

# The State Council of Ceylon.

No. 44.

August 14, 1942.



## DEBATES

SESSION OF 1942.

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# STATE COUNCIL OF CEYLON.

Friday, August 14, 1942.

The Council met at 10 a.m. MR. SPEAKER [THE HON. SIR WAITIALINGAM DURAISWAMY] in the Chair.

## ALLEGED ATTEMPT TO ASSAULT MEMBER.

**Dr. A. P. de Zoysa (Colombo South):** Before any business is taken up, I want to bring to your notice, Sir, that the Minister of Agriculture and Lands yesterday attempted to assault me in the Lobby. This must be taken notice of. If we say something here which is unpleasant to a Minister then some action could be taken here, but outside this House if any act of intimidation or rowdiness is committed, the matter should be brought to your notice. I, therefore, wish to bring this matter to your notice. If not for the Minister of Local Administration, I must admit, the Minister of Agriculture and Lands would have assaulted me.

**Mr. Speaker:** I will look into the matter.

## ANNOUNCEMENTS.

**Mr. Speaker:** I have to announce that the Hon. Mr. D. S. Senanayake has been elected to act as Vice-Chairman of the Board of Ministers until the Hon. Sir D. B. Jayatilaka resumes the exercise of the functions of his office.

The Hon. Mr. Senanayake will accordingly act as the Leader of the State Council.

Mr. A. Mahadeva has been appointed by His Excellency the Governor to act as Minister of Home Affairs until the Hon. Sir D. B. Jayatilaka, Minister of Home Affairs, resumes the exercise of the functions of his office.

## † EXCESS PROFITS DUTY (AMENDMENT) BILL.

The debate on the following motion of the Hon. Mr. H. J. Huxham (Financial Secretary) was continued:

“That the Bill intituled ‘An Ordinance further to amend certain provisions of the Excess Profits Duty Ordinance’ No. 38 of 1941 be now read a second time.”

[Note.—An asterisk (\*) against the name of a member indicates that his remarks have not been revised by him.]

† For the Observations of the Financial Secretary and the Report of the Board of Ministers, see HANSARD of July 9, 1942.

Amendment moved by Mr. G. G. Ponnambalam [August 13]:

“That the Bill be referred back to the Board of Ministers for further consideration.”

**The Hon. Mr. D. S. Senanayake (Minister of Agriculture & Lands)** rose.

**Mr. S. Abeywickrama (Udugama):** I just want to mention—

**Mr. Speaker:** Order, please.

**The Hon. Mr. Senanayake:** Just before the House adjourned yesterday I rose to speak, but as my hon. Friend wishes to speak now, if the House has no objection, then I too have no objection to his doing so.

**Mr. Abeywickrama:** We merely adjourned.

**The Hon. Mr. Senanayake:** I only want to say this, that if my rising to speak yesterday is construed to mean that I was in possession of the Floor, and that I shall lose my right to speak on this motion if I do not speak now, then I shall go on with my speech.

**Mr. G. G. Ponnambalam (Point Pedro):** Just a few minutes before 6 o'clock last evening the Hon. Minister of Agriculture got up to speak, and the Deputy Speaker then remarked that if he wished to speak to-day, the hon. Minister could take the Floor first.

**The Hon. Mr. Senanayake:** He did not say so.

**Mr. Ponnambalam:** He did, definitely.

**Mr. B. H. Aluwihare (Matale):** You cannot possibly overrule all the rules of procedure and our privileges on behalf of the Hon. Minister of Agriculture.

**The Hon. Mr. Senanayake:** I cannot understand why my action should be interpreted in that way. I never wanted to speak first, someone else wants to do so.

**Mr. Abeywickrama:** To the comments that I proposed to make, I expect the Hon. Minister to give me certain replies. I therefore arranged with him, as he did not utter a single word yesterday, that I be permitted to make my comments before he speaks as there are certain points I shall make which he will have to meet.

**Mr. Speaker:** What does the Deputy Speaker say?

**Mr. Susanta de Fonseka (Panadure) :** The Minister of Agriculture and Lands caught my eye last evening, and I called upon him to speak. It was then about four minutes to six, and I inquired whether he would like to address the House to-day; it was as soon as he addressed me that I asked him whether he would like to make his remarks to-day. That is the position.

**Mr. H. R. Freeman (Anuradhapura) :** What does it matter who speaks first?

**Mr. Speaker:** The Hon. Minister of Agriculture and Lands will continue his speech.

**The Hon. Mr. Senanayake:** At the very outset I may say that there seems to be an impression that I am reluctant to speak—

**Mr. Ponnambalam :** No, that is not the point.

**The Hon. Mr. Senanayake:**—but that is not so. I was very anxious to express my views, but there were certain other Members who thought that it would be very much better if their points of view were placed before the House so that I could reply to them. It was merely for that reason that I asked you whether I could speak later.

There is one thing that I should like to say. From the speeches that have been delivered here it is quite apparent that the speakers are divided into three groups; some would appear to be for accepting the proposals that have been put forward—and I hope that they will be in the majority—some, for rejecting the proposals; and some others, for referring the Bill back to the Board of Ministers for reconsideration. Those who are for accepting the motion, I believe, are accepting it for one reason—that the tax is a fair one and that it is necessary for balancing the Budget. With regard to those who want to reject this Bill and those who want to refer it back, it did not appear to me that they were all of the same opinion.

Those who want to reject this Bill, I believe, are led by my hon. friend the Member for Panadure (Mr. Susanta de Fonseka). They want it rejected for more than one reason. They consider that this tax is undesirable and that some other tax such as an export duty would be preferable. There are others

who feel that this tax is not reasonable on the ground that agricultural produce has been handicapped by the restrictions placed on the sale of agricultural products and that by this means a large contribution is being made to the British Exchequer. They therefore feel that this Bill should be rejected.

With regard to the third group—the group that wants this Bill to be referred back—they feel that it should be referred back because the tax is not high enough and because there is a certain amount of money that will have to be charged to Loan; therefore, they contend, the tax should be increased to make up that amount.

There are yet others who feel that the tax as proposed is unfair in one direction; that is, with regard to coconut it is too high, and with regard to plumbago it is too low. For that reason they want the Bill to be referred back.

When a motion to refer back a Bill is made, I believe, it is necessary to give an indication to the Ministers as to what the attitude should be. The attitude that the Ministers would consider would, I believe, be not only the attitude adopted by the proposer as indicated by the reasons given by him in moving the reference back, but also the attitude of the House.

The proposer of the motion gave his reasons for moving the reference back; and if the Bill is referred back I feel that the Ministers would have to take those reasons into consideration and consider whether those reasons are reasons that should weigh with them and whether it would be possible for them to accept those suggestions and come back to the House after either embodying those proposals in the Bill, or without doing so and defy the Council. That is the only course left to them.

The proposal that has been put forward is that the tax should be raised to 60 per cent. all round. Well, if the House decides to refer the Bill back, I feel that the Ministers must consider whether they are prepared to raise the tax to 60 per cent. or whether they should come back to the House and say, "This is our intention. Do whatever you like".

So in those circumstances I would beg of this House to consider this question not lightly but very carefully before they come to a decision on it.

The Legal Secretary has pointed out what the Constitutional position would be. Actually, I believe there are Members of this House who imagine that the Constitutional position has been explained or clarified with a view to unduly influencing the Members. I am sure nothing could have been further from the mind of the Legal Secretary than that. This question was being considered and talked about in the Lobby. Different Members were of different opinions, and I am sure that what the Legal Secretary thought was that as there seemed to be so many opinions on this point it would be just as well to express his own opinion. He has not the slightest doubt—and we all feel that there is not the slightest doubt—that whatever the consequences may be, this House would do what it considers right.

**Mr. H. W. Amarasinghe (Galle):** Do you acquiesce in the view taken by the Hon. the Legal Secretary?

**The Hon. Mr. Senanayake:** Actually it is a plain reading of the Order in Council, and I do not think anyone would dispute his opinion, because no one can say that this measure does not form part of the Budget proposals. We all admit that this measure is a part of the Budget proposals. That being so if this Bill is thrown out, the Governor would be obliged to dissolve the Council. No one can dispute the fact that this measure being a part of the Budget proposals, the Council must of necessity be dissolved if this Bill is rejected.

But at the same time the Legal Secretary brought to the notice of the House the second clause in that Article under which this measure becomes a part of the financial proposals of the Government. That is not only the Legal Secretary's opinion. It was also the opinion of the Chair when it held yesterday that this is a part of the financial proposals of the Government and that amendments were in order.

Of course, the Legal Secretary expressed no opinion with regard to the attitude which His Excellency the Governor would take up. It is left to the Governor to form his own opinion, and it is for the Governor to consider whether the fact of the rejection of this Bill indicates that the Ministers have lost the confidence of the Council, or whether by reason of the rejection of this Bill it

was possible for the Ministers to carry on without the provision asked for.

That is all that the Legal Secretary stated; and I believe that with that view everyone is in agreement. Some Members may be under the impression that the Legal Secretary had spoken on behalf of the Ministers and that his services were utilized for the purpose of intimidating Members. I do not think that those who know the Legal Secretary—he has been in Ceylon for a long time—will say that he will consent, even if it becomes necessary to be the tool of the Ministers, to carry out some ulterior object; actually he will never do that. At the same time I can assure the House that the Ministers did not expressly desire that the Legal Secretary should clarify the position. We were quite aware of the position and we did not want a clarification of the position. But as I mentioned, owing to there having been some discussion about the position, the Legal Secretary perhaps thought that he might express his opinion openly.

Sir, I would begin first with the proposal to refer back this Bill. When the motion for reference back was moved, I did not feel that it was moved in all seriousness, because when I listened to the hon. Member for Point Pedro (Mr. Ponnambalam) I felt that he was delivering the speech or a part of the speech that he might have made at the second reading of the Appropriation Bill which he together with many of us had no opportunity of making; and I thought that if he had made that speech at the second reading his idea would have been to move the reference back of the Appropriation Bill.

We heard many things that were not relevant to the motion before the House. We heard of poor law and this law and that law, and all sorts of things. We all regret that the hon. Member was not able to make that speech at the second reading, for the simple reason that, whether we agree with him or not in what he says, his contributions to debates are listened to with great interest; and I am sure we all look forward to his speeches. Even if this opportunity was taken by him to say something about the Budget, I did not mind it; I welcomed it. But at the same time I did not consider that his motion for reference back of this Bill was meant to be taken seriously.

[The Hon. Mr. Senanayake.]

One of the reasons he gave—and that was the main reason—for having this Excess Profits Duty Bill referred back was for the purpose of increasing the rate, and increasing the rate to such an extent that all the money required for balancing the Budget and providing for other services for which we have not made provision may be obtained. As has been pointed by the hon. Member for Galle (Mr. H. W. Amarasuriya), even if we put up the rate to 100 per cent., the object which the hon. Member had in view would not be achieved. But all the same he limited the rate to 60 per cent.

**Mr. Ponnambalam:** I referred to two rates of excess profits duty, 100 per cent. in England and 60 per cent. in India, which were actually in operation. But my final suggestion was that the rates of excess profits duty be increased in order to balance the Budget.

**The Hon. Mr. Senanayake:** Since he suggested 60 per cent., as is levied in India, I may say that the increased rate would perhaps yield another Rs. 3,000,000. Even if the hon. Member thought that the rate should be raised to 100 per cent., the yield would not give us all the money to provide for all that he wanted.

