15th AUGUST 1957

Re-shuffling the Senatorial Pack

directed towards the Senate. or rather on the forthcoming 'retirements' from Senatorial positions. For ten Members of Ceylon's Upper House will have to vacate, on their terms coming to an end. There is therefore, much speculation as to who the likely candidates are that will take the place of the outgoing Senators. Of course, it is understood that no wearer of the 'Green Tie' will be among the new appointees as the Prime Minister is not much enamoured of U.N.P men and, therefore, wishes to see a more docile and tractable lot of Senators taking their place such as those belon ing to the MEP.

Under the present Party System the need is for votes, and sure votes at that, and not of any other commodity like the possession of grey matter. But the question is, has the M.E.P. got a sufficiency of such men to select from? When we say such men we mean those with brains in whom the public can place sufficient reliance for the possession of knowledge and experience coupled with balanced judgment which is of paramount importance.

The Soulbury Commission when they recommended the creation of a Second Chamber wanted to see a special class and type of men appointed as Senators. They even clearly laid down the qualification they should possess to entitle them to occupy senatorial positions. Here is what the Soulbury Commissioners said vide para 310 of their Report:-

(a) There shall be a Second Chamber of 30 members, that shall be called the Senate, and that its members shall be known as Senators.

- (b) 15 of the seats of the Senate shall be filled by persons elected by members of the First Chamber in accordance with the system of proportional representation by means of the single transferable vote: and 15 shall be filled by persons chosen by the Governor-General in his discretion.
- (c) The minimum age for entry to the Senate shall be 35, and persons chosen by the Governor-General shall either have rendered distinguished public service or be persons eminent in education, law, medicine, science, engineering, banking, commerce industry or agriculture as the Governor-General, after consultation with the representatives of appropriate professions or occupations, may in his discretion choose."

To get the requisite number of candidates to succeed the ten Senators who are to vacate their seats will be an easy matter. But the real difficulty that must and will arise is to find the right type of persons who have rendered "distinguished public service." Where are such men to be found in the ranks of the MEP unless they be of such type as would be willing to throw up their known political convictions and principles overnight for the honour of serving as Senators. If, however, the Prime Minister can get together 10 good men and true, from his own party, it is all well and good. Personally we don't think he can unless he proposes to go counter to the Soulbury recommendation. However, we shall wait and see.

MIRRORS

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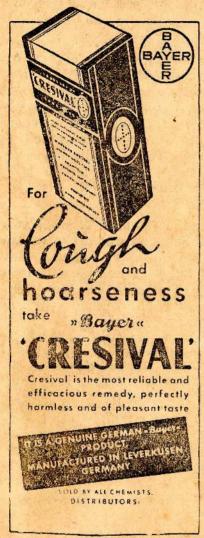
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THE recent strike at the CTO carried with it the threat to paralyse the life of the nation. One day was sufficient to fill us with



the horrors of its continuity. But the nation was destined to be spared the anguish of the paralysing immobility of life caused by a strike of government employees

The glorious fact that
emerses from
this strike is
that thenation
is not hard up
for persuavasive leadership
in the trade
union move
ment of government em
ployees

From behind the scenes in the hot hours of the day and in the cool hours of the troubled night, Mr. Gladstone

Amarasekera, contacted the forces of the opposing camps and on the foundation of the cardinal importance of consolidating the solidarity of the trade union fraternity, from which alone the trade union movement extracts its strength to be in constant fitness for battle, he quelled the storm in the tea cup! The metaphor is appropriate, as the cause for the strike was the invasion of the Canteen of the white collared staff by the uniformed staff.

The spontaneous thanks paid to Mr Gladstone Amarasekera by the Prime Minister and the Minister of Finance is an endorsement of the public opinion of Mr. Amarasekera's capa

city for restoring tranquility among beligerent factions.

In implementing the government's promise to reinstate government servants who had been removed from office for trade union activities by the UNP government, the MEP government should feel amply compensated.

J. E. R.

MATRON'S CASE

WHAT steps did the Int. Audit (Health. Dept.) take when they received anonymous & other information that the Matron Aviss. Hosp and the Laundry Contractor were working in collusion to defraud the Goyt?

WHAT steps did the internal audit clerk take when he was sent to investigate the matter?

WAS the matter referred to the AGs Dept. & did the AG's Dept. recommend prosecution in a Court of Law? If not why not?

HOW long did the preliminary enquiry last?

WHEN did the actual enquiry start & how long did it last?

WHAT has been the total loss to Govt over the alleged fraud by the Matron and the Laundry Contractor?

WHAT has it cost Govt for the full investigation of this matter i-e batta, T. C. 's etc of those taking part in the enquiry?

HOW long were those interdicted kept under interdiction & have these persons been kept under interdiction & salaries paid according to P. S. C. Deptl. Regulations?

WHAT did it cost Government to employ substitutes for those interdicted?

On what grounds, was the DMO surcharged without his knowing even the facts under which the first investigation was made by the Audit Dept.

IN view of the thorough failure of the internal Audit to carry out their investigation re this matter, thereby causing much loss to Government, what action is government taking against the officers concerned?