The hon. Member was thinking of the pre-war depression. Then he was thinking of the rising prices of commodities and levelling down of prices. After all, if you want to keep prices down, it must be done by a certain amount of money being provided by Government. For instance, the cost of living has gone up tremendously. That is due to the difficulty of obtaining most of our foodstuffs and other things from overseas at reasonable rates. Well if we cannot get articles from abroad at rates that we consider reasonable, in order to keep the cost of living down I suppose we should have to incur a loss. Then the hon. Member suggested that we should do many other things, and I am sure he would realize that all those things cannot be provided for even if we increase the rate to 100 per cent.

In this connexion I would like to mention that the present Amending Bill refers to excess profits on agriculture and

plumbago. We are only amending the Excess Profits Duty Bill which exists for other businesses; that is all. I do not know whether the hon. Member wants the other businesses also to be taxed to the extent of 100 per cent.

We must remember that our country is not a manufacturing country. Most of the articles that we require have to be obtained from abroad, and there is a great shortage of the articles that we obtain from abroad. It is due to that factor that prices have gone up. The fact that prices have gone up is regrettable. We wish we could put down those prices. At the same time, we are glad that commodities are available for us even for purchase at those high prices. I wonder what would happen if all business men and all importers were told that they have to give up 100 per cent. of their profits. Then we would find that there would be a greater shortage of materials and we would also find greater difficulties facing us.

Now with regard to agricultural produce, I can only say that it will become necessary for us to go all out to get the quantity that is required by us. It is rather unfortunate that some of the producing countries are in the hands of the Japanese at the moment. Although we cannot make up for the losses sustained by the capture of these countries by the enemy, we have to go all out to produce commodities like rubber, etc., to the utmost limit, so that with the rubber that can be produced here and the little rubber produced in India and with the synthetic article manufactured in England and America, we may be able to carry on the war.

The fullest exertions have to be made to get the maximum possible production, and there must be inducements offered. Patriotism alone will not do. With regard to rubber, we are expected to produce 120 per cent. of our potential yield, and if we do that, we will be producing more than it is good for the trees to yield. We have to go to the extent of, not perhaps ruining the trees, but certainly damaging the trees to such an extent that they will lose a good deal of their capital value.

**The Hon. Mr. G. E. de Silva (Minister of Health):** We will have to "slaughter" the trees!

**The Hon. Mr. Senanayake:** In certain instances even "slaughter-tapping" has had to be done. That means that we are simply killing the trees. But the people concerned think that they should help the war effort even if that happens.

My hon. Friend the Member for Point Pedro (Mr. Ponnambalam) suggested that the excess profits tax might go up to even 100 per cent. The direction given, in referring this Bill back to the Board of Ministers, is that we should not limit the tax to 60 per cent. but that we should get all that we can get from this tax. The direction given to the Board of Ministers is this: "Take the Bill back; impose a 100 per cent. tax on agricultural produce as well as on other trades and undertakings, and then bring the Bill back to us." I would like hon. Members to bear that in mind.

As I have already pointed out, if the tax is increased as suggested, in the first place consumers of imported articles are likely to suffer from the reduced quantities of such articles that will be offered for sale; then we are likely to suffer from the fact that an increased tax will result in our not producing the maximum quantities of the articles required to help in the war effort.

The hon. Member, I am sure, would not like that to happen. We all know how keen, how anxious, he is to help the war effort. We know that he has taken a great deal of trouble in this direction. But what is the use of all that effort of his, all his anxiety to help, if by this one action of his our ability to produce these commodities is affected and we are unable to help the war effort? The greatest contribution that Ceylon can make to the war effort is to produce more rubber.

**The Hon. Mr. G. E. de Silva:** Which money cannot buy now!

**The Hon. Mr. Senanayake:** It is so valuable now because of its scarcity, and if one of our most patriotic citizens leads this House into doing anything to curtail the effort to produce more rubber, he will be doing an injury to this country as well as to the cause he has so much at heart. I am sure the hon. Member would not like to see that result.

With regard to those members of this House who want to reduce the tax on certain undertakings, I would point out to them that they will not achieve their object by supporting the motion to refer this Bill back. I sympathize with coconut producers and others; none of them, however, will get any relief, but they might have increased burdens put on them, if this Bill is referred back.

With regard to the proposal to reject this Bill, which was made by the hon. Member for Panadure (Mr. Susanta de Fonseka), I wish to deal with some of the reasons given by him. I would humbly point out to him that those reasons are not sufficient for rejecting this Bill, and that those very reasons have not made him adopt the very drastic step of proposing the rejection of the Budget.

I am glad that the hon. Member brought the fact to the notice of this House that we are contributing a large sum of money to the war effort. I entirely agree with him that our contribution is very much greater than the sum of Rs. 27,000,000 voted in the Budget, plus the cost of the Ceylon Naval Volunteer Force. I say that our greatest contribution to the war effort is the production of commodities vitally needed for war purposes.

On what basis are we making that contribution? The industries in question are controlled, and the prices of the commodities have been fixed on the basis of pre-war prices, plus a certain sum to meet additional cost of production. So that, in terms of money, our contribution in this direction is enormous, and I have not the slightest doubt that we shall be happy to continue to make that contribution, although we would like this contribution to be brought to the notice of those concerned.

In this connexion, there are one or two questions that require consideration. In the first place, let us take rubber. We have fixed the price of rubber at a certain figure, the base being the pre-war price, plus a certain sum to meet increased cost of production. All these excess profits earned would be the result of the additional effort that is being made to produce the maximum quantity possible. We are supplying this maximum quantity,

[The Hon. Mr. Senanayake.] at the price fixed, not merely to England but to America and our other Allies, as well as to some Neutrals. We are supplying not merely rubber but tea and coconuts as well.

This arrangement would be satisfactory if the same kind of arrangement were made in respect of manufactured products sent to Ceylon. We do not want to profit by this war; we do not want to take advantage of it; we are at one with the rest of our Allies and England, but let them also be at one with us. Let them also not profit by this war; let them not charge us 500 per cent. profit on resins, for instance. This is an anomaly which we feel very much.

With regard to coconuts, we have a fixed price for the commodity, and we are very grateful to the Ministry of Food that when it cannot find the necessary shipping to take the copra to England, it makes arrangements for copra to be sent to India. But these accidental sales have brought to light the interesting fact—we should bring it to the notice of the Secretary of State—that on the limited quantity of copra that has been shipped to Bombay the Ministry of Food is making a profit.

**The Hon. Mr. G. C. S. Corea (Minister of Labour, Industry & Commerce):** That has been brought to his notice.

**The Hon. Mr. Senanayake:** We must try and increase the price paid to the local producer.

I would like to assure my hon. Friends that these matters are constantly in our minds. We are trying to deal with these matters as best as we can. It is not merely a question of negotiations being carried on between the Secretary of State and ourselves. There are a number of countries involved in this war, and certain matters have to be settled with a number of people and these inequalities have to be adjusted with patience.

By rejecting these proposals we cannot proceed any faster, nor can we take any further action which we would otherwise take. I am sure my hon. Friends would not, in these circumstances, press their objections to this Bill. We give them the assurance that these matters will receive our attention.

So far as rubber and tea are concerned, these commodities fall within the purview of my Ministry and I am dealing with them. We have agreed to a price at the end of this year, and I can assure the House that I shall not fail to look after the interests of Ceylon if I am allowed to do so before the contract expires. To what extent I shall succeed, I do not know—

**Mr. S. Samarakkody (Narammala):** Take over coconuts also.

**The Hon. Mr. Senanayake:** With regard to coconuts, the Minister of Labour, Industry and Commerce has taken up the question already. We are not neglecting it.

On the score that this country is already making a big contribution to the war effort, or for any other reason of that kind, we should not reject this Bill.

There was another reason given by my hon. Friend the Member for Panadura (Mr. Susanta de Fonseka) for rejecting this Bill, and that was that this country had not been consulted over the declaration of war. That is true. When we entered the war, we had not been consulted; it was not necessary to consult us. It should be our endeavour to place ourselves in such a position that in future it would be necessary, when the British Empire is involved in war, for us also as partners in the Empire, to be consulted. That is the effort we should make. That is our due and our right, and we should exert ourselves to obtain that right.

But that object cannot be achieved in the course of the discussions over this Bill or in a matter of weeks. Therefore we should not reject this Bill for that reason. In fact, I think my hon. Friend will realize that that is not a good reason for rejecting any measure brought up in this House.

There is one thing; when war was declared against Germany, although we had not been consulted, this Council voted for it and we got ourselves involved in the war. It is true that we had not been consulted before war was declared, but still our position is such that our country is in danger and the protection of the people has become necessary.

The hon. Member felt that, in spite of his grievances and political disadvantages, he should volunteer to risk his life



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for the protection of this Island and he joined the Navy. After all, if he could have done such a thing, he should not ask other Members of Council to reject this Bill merely because of the fact that we had not been consulted before war was declared.

Sir, I am sure that to-day we are defending ourselves and doing all we can to protect ourselves. As for the protection of the Empire, I believe the British will see to that. I do not think we will be called upon to bear any share of that burden except to make a contribution of certain commodities that we produce. As far as we are concerned, we are trying to protect ourselves, to see that our country is protected, and that our people are not put to too much inconvenience during this period of war. Since our object is that, I feel that it is not proper or right, nor will it serve a useful purpose, to reject this Bill.

There were other reasons given for the rejection of this Bill. It has been stated that we can impose an export duty and increase the unit rate of income tax. Actually, when the Hon. Leader of the House introduced the Appropriation Bill last month, Members know that he definitely stated that it was only an estimate or statement indicating the present position. We could not say what the future or future expenditure was going to be. There are certain resources that we may have to tap. But I feel that merely because there is another resource that could be tapped, this resource should not be ignored.

Sir, I would ask the House to consider the attitude of the Ministers. Last year they felt that they should not introduce the taxes they introduced this year. Some of our prophets say that the Board of Ministers made a mistake last year, but the Board of Ministers do not feel that they made a mistake. They felt that the occasion did not demand the imposition of these taxes on the people.

**Mr. Aluwihare:** What about the Rs. 17,000,000 deficit?

**The Hon. Mr. Senanayake:** I will come to that. Since my hon. Friend has stated that there is a deficit of Rs. 17,000,000, I may tell him that there is not that deficit. This House decided that in the case of Military expenditure,

we were to charge only 100 per cent. of it to revenue. Last year the Military expenditure was Rs. 27,000,000. Of course, we had to anticipate what the revenue would be. We had anticipated more.

Since I have been diverted from the trend of my argument, I shall try to recall what the Hon. Leader said in the course of his speech. I shall read out a small extract from his speech:

"The original estimate of expenditure for 1941-42, including Defence expenditure proposed to be charged to Loan, was Rs. 151,000,000. The revised estimate is Rs. 166,000,000. The difference is entirely due to emergency expenditure occasioned by the war. The original estimate of revenue for the same year was Rs. 141,000,000. The revised estimate is Rs. 143,000,000. The difference is attributable to increased Customs duties imposed during the year. Thus, the revised figures of revenue and expenditure for the current year indicate that the deficit at the end of the financial year will be nearly Rs. 23,000,000. Setting off against this anticipated deficit on September 30, 1942, the surplus of Rs. 10,000,000 realized at the end of 1940-41, there will still be a deficit of nearly Rs. 13,000,000."

That will be so when we take into account the Military expenditure of Rs. 27,000,000, and, according to the decision of the House, we had not taxed the people. After all, we are following the decisions of this House. I am only pointing out the decision of the House and what the facts are.

Sir, what I would like to say is that at that time the Ministers were opposed to the introduction of taxation on agricultural products and plumbago. Why were we opposed to it? We were opposed for the reason that during last year we could have managed without further taxation. At the same time, we realized the great difficulties that existed, as pointed out by hon. Members. In those circumstances, we did not want to impose taxation. Instead of increasing the other taxes, we increased export duties.

What we now find is that wild accusations are made against the Ministers who were reluctant, at least who did not make these proposals, and that it is thought that it was their personal interests that had prompted them to act as they did then. I may say that I am interested in rubber and so are other Ministers; practically the whole House is interested in some commodity or other excepting perhaps, one or two Members.

[The Hon. Mr. Senanayake.]

Yet the Ministers refrained from increasing taxes last year because they felt that they could have gone on without doing so. But if these same Ministers who one year ago were accused of all sorts of things and were not willing to introduce taxation last year feel that it is necessary to do so this year, surely, that in itself is a reason why you should support them now.

With regard to this matter, there was a proposal put forward that we should raise the export duties. You will notice that according to this Bill export duties are not to be raised. They will remain the same, but the people who pay income tax or excess profits duty will get relief from the export duty. So that, any levy we impose would be from those who do not pay income tax and export duties. But, if it becomes necessary, we will go further and tax them too. For the present this is all that is required, and therefore I say let us carry on in this way.

I would ask hon. Members to take one fact into consideration. The rubber agreement will expire within this year. In the case of tea, we are now negotiating for the price. As for plumbago, I can tell you that although we have come to an agreement for a year, there will not be much available, for the simple reason that 50 to 60 per cent. of the mines have closed down for various reasons.

With regard to coconut, the Ministry of Labour, Industry and Commerce have taken up the matter. At that time, when we were considering the question of taking up the price they must pay, it would have affected our negotiations to some extent if we had said that we should impose some taxation on those people. Should that fact not be taken into consideration? In the first place, it was not considered very necessary. In the second place, negotiations were going on. I assured the House that we realized that we should get more than we were getting.

These are the only commodities that bring us any money. Our needs are great, and we have to meet not only war expenses but also our expenses. At present I feel that it would be much better for us to have this double method of taxation where you get the country to pay export duty in full. They have to pay export duty where the prices are fixed

and we also get something out of excess profits. Under these circumstances, I do not think there is a case for the rejection of this Bill.

There is another point that was brought out with regard to plumbago. There seems to be an impression that plumbago is receiving preference. I would definitely say that that in itself is a misreading of the Bill and is not a fact. There are the figures 50 per cent. and 30 per cent., and on the face of it, it looks like differentiation. As a matter of fact, when the Chief Secretary spoke I thought he made the position clear when he said that there were different methods adopted to get equality in results.

I would ask hon. Members to carefully consider the Bill and on what principle the levy is made and then decide whether the reduced rate is justified or not. You will find in the Bill—and it is a principle accepted all over the world—that this is an excess profits tax and not a capital levy. In order not to make it a capital levy but an excess profits tax, there are certain types of capital recognized. You will find that in the Bill the capital value of a coconut estate, for instance, is put down at Rs. 400 per acre; it is supposed to be the developed value of that land, and on that 10 per cent. is to be allowed. It may be that some people may not consider Rs. 400 sufficient. But what I wish to bring to the notice of the House is that in this Bill the principle of certain income being due to the investor is recognized. With regard to coconut, rubber and tea, the principle that was accepted was that it is not the bare value of the land but the developed value of the land that should be recognized. In certain cases I might say—if a company has been floated and the capital value is put down at Rs. 2,000—the interest on the capital is also allowed.

There is no such capital value placed on plumbago-mining for the reason that you cannot place a general value on a plumbago land. Although it may be considered that Rs. 400 is a fair average, even if it is wrong to take that figure as a fair average, still there is the possibility of our fixing an average price for these three commodities. But there is no possibility of fixing the value of a plumbago land. These were two alternatives. One was to give the discretion to

the Commissioner, because the value of each land would depend on the mine. It cannot be valued in a general way like a coconut land, or tea land or rubber land. One mine may be worth Rs. 1,000 and it may be on a land of 500 acres; another mine may be worth Rs. 1,000,000, although it is only on one acre of land. So the value of a plumbago land cannot be fixed in a general way, because there is no possible means of calculating the general value.

As I said, we had two alternatives—either to give the discretion to the Commissioner to fix the capital value and give 10 per cent. on it, or charge a lesser rate of tax. We felt that to give the Commissioner discretion in this matter would be to place him in a very difficult position; after all, it is too complicated and difficult a matter for anybody to tackle. At the same time, though it is a difficult question, we felt that we must recognize the principle of allowing a certain percentage for capital, and we felt 30 per cent. of the excess profits would be a reasonable amount to charge.

Just as much as Rs. 400 for coconut, Rs. 600 for rubber and Rs. 800 for tea are considered insufficient by some Members, the figure that we have fixed for plumbago may be considered inadequate. But we felt that it was most reasonable.

I may say, Sir, that although I gave up plumbago-mining about nineteen years ago, there is nobody here who has greater experience of mining than myself. There may be people who feel that I have interests in mining, but I can tell you that my profit from mining last year was only Rs. 5 out of which Re. 1.25 went in income tax; so that my profit was only Rs. 3.75. But at the same time I claim to know more about mining than anyone else in Ceylon. It may be a proud boast of mine, but that fact was recognized even before the last war when the Ceylon Government chose me, before I became a Councillor, to go to Madagascar to make a report.

I can assure you, Sir, that this rate has been fixed after the most careful consideration because we felt that there should be equality of treatment, that the incidence of the tax should be equitable. We fixed 30 per cent. on that basis. As I mentioned earlier, we fixed Rs. 400 for coconut though some Members feel that

it is not sufficient because coconut is to-day fetching Rs. 600 or Rs. 700 or Rs. 800 in comparison with rubber and tea. In the same way, this 20 per cent. relief is, in comparison with that, a fair amount to deduct.

There are many people who are under the impression that plumbago is giving large profits to-day. I remember the last war, and I know what happened after the last war. There were people who made lakhs and lakhs, but how many of them were solvent after the war?

What is happening to-day? We had an offer from Britain to buy our plumbago for a year. But the mines are being closed down, and the price that was fixed for purchasing plumbago to-day here in Ceylon, is less than the price we were getting when the purchasing was started. But it is a good price. Still, what is happening? Mines are being closed down for many reasons, and one of the reasons, I can say, is that we do not know at the end of the year whether Ceylon is going to provide the plumbago or Madagascar will do so. That is the plight of the industry here.

Well, whatever the future may hold for the industry, what we have to take into consideration is that at the present time they are making money. It is their business to safeguard themselves as regards the future, safeguard their interests in the best way they can. But since at the present time they are making money, it is fair to charge this amount as the tax on plumbago. In these circumstances we have adopted the lower rate.

Merely because there are the figures 30 per cent. and 50 per cent., Members should not think that there is differentiation. I would ask them to consider the capital value of the one and the capital value of the other, and to consider whether, when every other commodity receives 30 per cent. on the capital value, it is fair not to give plumbago a reasonable concession to make up for it.

That is all that I have to say. I do not think it is necessary for me to say anything further. There is just one thing I would like to emphasize. We must remember that we are living in very difficult times, and that we have somehow or other to pull together. It is not a question of trying to criticize this

[The Hon. Mr. Senanayake.]  
 action or that action. The money that we have asked for is just sufficient to meet our expenses. We are supposed to be Rs. 17,000,000 short. Our Military contribution has been reduced to Rs. 27,000,000. When the Rs. 10,000,000 is put back to revenue, you will find that this deficit is nothing more than the result of the decision of this Council to charge it to Loan. I am sure, Sir, that even hon. Members who opposed that method must, as loyal Members of this House, take the decision of the House as we have done, and not harp on some few or some opinion which they held and which was rejected by this House.

I do not think there is anything more for me to add except to say that there are in this Budget certain proposals put forward, and as we indicated at the beginning of the war, the expenditure we may have to incur may be quite different from what is shown here. What is in store, we do not know, and I think it would be very much better to get this Bill through, so that we can sit down to the actual work that has to be done to give the necessary services and protection to the people and for protecting this country.

**Mr. Abeywickrama:** I do not want to let this occasion pass without offering a few remarks on the subject before the House. Before, however, addressing a few comments on the motion before the House, I should like to congratulate the hon. Member for Jaffna on his election as Acting Home Minister. I can assure him that no election has been more popular in this House than his, as Acting Minister for Home Affairs.

Coming to the motion itself—I do not want to take the time of the House by repeating the arguments adduced by previous speakers—I should like to draw the attention of hon. Members to one or two matters that arise very pertinently in the consideration of this question. This being a taxation proposal for balancing the Budget, I want to draw a picture of the conditions that exist within the Island to-day and to point out to hon. Members that money is required for our own purposes apart from other purposes.

I should like to emphasize what the hon. Member for Panadura (Mr. Susanta

de Fonseka) said yesterday about our contribution to the war effort by producing as much tea and rubber as we can to-day. The question has been asked whether export duties should not be levied on tea and rubber. The agreement with regard to rubber is that Ceylon would be paid 72 cents per lb. of rubber, and any further expenditure on that product would be borne by the Imperial Government. Knowing very well that money is required as a contribution for war purposes, I do not think it fair that we should, on the one hand, offer relief to the Empire by way of a monetary contribution and then devise another scheme to draw that money back from them. It will only mean increasing the staff necessary for handling such matters. That fact must be borne in mind by the Officers of State and the Board of Ministers.

We are the only rubber-producing country to-day within the Empire, and as such we ought to be given credit for the manner in which we are getting about the business. We are producing as much as 120,000 tons of rubber at the meagre figure of 72 cents per lb. I should like the Board of Ministers and the Officers of State to realize—they are the people; they are our representatives in the matter of transactions or barter between the two countries—that the present cash or barter system that is adopted is useless. There are certain things which this country requires for the production; for example, of rubber. We want tapping-knives, galvanized buckets, acetic acid, brass mesh and other things; which we import from England and the United States. Did it ever occur to the Board of Ministers to ask the authorities in Great Britain, which produces those articles required by us; for the purpose of helping the war effort, to sell those articles to us at a fair price? A square foot of brass mesh which normally cost us 60 cents now costs Rs. 4.50. The price of a cwt. of brass mesh has risen to Rs. 500 or Rs. 600. A lb. of wire nails has also gone up by a staggering amount in price.

The agreement that has been entered into between Great Britain and Ceylon is totally one-sided. I regret to say that on the Floor of this House. The Officers of State and the Board of Ministers are our spokesmen in these matters. We

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have no right of entry into the various rooms where these arrangements are come to and agreements signed. You will find that each time, somehow or other, concessions are granted to Great Britain at the expense of the people of this country. Is that fair? If England can only supply at a higher price the articles that we require to enable us to produce what they want, let them raise the prices they pay for our products so that we may be enabled to pay the high prices they demand for their goods. I would not, for instance, go to the extent of demanding Rs. 2.72 for a lb. of rubber. I would be very fair with them and ask for an additional Re. 1 on a lb. of rubber. If calculations are made on that basis, it would be found that we have contributed as much as Rs. 260,000,000 as a result of forgoing the enhanced prices we could have justifiably claimed.