WHY was the Laundry man given a fresh contract for washing linen from Oct. 1955 to Sept. 1956 whilst a serious charge, in which he was an alleged accomplice, was being enquired

MATRON'S CASE

Continued from page 20



THE Audit Branch of the Health Dept. received anonymous letters and other information informing them that the Matron of the Avissawella Hospital and the Laundry Contractor were working in collusion to defraud the Govt.

WHY was the Officer in Charge or his Asst, not told the purpose of the Audit Clerk's visit.

THE Preliminary Enquiry commenced on 29. 9. 55 and was held by the Acct Dept of Health and lasted for a period of about three months (during Sept. Oct. Nov. Dec.)

WHAT was the reason for the long intervals?

SOME old men love to cling on to the Ceylon Turf Club Committee

THE U. N. P. leaders are trying tocome back in the wrong way

WHEN is John Baas returning?

THE Ceylon Turf Club should elect a strong Independent Committee.

THE 'three blind mice' must be sacked.
THE new Prison Chief is getting too active. There is discontent in the Dept now.

WHO will be the next Municipal Commissioner—the City needs a good and honest man?

WHEN is the Mulleriyawa Hospital to be occupied?

IS THE Prime Minister interested in any Indian Footwear dealers?

IF SO as the Walrus said, "the time has come to talk of many things: of Shoes and Ships and Sealing wax: of Cabbages and Kings"

THE U. N. P. a fast dying party is being pushed along by J. R. Jayawardene

IT IS time Parliamentarians put their heads together to give Colombo and satellite towns a better water supply

THE Burglar who broke into the Russian Embassy only got the white elephant BETTER luck next time

LET US hope the Ceylon Turf Club will elect a worthy band of Stewards.

THE Tamils should watch "Ponna" and get him out of the way.

Ways and Wherefores of Taxes

(Continued from cover page)

amount involved, it is based on the ability to pay. For instance it is held that a man earning a million rupees can part with a part of it as easily as a man earning five thousand can part with a portion of his income.

- 2. Corporation Taxes. These likewise are "progressive" but graded less steeply so as not to unduly penalise industry. However in times of war the Excess Profits tax is scaled to give back to the Government most of the war profits.
- 3. Consumption, Excise or Sales Taxes. Some of these are paid by the manufacturer. Some by the jobber, others by the consumer. Most common and valuable are those on gasoline, tobacco and liquor. Indulgence in liquor and tobacco being considered in the nature of a vice, they were originally taxed to discourage their use. During the last war furs and cosmetics and all luxuries etc were especially taxed to cut down consumption, but are now kept because of revenue they produce.
- 4. Import Taxes or Duties. The main purpose of these is to protect industry. Today

the revenue from these is reduced.

- 5. Estate Duty is also a "progressive' tax.lts purpose frankly being to keep estates from becoming too large and powerful. The gift tax defeats efforts to dodge the inheritance tax.
- 6. The Froperty Tax which includes real estate, personal property and capital gains levy. This tax may work hardship



as when the property is idle or mortgaged its owner is out of work, or as the city employee who lost his home because the city had for many months, failed to pay his salary. Income from the sale of real estate etc., is taxed less than ordinary income from wages or salaries on the supposition that the value may have accumulated over a period of years.

7. Privilege or Licence Taxes to operate a busines or practice, a profession etc. These are collected from numerous sources both by the Central Government and the City or Town Councils.

Now arises the question: Are we in this country under-taxed or over-taxed? Do we individually pay taxes and meet other impositions in proportion to our income? The other day, in reply to our comments on the current years Budget, the Finance Minister made bold to say that Ceylon was the least or lightly taxed country in the world. The Finance Min ister did not produce any evidence to prove the statement, he made His was an ex-parte statement. The fact nevertheless, is that in Ceylon taxes are imposed without due regard to the citizen's ability to meet taxes that are indiscriminately levied. And the sooner the Government realizes that both the Direct and Indirect taxes it imposes on the people, are to say the least, iniquitous and therefore call for

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speedy adjustment, the greater would be the relief from the Tax Burden All things considered the time has long since arrived for a thorough overhaul of the Governments Fiscal Policy. Nothing short of a Taxation Commission is called for and that must be promptly attended to.

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CEYLON'S POCKET APPOLO, WILL BE FEATURED SOON



Abdominal isolation, by Ceylon's foremost muscle controller Jack Cumine

SEARCHLIGHT will reserve a page weekly, for special news concerning prominent physical culturists, whether they be members of such clubs or not, and to soccer in general.

We undertake to give a legal interpretation of Laws governing soccer, as laid down by the Football Association of Great Britain.

We are not endeavouring to evangelise these healthy movements, but we feel that we have a contribution to make for sustaining them on the best traditions of sportsmanship, justice and fair play. We shall, of course, be at constant war against discrimination, despotism and thuggery.

Sports Editor, THE SEARCHLIGHT

Are enquiries held by Soccer Disciplinary Committees superfical, detailed exhaustive "ultra vires? Our Sports Editor's post mor'en" of the Perera-Somapala incident will appear in our next issue.



This All-Ceylon, Player and Coach is M. P. B. Dissanayake

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