As pointed out by several hon. Members who spoke earlier on this motion, we do not find sufficient provision made by the Board of Ministers and the Officers of State for the essential services needed by the people of this country. We require some elementary things to get on in this world. Whilst the Hon. Minister of Agriculture and Lands was addressing the House, I happened to turn over the pages of the Draft Estimates which make provision for a war contribution as well as expenditure on our essential services. I found on page 90 of the Draft Estimates—I think this information will interest the hon. Member for Matale (Mr. Aluwihare)—provision made for seven Headmen for the Matale District on a salary, I regret to say, of Rs. 10 per month each. Each of these Headmen is to be paid a salary of Rs. 10 a month! With the dearness allowance included, an ordinary labourer gets something like Rs. 24 a month.

**Mr. Aluwihare:** It is an accepted principle of Government that these Headmen should take a few bribes.

**Mr. Abeywickrama:** I do not know whether that is the arrangement that Headmen should take bribes to supplement their income by way of salary. I give that as an example of the injustice committed by the Board of Ministers when budgeting for services within the Island whilst, on the other hand, they very generously contribute large sums of

money to the Imperial Government for the prosecution of the war.

Coming to the threat held out by the Legal Secretary, who, I am sorry, is not in his seat at the moment, I should like to tell him that we too have certain remedies for such a situation should it arise. The Legal Secretary more or less held out the threat that the State Council would be dissolved if this Bill was not passed. At present there is peace in this country. Everybody is cooperating with the Government. But what would be the position if the State Council were dissolved? If our electors were to come and ask for the reason why the Council was dissolved, we would have to explain matters to them very frankly. If I make a frank explanation, I do not think the co-operation from the people of this country would be the same as it now is. We would have to explain to the people why the State Council was dissolved. We would tell them that the Government wanted more money for war purposes, and that when we refused to part with the people's money which was very badly required for essential services within the country, we were asked to get out. I think if the threat held out by the Legal Secretary were executed and if we explained the true reason for such action, there would be serious disturbances all over the country. Public meetings would be held and we would be asked to come back to Council.

I do not think hon. Members are sticking to their seats because of the few rupees paid to them. Hon. Members are here to protect the rights of the poor man, to safeguard the interests of the poor man. Every time we assert the rights of the poor man, threats are held out by the Legal Secretary and the Minister of Agriculture and Lands that the Council would be dissolved, that they would manage without this Council. We owe a moral obligation to explain these matters to our constituents. We are now unable to explain these matters to them because of the continuous sittings of Council. We cannot meet them. If we are to explain to them how we are treated by the Ministers and Officers of State, I think it would be a bad day for this country. The interests of the poor people of this country are let down. That is the whole trouble.

[Mr. Abeywickrama.]

I would not like to go into unnecessary details but I would like to remind the House that the three essential things required by the people of this country are food, clothing and health measures. If my vote is required for the Excess Profits Duty Bill, I should, in the first instance, like to see provision made for sufficient food for our people, steps taken in the right direction for supplying cloth for our people and a guarantee that the health services would be adequately rendered.

I should like to see a sum of, say, Rs. 10,000,000 placed at the disposal of the Hon. Minister of Agriculture and Lands for providing food. Without food for our people, how are we going to produce the raw material required of us for the prosecution of the war? If freight could be arranged for satisfactorily for sending rubber and tea from Ceylon to England, why cannot the Officers of State and the Board of Ministers arrange for freight to bring rice from India to feed the starving population of Ceylon? If our rubber and tea could be sent 7,000 miles away to England and also to America under convoy, why cannot they arrange for the necessary freight to transport foodstuffs from India to Jaffna, from where railway transport could be found for conveying those goods? Have they made any attempt to keep one single cargo boat for the purpose of transporting from India the paddy urgently required by this country? There is nothing more essential in Ceylon to-day than food, and food for whom? It is not food for a rebellious people. I feel that we stand in the very proud position of being the only country in the British Empire—I am referring to the small countries—that gives 100 per cent. for the war effort. What is the treatment accorded to us? When our great neighbour is prepared to give us rice and paddy, the authorities here have not even made the necessary arrangements for transporting the rice and paddy. Is that reasonable treatment?

I have with me comparative figures of the revenue derived by this country during the last five years. In 1939, the estimated revenue was Rs. 116,000,000, and to-day the estimated revenue is Rs. 167,000,000. We want to supply the deficit of Rs. 17,000,000, which would

bring expenditure to Rs. 184,000,000 for the ensuing year. During the last five years, there has been an increase of something like Rs. 60,000,000 in the revenue collected and the ordinary man in the street, the poor man in this country, can very rightly ask us, "You have during the last five years raised the revenue of this country by Rs. 60,000,000. How have I come to benefit by that increased revenue? My position has become worse. I have nothing to do, I have no work and I have nowhere to go to and obtain the medicine I need to protect my health." That is the position in the country to-day.

Speaking for myself—I am not speaking for the House at the moment—I do not care much about this contribution for war purposes. Honestly I can defend myself anywhere, before the highest tribunal, in regard to the position I take up on behalf of Ceylon. We are doing more than enough by producing the material required for war purposes; and that helps the British Empire more than our contribution of Rs. 10,000,000 or Rs. 15,000,000 for war purposes.

In another few years, the Financial Secretary will retire and go back to England. There he will indulge in fireside talks about Ceylon. He will relate stories of how he contributed to the war effort. He will say how he managed to get the Board of Ministers to give Rs. 40,000,000 as a war contribution and how he wangled other proposals through the Board of Ministers. Those are the stories usually indulged in by high Ceylon officials when they retire. The truth only comes out when these high officials retire. Now they cover all their intentions underlying a proposal with a veil. When the Financial Secretary retires he will relate these stories to amuse his little grandchildren.

This proposal is for balancing the Budget, for supplying essential needs. It may be that my vote will not be the deciding factor in this matter, but I must exercise my vote conscientiously. Unless at least a sum of Rs. 1,000,000 is placed at the disposal of the Minister of Health for the purpose of buying sufficient drugs and for establishing dispensaries at various places where they are badly needed, and unless another sum of Rs. 1,000,000 or Rs. 2,000,000 is

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placed at the disposal of the Minister of Labour, Industry and Commerce to buy sufficient yarn for our weaving schools, and unless yet another sum of, Rs. 10,000,000, is placed at the disposal of the Minister of Agriculture and Lands for a food-production "drive", I think we would be letting down the country very badly and very treacherously indeed by passing this Bill. It is the duty of the Financial Secretary to collect revenue, but it is the duty of the Board of Ministers to vote that money in such a way as to benefit the country most. The Financial Secretary is the Imperial representative here. [*Interruption.*] He is here to collect as much money as possible and to send as large a contribution as is possible to England. He is doing his job all right. But what are our people doing? Nothing. That is my complaint.

I asked the Hon. Minister of Agriculture and Lands yesterday about the number of acres under paddy cultivation. Anybody who knows anything about paddy cultivation will bear me out when I say that there are in this country to-day 1,200,000 acres under cultivation. If we are asked to secure a ten-fold yield from the fields, we will be able to obtain 12,000,000 bags of paddy.

**Mr. G. A. H. Wille (Nominated Member):** Where did you get your figures from?

**Mr. Abeywickrama:** The figures were supplied to me officially by the Hon. Minister of Agriculture and Lands.

**Mr. Wille:** In the last Annual General Report it is put down as only 950,000 acres under paddy cultivation.

**Mr. Abeywickrama:** These are not from Dutch records. These are figures supplied by the Hon. Minister of Agriculture and Lands. It may be that if I go to the Archives—

**Mr. Wille:** I may explain that when I asked the Hon. Minister for figures a short time ago, he said that there were no reliable figures. I quoted from an authoritative document,—that there are 950,000 acres under cultivation. The hon. Member for Weligama (Mr. Wanigasekera) supports me by nodding.

**Mr. D. Wanigasekera (Weligama):** Round about 1,000,000 acres.

**Mr. Abeywickrama:** Yesterday he gave me the figure in his own handwriting. There is a controversy now about the figure. The Burgher Nominated Member says that the extent is only 950,000 acres. The Hon. Minister of Agriculture and Lands supplied me with the figure. When I inquired what the figure was, he told me that it was 1,200,000 acres. I would like to have an answer from the Hon. Minister of Agriculture and Lands—[*Pause.*]

**Mr. Speaker:** Please go on. Has the hon. Member finished his remarks?

**Mr. Abeywickrama:** No, Sir. I want to have a reply from the Hon. Minister of Agriculture and Lands.

**Mr. Wille:** I was quoting from the latest official figures; that is all.

**Mr. Abeywickrama:** As I said, out of 1,200,000 acres, if we are able to obtain a ten-fold yield we will get 12,000,000 bags of paddy.

I ask the Hon. Minister of Agriculture and Lands, in all seriousness, whether he is supplying bone meal manure, whether he is giving agricultural implements, whether he is giving assistance to the cultivators. The Hon. Minister says, "I cannot supply manure; there is no freight; you can get manure from India. You cannot get agricultural implements; nothing is being made out of iron now except what is required for war purposes. I can only give a little assistance in money". What is the use of money?

On the other hand, all our produce is being sent to the Empire; all the produce goes to their country about 7,000 miles away. Are we not justified in asking that Indian manure should be delivered to the cultivators? There are many people in the Island who would like to purchase manure and apply it to their fields. But they cannot purchase the manure; neither can the Government get it for them. Is it not a sad confession that our Ministers have failed in their duty or failed to make an earnest request to those in authority that they should arrange for freight to transport the manure required?

[Mr. Abeywickrama.]

Take the rice situation. The present rice ration is only one measure. The quantity must be increased. They are not making any effort to increase the quantity; that quantity must be doubled as soon as possible, otherwise you will find starvation in the country.

To-day we are spending Rs. 184,000,000 on rice. We must subsidize the cultivators; we must supply food to the poor man at a cost which he can bear. All of a sudden you find the price of rice going up by 4, 5, and 6 cts. per measure. Can the poor consumer bear all this?

The Board of Ministers say that they have collective responsibility. If that is so, they must act together; they must obtain a vote and subsidize the producer; they must see that food is sold at a lower price than it is sold for to-day. To-day a man who earns 60 or 70 cents spends his whole earnings on buying two measures of rice. This man might have to travel by bus to a depot which may be situated about two or three miles from his house; that too will cost some money. This sort of thing is like killing the goose that laid the golden eggs. If we proceed in this manner, we are asking for trouble. There is a total neglect of 6,000,000 people to-day.

A good deal of our produce is required by the Empire for war purposes. I am not against helping war purposes; we are all co-operating in this matter. I might tell the Hon. the Chief Secretary and the Hon. the Financial Secretary that when we held a meeting in Galle the other day regarding recruitment, the hon. Member for Galle (Mr. H. W. Amarasinghe) and I addressed the meeting. There was such a rush for enlistment afterwards that the Police had to be called in to keep order. That is the way in which we are co-operating. But what is the use? When it comes to a question of relieving the people all become deaf and dumb. One or two Members of the Board of Ministers try to put matters right, but they are out-voted. Is that right?

I know that the three Officers of State can do a great deal for the people of this country at the present time. But they are not doing so. The Hon. the Financial Secretary ought to calculate—he has

pen and ink—and convert our effort into a cash transaction and then submit it to England. The Island ought to be credited, at least in their conscience, with a high sense of loyalty. To-day everything is under control. If we are not able to buy essentials, if we are not able to buy acetic acid, implements—the initial requirements—the manufacture of rubber will have to stop. That is the position to-day.

We are close to India. We know what is happening in India to-day. Are we being moved by these efforts? We are still going on helping the Empire. We know what is happening in India to-day, we know what a great crisis India is going through; we know that everybody is trying to find fault with the people in India. We are not blind to these facts. Mahatma Gandhi has said that the British must leave India.

When in a place like Beliatte or Matara a poor man goes to a boutique and just remarks, "I do not know whether the Japanese will come again", that man is arrested under the Defence Regulations, tried, is found guilty, and is sentenced to six months' imprisonment. In out-of-the-way places people discuss whether the Japanese will come to Ceylon again. They are arrested under the Defence Regulations, taken to Court and sentenced to imprisonment if found guilty. It is not quite fair treatment; that is all. People who are loyal—there is no question of the loyalty of this Island at all—are neglected; that is my point.

We have to look to the Officers of State to guide us in this hour of need; they must see that the people are helped financially and that their needs are supplied. Are they doing so? They want more money; they want Rs. 18,000,000 more. We are prepared to give it. But what is the corresponding benefit to the taxpayer of this Island? What is the use of sending Rs. 2,000,000 or Rs. 3,000,000 to England for war purposes? If you spend that money on the people here, they will make a greater contribution in kind, greater than the contribution that is being made to-day. Our contribution is not sufficient to meet an hour's expenditure on the war. They do not want it. It is true that it is a small sum to them, but it is a big sum to us.



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We know that a large sum of money is being spent in this Island; we know that the essential services must be maintained, that all agricultural sources must be tapped. We are doing all that. But I am afraid the day will come very soon when we will realize the neglect of our people. The people are without food; they are without the necessary facilities for cultivation. You must not expect to have a rosy time; it will automatically disappear when times become more difficult.

The other day I read in the papers of a certain regulation being promulgated prohibiting the felling of certain trees even in one's own garden. I wonder whether the Hon. Minister of Agriculture and Lands is dealing with the subject.

**Mr. Speaker:** I think the hon. Member is going beyond the motion.

**Mr. Abeywickrama:** I am trying to draw a parallel. Regulations are framed—

**Mr. Speaker:** This has no bearing on the Bill before the House.

**Mr. Abeywickrama:** I am speaking about the War Purposes Fund. When regulations are introduced, they are introduced in a different way; it is a one-sided—

**Mr. Speaker:** There are other opportunities for dealing with that matter.

**Mr. Abeywickrama:** To come to the actual Bill—

**The Hon. Mr. R. H. Drayton (Chief Secretary):** At last!

**Mr. Abeywickrama:** I want to draw the attention of the House to one or two anomalies. There are estates capitalized at Rs. 1,500 per acre—at over Rs. 1,000 per acre in the case of rubber. According to the valuation of the Hon. the Financial Secretary the amount is only Rs. 600.

**The Hon. Mr. H. J. Huxham (Financial Secretary):** If the hon. Member will permit me, the figures given in the Bill are minima, and if the actual capital is more, a higher figure will be taken.

**Mr. Abeywickrama:** That is right. There are certain people who have not

capitalized their estates; they do not know how much they spend. Now on the basis of Rs. 1,500 there will be an exemption of 10 per cent., that is Rs. 150 per acre as the untaxed amount. If an individual owns an estate and it is valued at Rs. 800 an acre he will be allowed only Rs. 80. So in the case of the two estates, the difference is Rs. 70. Hon. Members know that in this Island to-day all the limited liability companies are owned by Europeans and estates worked on foreign capital. These people are going to get double the relief that the people of this Island will receive.

If any attempt is made to-day to obtain a tax from the coconut industry, it will be like Shylock trying to get his pound of flesh. The owners will be hard hit, because during the last 12 years they have gone through a great deal of difficulty. This is the only period during which they will be able to tide over their difficulties and have two square meals a day. If at this juncture it is sought to bring in the coconut industry also and make it pay excess profits duty, I think it will be a very sad day for the people in the coconut industry. That industry is practically in the hands of Ceylonese.

I am not against an excess profits duty; I am voting for the Bill and not for the amendment. I will say that openly. I am voting for this Bill with a view to helping Government to derive revenue. I do not believe in this inferiority complex; neither do I want to earn appreciation outside this House nor to get people to say, "Well done. You did well to help war purposes".

I want the Board of Ministers to pay immediate attention to the reorganization of all services in the Island. I do not want to take up the time of the House any further.

**Mr. A. R. A. Razik (Nominated Member):** In an important debate like this, I feel that I must cast my vote after expressing my views.

The Budget has to be balanced—there is no doubt about that—and the money must be found. But I really cannot understand the attitude adopted by the Board of Ministers in trying to get this small sum of money from the producers, the farmers, when, as was pointed out by certain hon. Members, Rs. 200,000,000 can be raised by export duties. I am

[Mr. Razik.] obliged to vote against this Bill so that the Hon. Ministers might view the question in a different light. They should not only consider the views of the hon. Member for Point Pedro (Mr. Ponnambalam) but also the views expressed by back-benchers like us. By imposing export duties and getting Rs. 200,000,000 I feel that we can even build a reserve after making good the deficit of Rs. 30,000,000. I shall vote against this Bill.

**Mr. H. E. Newnham (Nominated Member):** In speaking on the second reading of the Appropriation Bill I said that I thought that the Board of Ministers should give up relying so much on loans and that they would be well advised to return to the policy of some two years ago and resort to a broad-based scheme of taxation. I had not then in mind the Excess Profits Duty Bill. But as that is before us now, and as there is a proposal for reference back to consider having the rates of duty increased, I shall be bound to vote for the reference back with that object, however unpleasant it may be.

**Mr. Wille rose.**

**Mr. Speaker:** The hon. Member has already spoken.

**Mr. Wille:** Not on the amendment to refer back the Bill. Other Members have spoken on both.

**Mr. Speaker:** The hon. Member must confine his remarks to the amendment.

**Mr. Wille:** As you know, Sir, I am not a Minister-baiter, but I feel very strongly that the Hon. Acting Leader of the House has not shown a broad or statesmanlike view in regard to this proposal to refer back this Bill. Although the bulk of his speech was really a Budget speech, in the closing stages he said that we must all pull together. He seems to have forgotten that reference back was part of our Constitutional machinery devised by the framers of the Donoughmore Constitution for the purpose of securing co-operation.

If my Hon. Friend will refresh his memory with regard to the framing of the Constitution, he will realize that the Donoughmore Commissioners gave the power not only to the Governor to refer

back Bills to this Council and to this Council to refer back reports to Executive Committees, but they went on to give special power to this Council to refer back financial Bills to the Board of Ministers. Sir, they exempted Bills in general from this provision because we have the power here of moving amendments, but, as you know, our powers are greatly curtailed in regard to financial Bills and that is why this special power was given.

The Acting Leader of the House seems to have a closed mind with regard to this Bill. That is what I am surprised at. Not only a closed mind, but he even went so far as to threaten those who wanted to refer the Bill back.

**The Hon. Mr. Senanayake:** I never threatened.

**Mr. Wille:** He threatened possible consequences of enhanced duty in the case of one commodity.

**The Hon. Mr. Senanayake:** I interpreted the motion; that is all. I never threatened anyone.

**Mr. Wille:** If he can on reference back raise duties which are now not low according to present conditions, why cannot he raise duties which are low? That is the main point. He spoke as if this was a reference back, for consideration by the Board of Ministers, of only the suggestion of the hon. Member for Point Pedro (Mr. Ponnambalam). That is an utterly wrong reading of the special Constitutional machinery provided us. What is intended is that the Ministers should consider all the comments and criticisms that have been made in the course of this debate and should come to considered conclusions—then bring their decisions before this House as bold men and stand or fall by the result.

It is possible that the Hon. Ministers do not know all the arguments that have been adduced in the course of this debate. The Acting Leader himself has very seldom been here while speeches were made, and how can he be expected to appreciate arguments made on the other side? I submit that if reference back takes place, all those Members who spoke and made suggestions for the varying of this Bill, should send short notes to the Ministers, so that they may

be spared the trouble of reading HANSARD, which I know they will never do.

I emphasize that this reference back which has to be adopted on due occasion and after due consideration should not be treated in a cavalier fashion by the Board of Ministers. Here is a situation in which there is great difference of opinion, and we are all anxious to pull together, to see whether the Ministers cannot adopt some of our views in order to help the revenue which is the object we are all after.

There is no use in the Hon. Minister saying that already agreements are on the horizon with regard to some products. If that is so, why was this Bill brought forward at all? He says that everything possible has been done to equalize the burdens? It is beyond human nature to equalize burdens by going into details and different circumstances. As an instance I might mention that in the Income Tax Bill in order to provide that for a wife there shall be an allowance, a certain definite sum is fixed. While one wife may be very sickly and costing the husband a good deal of money, another may be vigorous and earning something and supplementing the husband's income. Surely no differentiating rule for the sake of equalizing a burden is possible. It is almost as impossible as trying to remove the inequalities of life. These are broad facts that must be taken into consideration.

We are face to face with abnormal profits earned by some people directly in consequence of the war, and it is eminently just that these people should contribute to the war to a reasonable extent. The taxable profit is 50 per cent; the remaining excess profits remain to the people earning them. So what is the hardship?

I submit that if there was an occasion when what the Donoughmore Commissioners intended should be adopted, it is to-day. We are face to face with a serious crisis and we wish that all possible revenue should be got in. As I said, not only should all possible revenue be got in, but in connexion with this Bill there is strong public feeling. All we ask of the Ministers is, not that they should blindly adopt all the suggestions made, but that they should give careful consideration to what has been urged. The

Acting Leader of the House said that there was difference of opinion; that one wants reduction, one wants an increase. That is no argument against reference back. It is for the Board of Ministers to consider all the suggestions made and take their stand on what they think is a right line. I am sorry that a very unstatesmanlike attitude has been adopted in regard to this matter. On this occasion I shall vote cordially for the reference back of this Bill.

**Mr. P. de S. Kularatne (Balapitiya):**

I rise, Sir, to support the amendment of the hon. Member for Point Pedro (Mr. Ponnambalam) to refer back the Bill. We have listened to several speeches on this Bill. Speeches have been delivered from the point of view of various interests. We are all interested in the Bill from the point of view of the worker and the citizen. I should like hon. Members to consider what their position would be if they went to the electorate for a mandate on this Bill. I feel sure that with universal suffrage they would undoubtedly be asked to support the amendment moved by the hon. Member in the spirit in which he moved it.

There are some who want this Bill referred back in order to reduce the duty on certain agricultural pursuits. I feel that we would not be fair by the Board of Ministers if we referred back this Bill on various grounds. I think then they would be placed in a very difficult situation. That is how I feel. They have to come back with certain amendments. If we make different recommendations and we vote for the reference back for different reasons, I think they will be placed in a very awkward situation. They will have to come back to us with amendments which probably will not be acceptable to the majority of this House and this will mean a rejection of the Bill or reference back again. [A MEMBER: No reference back again!] Then we cannot refer it back again.

I would vote for the amendment in the spirit in which it was moved; that is to say, first of all the discrimination shown towards plumbago should be done away with and if possible the duty should be increased to 60 per cent. or more. It has been argued that even 100 per cent.

[Mr. Kularatne.] would not cover the Budget deficit of Rs. 17,000,000. I do not know how it was calculated, how these figures were obtained, but a duty of 50 per cent. it is estimated would yield Rs. 23,500,000; that is with 30 per cent. on plumbago. So that with 50 per cent. the yield would be more. Perhaps it was not seriously suggested that the duty be increased to 100 per cent. but if it is done it will surely yield sufficient money for the Budget deficit to be covered. Even if we cannot cover the Budget deficit in full, is it not desirable that we should be able to bring these two items of expenditure and revenue nearer to each other than they are at present. Surely because we cannot cover the whole deficit are we to refuse to secure more revenue.

Sir, various other suggestions have been put before the Board of Ministers—suggestions for obtaining revenue—such as the increase of export duty and income tax. In fairness to the hon. Member for Point Pedro (Mr. Ponnambalam), I should like to say that even though he may not have to pay excess profits duty—I do not know whether he has to pay it or not—he did suggest an increase of income tax as one of the profitable methods of getting revenue. I think when an excess profits duty is introduced the Board of Ministers should seriously consider increasing income tax. The two should go together. It is possible for certain people to avoid paying excess profits duty by increasing the salaries of those who are engaged in the different undertakings.

**Mr. Speaker:** Is the hon. Member coming to a new point?

**Mr. Kularatne:** Yes, Sir.

**Mr. Speaker:** The sitting is then suspended till 2 p.m.

*Sitting accordingly suspended until 2 p.m. and then resumed.*

**Mr. Kularatne:** When we adjourned, I was about to refer to the Chief Secretary's attempt to justify discrimination in the matter of plumbago. He said that it was not discrimination but a sort of differential treatment. Sir, I do not object to discrimination. I think that what we have often to complain of is the lack of discrimination on the part of

Government, and when there is discrimination, the wrong type of discrimination.

Profits, I suppose, whether made from plumbago or agriculture or trade are profits, and excess profits have no different value because they are derived from different undertakings. I would suggest to the Board of Ministers that the discrimination should come in when assessing excess profits rather than when fixing a percentage as duty on the excess profits.

The hon. Nominated European Member spoke of exploitation. He said that we must not exploit countries by putting on export duties. I believe, the Minister of Health said that they were exploiting us, but, I think, that, between the capitalists in this country and those in the other countries, the real parties who are exploited are our people. Revenue is needed not only for the prosecution of war—large sums of money are needed for that, I know—but revenue is needed for the war against starvation and poverty, and it is by increasing income tax and by the introduction of this excess profits duty that we would be able to get sufficient revenue to encourage the further social services necessary to improve the living conditions of our people.

Some were inclined to laugh at the suggestion of the mover of the amendment that we should have an excess profits duty of 60 per cent. or 100 per cent., but I should like to remind the Board of Ministers that what one laughs at to-day is often adopted to-morrow. Perhaps they laughed at the suggestion or ridiculed the suggestion of those who wanted an excess profits duty imposed last year, but to-day they themselves have introduced it. The excuse given was that it was not done last year because it was not necessary. I think it would be fairer if there was a higher percentage on trade, commerce and agriculture rather than 50 per cent. on undertakings other than agriculture and plumbago. Anyway we have had the excess profits duty introduced by this Bill in the case of agriculture and plumbago, and the only reason why I want to refer it back is that I feel that the discrimination made between plumbago and agriculture should be done away with; and if the Board of Ministers think it necessary they should raise the duty to a higher percentage.

As for confidence, in the Ministers, we have already passed a vote of confidence in them by approving the second reading of the Appropriation Bill. I should like to ask the Ministers to have confidence in the Members of this House, and when we make a suggestion to refer back any measure we do so in the best interests of our people. I hope the Board of Ministers will seriously consider the suggestions that have been made to them, and bring forward proposals that will be acceptable to the House, and that their proposals will be in the interests of the people of this country.

**Mr. R. Sri Pathmanathan (Mannar-Mullaattivu):** Most human beings do not like to pay their bills, much less pay any taxes at all; that is an elementary dislike of human nature. You cannot pay out money specially when it has been hard-earned by you except perhaps in a modern State. The complicated system of a modern State requires that the Government till should be full to pay out money in different forms.

At the present day there are, for instance, a large number of men in the Public Service. Then the essential services have to be run—roads, irrigation, and so on. Also there is the war going on, and this Council has irretrievably joined forces with the Government in England to bring this war to a successful conclusion. There can be no two opinions on that matter; and especially during wartime it is very essential that the till of the State should be full to pay out moneys, especially moneys which must be paid out on account of the unforeseen circumstances of the moment.

I have, therefore, to congratulate the Hon. the Financial Secretary on his bringing up a Bill of this nature, subject to certain amendments in the Committee stage which we propose to effect, and on his having had the courage to take this Bill to the Board of Ministers—they are also human beings, men with vested interests in coconut, rubber, plumbago, tea, and so on—and on having been able to induce them to accept a Bill of this nature.

The Financial Secretary reminds me of a pretty milkmaid. The highest authority on finance in England, Lord Stamp, and others, have told us that taxation is like milking an Ayrshire cow. You must

do it gently; you must not hurt the cow, but all the time you must tell the cow, "It is for your benefit". The Financial Secretary is, therefore, in the capacity of a pretty milkmaid, casting furtive glances at the Council, the people and at the udder of the cow. You must keep the udder clean, and the milk must be gently drawn and served out. That is a very difficult position.

When you have a guardian you always feel like asking him for money, and it all is well if he can give it to you. The Financial Secretary is likewise in that position. We in this House have asked him continually for money, for the industrialization of this Island and for various other schemes, and although he suffers from a certain amount of unpopularity, I do not think he dislikes us or that we dislike him. The Government of a country is only sound if its finances are sound and I feel that the Financial Secretary has been very wary and cautious and has done to the best of his ability what he should do under the circumstances.

The only objection that can be taken to this Bill, so far as I can see, is the objection raised by the hon. Member for Narammala (Mr. Samarakkody). He says that the coconut industry has passed through several years of depression and therefore it should be granted a certain amount of relief. I think that opinion is more or less correct, as you will realize if you travel all over the coconut districts.

Coconut-estate owners have gone through very hard times and many of their estates have been mortgaged, not mortgaged in the sense that the proprietor took that money to enjoy but that he borrowed the money to maintain his property, to spend on young plantations and on different other objects with a view to increasing the value of that estate. But he was caught in the throes of a depression and was unable to pay his debt. <sup>But</sup> Hon. Minister of Labour, Industr. <sup>and</sup> Commerce, I believe, brought <sup>an</sup> Debt Conciliation Bill with the object <sup>of</sup> giving relief to people who had borrowed money, so that at some time or other they <sup>can</sup> get back their properties or an equitable portion of them. That is why I say that in the Committee stage on this Bill, some further relief should be given to the people in the coconut industry.

[Mr. Sri Pathmanathan.]

Then, I do not entirely agree with what the Hon. Minister of Communications and Works said. His arguments did not convince me. I consider a plumbago mine not as an asset in the business sense of the word where you can capitalize it easily. I consider it more, as one would say in Sinhalese, as a *nidana*, which is a treasure-trove. You may buy a small piece of land and try to prospect for plumbago and find nothing at all, whereas another man will simply find Rs. 1,000 buried in his land. So, how are you going to tax that man? What should be done is that they must nationalize all mines in Ceylon. The English people are trying to nationalize coal mines, and I think that would be a settled fact after the war.

I think, until nationalization of plumbago mines takes place plumbago-mine owners should pay 50 per cent. of their profits. How to assess those profits is a matter for the Financial Secretary who with his milkmaid smile can do the work. It is rather a delicate matter, because the plumbago people suffered very badly before the war. But now they are making profits. There were, for instance, the ammunition factories which did not make any money before the war. But they are just beginning to make money, and they are being taxed in the same way as we suggest that plumbago should be taxed.

Plumbago-mine owners are making huge profits at the moment, and I believe one owner is getting as much as Rs. 5,000 or Rs. 6,000 a day. I am sure he would not grudge to pay half of that money to the Government either in the form of a subscription to Defence War Loan without interest, or in the form of a present to the Government. What we say is that we should make him pay it as tax, and to that I do not think he would object. What this gentleman told me was this: "We know that plumbago is going to increase the war effort and we know that the country has not got the money that is necessary for its services. If the Government comes and asks us for a share of these profits, we do not mind paying it". That was also told me by another plumbago owner, the Vice-President of the Ceylon Merchants' Chamber. Well, if that is the view of some of the plumbago owners, I do not see why we should not rope in all of them.

I was also greatly puzzled by the arguments of the hon. Member for Panadura (Mr. Susanta de Fonseka). He told us that we were paying Rs. 1,000,000,000 towards the war because we were selling our rubber to the Imperial Government at a fixed price. He said that if instead of the rubber being sold to the Government at a fixed price, it was sold as was done before, the owners of rubber would have derived very much larger profits, and therefore we were giving a very large sum of money to the Imperial Government in that way.

That reminds me of a dairy-maid. One day she was going with a pot of milk on her head, and she was imagining all sorts of things. She said; "I will sell this milk and then I will buy some eggs. Then I will have the eggs hatched, and sell the chicks, and with that money I will buy a house". As she was imagining these things the pot of milk fell down and broke, and she lost everything. The argument of the hon. Member reminded me of that story. You cannot fix prices on an imaginary basis.

You can have very ambitious schemes, but you find generally a third factor coming into play and upsetting all your plans. What I would suggest to the Financial Secretary is that however much he may desire to milk the Ayrshire cow, a third factor might come in and interfere with all his plans. So he must be careful about the way he pays out money from the till.

We are directly interested in this war. If we lose the war, we lose all chances of securing self-government; and if a new conqueror comes I am sure the position would be a hundred times worse. He may at the beginning give us sweetmeats and treat us as equals. But later on, when he is well-established, he will take away everything from us, and then we will find our position even worse than at present. I feel myself sincerely that under the British we can achieve our utmost ambition after the war, and that is to be an equal partner in the British Commonwealth of Nations. The Duke of Devonshire speaking in the House of Commons said that they were willing to give self-government to every unit of the British Empire—not only to India, but to every other country.

Why I really rose to speak was because when the Hon. the Financial Secretary

first brought up this Bill, I was totally opposed to it as I thought that this country was not an industrial country since we had no war factories or any form of war industry which brought in any money at all. I said that the excess profits duty should be levied only in a country which produced aeroplanes and other materials required for the war, and I voted against the Bill on that ground, and the motion was lost.

On the second occasion the Financial Secretary went a little slower, and he tried to rope in business interests. Only business interests were brought under the excess profits tax, which I thought was discrimination of the worst sort. I told him at that time that he would have to include agriculture, and as I thought at that time, he has had to bring in agricultural products also within the operation of this tax. I am glad he has done so, and I wish him all success with his Bill.

I understand that the Board of Ministers had a great deal of difficulty in coming to some agreement, because human nature being what it is nobody likes to be taxed. I therefore congratulate the Financial Secretary on his bringing forward this Bill. I hope the House will pass it. The minor points, such as relief to the coconut industry and other matters which we desire to effect could be effected in the Committee stage.

**Mr. H. F. Parfitt (Nominated Member):** Might I just say a few words on the motion for reference back, specially as my friend and colleague (Mr. Newnam) has just indicated that he proposes to support the reference back? I personally take the other view, and my colleagues as well feel the same. They feel that the excess profits duty as it stands to-day, at 50 per cent., is a duty that can be imposed with the least possible obstruction and also with the least possible obstruction to the importers of the various necessities of the Island as was ably explained by the Hon. Leader this morning.

My hon. Friend in the course of his Budget speech took the view that there should have been more money debited to revenue and not so much to loan. Well, Sir, he may be right, although I may say in all honesty that the Ministers, during the time I have been in this House, have so shaped the financial resources of this

Island that the public debt to-day is not at all unwieldy. However, it may be an argument that further moneys should be debited to revenue, but if that argument is accepted, I personally feel that revenue should be found by other means than by an increase in the excess profits duty.

When I supported this duty I admitted that it was a tax that I thoroughly disliked, I really think that every Member in this House really dislikes this tax, but it is a sheer necessity at the present time. It is a tax that does act as a hamper on business and does restrict initiative and does increase the prices of commodities of any country. It is for that reason that I would like to see the excess profits duty kept at this figure, and if further revenue is required I would rather see it obtained by some other means than by an increase in the excess profits duty.

Then, are we not placing the Board of Ministers in a very difficult position? One Member wants the duty increased; another Member wants it reduced; while some other Members want an adjustment of the tax on coconut. I want an adjustment of the tax on rubber. And so it goes on. The Board of Ministers will have to consider all those points, and then they will bring back to the House what they think gives effect to the majority views of this House. What if the majority in this House feel that the Board of Ministers have not understood the wishes of this House? What is going to be the result? Those hon. Members will have to consider whether they should vote against the suggestion of the Board of Ministers, with all the implications that will arise, as was so very ably explained by the Legal Secretary, in the event of the Board of Ministers' proposals being thrown out.

So, Sir, I am one of those in this House who think that it is not right to run the risk of having any crisis in this country during the present regime, and that is one of my main reasons for voting for the original proposals of the Board of Ministers and against the motion for reference back.

**Mr. Aluwihare:** Sir, I did not mean to speak on the amendment. I restrained myself even after the judicial pronouncement of the Legal Secretary, but the circumstances that seem to have

[Mr. Aluwihare.] weighed with the hon. Nominated Member (Mr. Parfitt) forces me to say something.

The Legal Secretary told us that under the Order in Council, His Excellency the Governor would be almost compelled on the rejection of this financial measure to dissolve this Council, because he would almost certainly have to conclude that the House had lost confidence in the Board of Ministers. In so far as this is a financial measure, coupled with the Budget, there has been passed by this House the most astounding vote of confidence that any Government has ever had in the history of any Legislature—I refer to the fact that the second reading of the Appropriation Bill this year was passed in this House without the courtesy of a reply having been vouchsafed to the House by the Leader of the House, without any of the criticisms having been answered, except, I think, by the newest addition to the Board of Ministers—

**The Hon. Mr. Senanayake:** One but the latest.

**Mr. Aluwihare:** The newest at that date—by the newest addition to the Board who, fortunately, remembers the anxieties with which back-benchers await Ministerial explanations.

There was once an honourable Judge of the Supreme Court who said that he allowed an appeal in which I appeared, not for the reasons I urged—that I was wrong on both the law and the facts. What I would submit to the Legal Secretary is that when he expounds the law he should certainly expound the law, but he should also remember the facts, and, in this instance, with the tremendous vote of confidence that was passed, there can be no question of a lack of confidence in the Ministers.

The hon. Nominated Member (Mr. Parfitt) said that he did not want a change of regime. We do know, Sir, that he does not want a change of regime. As a matter of fact, this Board of Ministers is his Board of Ministers—

**Mr. Parfitt:** I said that I did not want a crisis; I did not say that I did not want a change of regime.

**Mr. Aluwihare:** Anyway, the two come to the same thing.

**Mr. Parfitt:** No.

**Mr. Aluwihare:** One other point: we have to remember that we all have experience of the Board of Ministers. We are very anxious to avoid a general election, and so are the Ministers very anxious to avoid another election of Ministers. We also know that resignations should have gone in galore if the Board of Ministers were brave enough to face resignation. Once when there was a resignation, some very cloudy compromise was arranged to call it off.

Let us admit that we want our seats, and they want theirs. Now they threaten us to see which will run away first.

**The Hon. Mr. Senanayake:** There has been no threat. I tried to explain that the Ministers had not, by implication or otherwise, uttered any threat. We never did so.

**Mr. Aluwihare:** If the Minister will give way—I am not alluding to anything the Ministers said. I am not alluding to anything which the Acting Leader of the House said. I am alluding to what the Legal Secretary said. After all, you have to take the Board of Ministers as a whole. For a long time the Acting Leader of the House has complained that the Officers of State do not act with them as a Cabinet. To-day they have got to the stage when Officers of State have been bludgeoned into acting as a Cabinet. So that, what any Officer of State says, I take it, is said on behalf of the Cabinet.

I would ask hon. Members not to get frightened, because it is not a question of a general election; it is merely a question of who will run away first. If we do not run away, they will.

**Mr. S. Natesan (Kankesanturai):** The second reading debate on this Bill has provoked more Members to speak than even the second reading of the Appropriation Bill. I hope the Hon. Acting Leader will not suggest that these speeches on this Bill need not be taken seriously, because he stated with reference to the speech of the hon. Member for Point Pedro (Mr. Ponnambalam) that he was delivering his undelivered Budget speech. I hope the Hon. Acting Leader will not make the mistake of supposing that hon. Members speaking on this Bill have been



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merely relieving themselves of their undelivered Budget speeches. This is far too serious a matter to be disposed of in that manner.

It is true that Members have expressed divergent views on this Bill, but one thing has clearly emerged from this discussion and that is there is a general dissatisfaction with the way in which the Bill has been brought before this Council by the Board of Ministers. Members of the House are anxious that the Board should give its attention again to the provisions of the Bill. The question has been asked in what manner they have to rectify the Bill. The Board of Ministers say that this Council speaks with many voices and that the Ministers cannot bring back the Bill in a form which would be acceptable to the House.

May I remind the Board of Ministers, of the elementary principle in politics of which they must be aware—that in considering any political matter, they should be guided by the principle of the greatest good of the greatest number. That is what they have to bear in mind. The trouble seems to be that some of them are thinking of the greatest good of the smallest number. I hear that this “smallest number” can be actually counted on the fingers of one’s hand.

Whatever other differences there may be in the views expressed by hon. Members who have spoken on the subject, there is almost a consensus of opinion that in the case of the concession given to the plumbago industry, there should be a revision of the duty. That is one point which emerges from this discussion as the view of the majority of the Members of the House. I hope the Board of Ministers will give their attention at least to that aspect of the matter.

It is important that in considering this Bill we should not regard it mainly as a revenue-producing measure, but as a Bill which lays the foundations of a financial policy which we shall have to adopt for this country. That is a point of view which has been ignored in the course of these discussions. It is very necessary to realize that the income of the ordinary people has been reduced to such an extent in purchasing power that if it continues in this manner there will be a serious state of affairs brought about—a conflict between the “Haves” and the

“Have-nots” in the most pronounced form, which must be avoided by the Board of Ministers sitting at the helm of affairs in this country.

Of course, we are not all going to become Communists over-night, but we can see the trend of movement in the world. We cannot fail to see that the ills of the world are largely due to a wrong and unfair distribution of wealth. When we have an opportunity of seeing that such a catastrophe can be averted in time by the Board of Ministers, they do not do so. When one section of the population derives incomes which have not risen in any measure commensurate with the cost of living, and another section gets more and more added to their incomes, the conflict will become more and more pronounced. It is time that steps were taken to avoid it, and the Government should set itself to that task.

We know that there is a great deal of suffering in this country. Every Member must remember that when he addresses his mind to this problem. I hope the Board of Ministers will address themselves to this task in this frame of mind which is the right attitude to take up.

**The Hon. Mr. Huxham:** Sir, I thought that after seven or eight years in this House I was past being surprised at misunderstandings, but the debate on this Bill has certainly surprised me as regards one or two points which Members have misunderstood.

The first, Sir, is the price for our exports which is being paid by the United Nations who are taking practically the whole of them. We are told that if there had been no Government purchasing schemes and the law of supply and demand had been allowed to have its full effect, then prices would have been very much more than they are. Whether that argument has anything to do with this Bill is another matter with which I will deal presently. But the first proposition is that the prices we are getting for our products are so much lower than what we are entitled to get that that consideration ought to be sufficient justification for rejecting this Bill.

Sir, this law of supply and demand which is now regarded as a sacred matter which no one ought to interfere with—who interfered with it first? Surely the

[The Hon. Mr. Huxham.]  
House will realize that when that law of supply and demand had brought the price of Ceylon rubber down to about 5 cents a lb. it was Ceylon, in co-operation with other countries affected, which began to interfere with the law of supply and demand by getting producers to make agreements to restrict production with a view to forcing up the price artificially. That interference has succeeded both in the case of rubber and tea for several years past. Now, in the present circumstances our customers find themselves not really by intention but almost by accident in the position of being able to say what they are prepared to pay for our products, and, I think, they are being fairly generous in the matter. As the Hon. Minister of Communications and Works observed, the United Nations could have fixed almost any price they liked, and in the light of that fact, which cannot be denied, surely the prices we are getting are good.

The hon. Member for Narammala (Mr. Samarakkody) took this point further. He said that in these prices there was obvious discrimination by the United Kingdom Government against Ceylonese and in favour of their own nationals. How such a statement can be made really passes my comprehension, when the converse is obvious.

In the case of tea, United Kingdom interests are very greatly concerned, but the price is by no means generous. In fact, I think, the Hon. Minister of Agriculture and Lands is saying that it is not even just. In the case of rubber, I do not think any reasonable person can deny that the present price is generous. In the case of coconut, which is wholly Ceylonese, the present price is very generous; and in the case of plumbago it is almost beyond the dreams of avarice.

How in the light of these facts anyone can say that there is discrimination in favour of the products in which Europeans are interested and against those in which Ceylonese are interested, seems almost impossible to understand.

Sir, another great misunderstanding which has appeared in this debate is that a good number of Members have urged that either duties should not be imposed at all or that reliefs should be given, mainly to coconut on account of

the poor peasant. The hon. Member dragged in some incident of some villagers who for some obscure reason are not able to pluck their own coconuts. What on earth that has to do with the excess profits duty I cannot imagine.

In the case of the coconut owner, I do not think that there is any likelihood of any excess profits duty being levied unless his estate is 300 or 400 acres in extent. People whose sole wealth consists of coconut will be exempt from the duty unless they own very large areas indeed. So that, all this question of the poor man in relation to the Excess Profits Duty Bill is merely drawing a red herring across the trail.

**Mr. Samarakkody:** Sir, may I make a personal explanation? If the Hon. the Financial Secretary followed what I said, he would not have misunderstood me. What I stated was this: I brought in the position of a village-holding and the poor man in relation to the coconut industry, and I showed the parlous condition in which the industry was placed in the last so many years. I never dreamt, not to speak of saying it here, that a villager owning an acre of coconut land will be called upon to pay excess profits duty.

**The Hon. Mr. Huxham:** I am sorry; I was under the misapprehension that the hon. Member was speaking to the motion. After all, I am entitled to suppose that any statement a Member makes relates to the Excess Profits Duty Bill which we are discussing.

Then, the hon. Member dealt with the value of coconut estates per acre. There has been a good deal of misunderstanding regarding the values which are inserted in the present Bill. Some Members have spoken of them as being a large relief to agriculture. So they are to some extent. But that is not the real intention. They are supposed to represent a value, admittedly a fairly generous value, for estates of the various categories mentioned in the Bill at the beginning of 1939.

The main reason for having those arbitrary values is that it would be extremely difficult to ascertain what in fact was the money invested in estates—particularly ancestral estates—for the

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purpose of arriving at a capital standard, and from that point of view fixed minimum values are very desirable. I must emphasize the fact that they are minima. If anyone claiming the capital standard can show that his estate actually cost more than the figures in the Bill, then his capital standard will be based on that cost and not on these arbitrary figures. So, the reason for the arbitrary figures is to facilitate administration, and, in the course of fixing these figures, I think we have been a little generous. But they have not been inserted primarily with the idea of giving large relief to agriculture.

I would again emphasize the fact that these values are intended to be pre-war values, and that the present value of an estate has no bearing on the question. In fact, if you take almost any business or estate and take its current value, and then give 10 per cent. on that present value as a standard, surely there will be hardly any estate which will be liable to the duty and you will exempt everybody. And if you do it in the case of agriculture, why not in the case of businesses? With one stroke of the pen, by granting 10 per cent. standard on current capital value everybody will be exempted and the Bill will become a dead letter.

I must again ask critics of the values to realize that they are intended to be pre-war values more or less at 1st January, 1939.

The hon. Nominated Member (Mr. Parfitt) claimed that in the case of rubber we ought to take the best pre-war year and not the average of two years. Taking the average of two years is a fundamental principle of the Bill and has already been applied in the case of hundreds of businesses, which have been assessed. I think that in nearly every one of those cases the owner of the business, if he had the opportunity to do so, could give a good reason for taking his best year instead of the average of two years. There will always be some special reason why that second year was not as good as the first year which, in his own view, would justify him in claiming a single-year standard.

The hon. Member gave a reason in the case of rubber—that the restriction was more severe than it should have been during the years prior to the last pre-war

year. To my mind that is not a sufficient reason for departing from our basic principle of the Bill. I would ask the hon. Member to recognize the fact that the concession of giving relief equalling half the duty, where rubber is produced between 75 per cent. and 100 per cent. of the standard production, and relief of the whole of the duty in respect of rubber produced in excess of 100 per cent. of the standard production, are a very large benefit to rubber owners generally. I think the cost of that concession is in the neighbourhood of Rs. 3,000,000.

In the face of that relief, I do not think he is justified in pressing for a standard arrived at on a basis different from that which applies to every other kind of business or agriculture. The hon. Member did, however, make one point with which I have considerable sympathy. He claimed that in arriving at the relief in respect of heavy production—that is to say, where the production is more than 75 per cent. of the standard estates, which have replanted, part of their areas should be granted some special treatment.

I think I am right in stating that, where an estate has replanted part of its area, its standard production is still assessed as if that area was still in bearing. Although it may be argued that the estate has been getting coupons for rubber which it could not possibly have produced, I do not think that the grant of those coupons is a sufficient reason for withholding the relief which would be due if the standard production of the estate were based, as one would expect it to be, on the area which is actually in bearing, ignoring the newly replanted area. I think that matter should be considered in Committee.

The Hon. Minister of Communications and Works in his long and amusing speech read details from his memorandum in favour of giving special relief to plumbago which seemed to incline the House to doubt the need for that relief rather than otherwise. One of his objections was that a tyre cost so much nowadays. I was reading the other day of an American farmer's complaint—shortly before the war I think it was—that when he sat down in a fashionable restaurant and ordered a chop, he was charged more for that chop than the price

[The Hon. Mr. Huxham.]

he had just obtained for the sale of a whole sheep. Sir, the rubber tyre is rather in that state nowadays, because I doubt whether the average person realizes the tremendous increases in the cost of production which arise from war losses. One cannot have factories in the Empire blown to pieces, ships sunk taking Home rubber, other ships sunk bringing out tyres, and that kind of thing without the price going up enormously.

**Mr. Aluwihare:** Why do you not set up factories here?

**The Hon. Mr. Huxham:** The hon. Member suggests that factories might be set up here. That indeed would be admirable if we had a sufficient demand to justify setting up a factory in Ceylon. I believe factories are coming into production in India, and the tyres we are likely to get for the rest of the war may come from India. If that is so, let us hope that they will be relatively cheap.

It is certainly the case that we cannot expect cheap tyres from the United Kingdom, or from Australia, or from America in view of the enormous additions which have to be made, not only in respect of extra wages, but also in respect of freight and insurance to cover the great losses of factories, ships and materials which are inseparable from the supply of manufactured articles from overseas at the present time.

Then, there was a point about the casual miner either of gold in Africa or the Klondike, or of plumbago in Ceylon. My point was that to the best of my knowledge and belief there was no exemption for him in any excess profits legislation. He probably does not pay because he very seldom makes enough to make him liable to pay, and if he does make enough, the revenue officers seldom get hold of him. To the best of my belief there is no legal exemption for such forms of industry. I think such a miner is a little like a burglar. The Ceylon Income Tax Department, if it finds a burglar who is doing so well as to make him liable to the excess profits duty, will assess him, but I think the possibilities of getting hold of such a tax payer are not very great, although I hope and trust that they will faithfully rope in and assess another class of people who are not far

removed from burglars, namely, the profiteers.

The position with regard to plumbago is that relief was given by the United Kingdom Government in the last war and is being given now in regard to certain forms of mining. In the last war it was given by means of a percentage standard, considerably higher than that which applies to ordinary businesses. In the present war the relief is given by means of an allowance for exhaustion of minerals.

Sir, the Board of Ministers, and in particular the Hon. Minister of Communications and Works and myself, spent a long time in trying to evolve either a higher capital standard than would ordinarily be the case, as the United Kingdom did in the last war, or an allowance for exhaustion of minerals, which is the device now being applied in England in the present war. We found in the case of plumbago that both these expedients were impossible. You cannot do anything much with an allowance on capital because in many cases the capital is negligible. You cannot arrive at an allowance for exhaustion of minerals because in the case of ordinary Ceylon plumbago mines, no one can give an estimate which is of the slightest value as regards the total content of the mine, and it is therefore impossible even to guess at the proportion of the total amount of mineral in the mine which is being exhausted each year. We therefore came to the conclusion that if we were to follow the United Kingdom, which is the author and principal exponent of excess profits duty, we ought to give some relief to plumbago mining, and in the end we came to the conclusion that the best way of doing it was to give a somewhat lower rate.

**Mr. Aluwihare:** Sir, may I ask the Financial Secretary in which year that concession was granted in England?

**Dr. A. P. de Zoysa (Colombo South):** Following that question—I think the Financial Secretary will be able to answer both questions at once—may I know whether the concession was granted in England for mining a commodity which is essential for war, and for the life of the people and their industrial needs? Was it on that ground, or was it a concession for mining generally?

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**The Hon. Mr. Huxham:** Sir, the higher percentages for capital standard were given in the last war. The Excess Profits Duty Bill was passed in 1915. The allowances for exhaustion of minerals were given during the present war, probably in 1940.

**Mr. Aluwihare:** They were refused in 1940.

**The Hon. Mr. Huxham:** I can assure the hon. Member that they are in force now and that they apply, unless I am greatly mistaken, to gold; so that they are not confined to an essential commodity for the prosecution of the war, unless one regards gold as essential.

The Hon. Minister of Communications and Works also indicated that in his view export duties are a better means of taxation than excess profits duties, and that attitude was taken up by more than one Member of the House. The way I look at it is this. If we take plumbago, and we want to get a certain amount of money out of that industry in view of the very large profits it is making, if we take it by a flat-rate export duty, we shall most certainly hit harder the smaller man than if we take it by export duty combined with excess profits duty, the plumbago owner paying whichever is the higher of the two. If any Member will think it over for a moment, he will see that if you impose whichever is the higher, a certain number of people who will be liable to pay excess profits duty will pay more than they would pay by way of export duty. Therefore if you are going to get a certain sum of money, the combination of the excess profits duty and the export duty must result in the bigger man paying more and the smaller man paying less than he would otherwise do. It is for that reason that the Board thought such a combination preferable to any system of export duties which we could devise.

The hon. Member for Matale (Mr. Aluwihare) wanted an allowance for repayment of debts. That would be, I think, extraordinarily difficult. Indeed it opens up a very dangerous prospect which possibly the hon. Member did not contemplate, namely, that no one should pay any taxes as long as he is in debt. In

Ceylon particularly that opens up a fair prospect for large numbers of the population, but a bad prospect for the Ceylon Treasury.

The hon. Member for Point Pedro (Mr. Ponnambalam) asked whether we were not proceeding to inflation and raised the very important point that one of the principal means of avoiding inflation is extra taxation. He considered therefore that the Board's proposals were unsound. We should have balanced the Budget by taxation thereby avoiding debt charges which will fall on the future and reduce our ability to finance development and social services, and at the same time limit the spending-power of the community, which is a desideratum if inflation is to be avoided.

But I could not entirely follow him in this matter of inflation. I do not know if everyone who glibly uses that word has a clear picture in his mind of what he means by it. It seems to me that most people think inflation consists merely of higher prices. No one would deny that prices are higher than they were. But I do not think that it necessarily means there is inflation in the way in which I would understand it. Inflation to my mind implies a rise of prices which could be avoided or prevented if suitable action were taken by Government or the monetary authorities.

As regards our imports, as I have explained previously, we cannot do anything to lower the prices of the goods when landed. Therefore as far as my definition is concerned, there is no inflation in the landed price of those articles. Inflation as regards imports can only take place, as far as we are concerned, if we allow profiteering with the result that distributors in Ceylon add a totally unjustified amount to the landed cost of the article.

In the case of goods produced here, I think we have inflation if we voluntarily permit too much to be paid for them. For that reason I cannot agree with those Members who argue that if paddy, or sleepers or any article from abroad rises two, three or four times in price, we must necessarily allow the price of the Ceylon-produced article to rise similarly. Take sleepers. I believe the pre-war imported sleeper and the Ceylon sleeper cost

[The Hon. Mr. Huxham.] . . . between Rs. 5 and Rs. 6. It is conceivable that if the war goes on for some time longer and we need sleepers badly enough, we may have to pay Rs. 20 for the imported article. I do say that if we pay Rs. 20 for a Ceylon sleeper we shall be encouraging, and in fact causing, inflation; we would be paying a totally unnecessary price for a home-produced article.

The hon. Member suggested that the Budget could be balanced either by increasing the rate of Excess Profits Duty or by coupling an increase in the rate with other taxation. If you raise the rate of excess profits duty to 100 per cent. all round, it would just about balance the next year's Budget, but I do not think the House would be prepared to accept that proposition.

An increase of the rate of excess profits duty to 60 per cent., coupled with further income tax and a surcharge on import duties, might, I think, balance the Budget; but there again I doubt very much whether the House would be prepared to accept such a proposal. At any rate, the Board of Ministers did not think so. The Board have taken the middle line between borrowing to pay for the war and meeting the whole cost of the war by taxation. They are dividing the extra cost more or less evenly between the two as far as expenditure during 1942-43 is concerned. The hon. Member wishes this position to be reconsidered and has moved the reference back of this Bill for that purpose. It seems to me to be the correct procedure. I shall deal later with the question arising from the motion to refer back the Bill.

The hon. Member for Colombo South (Dr. de Zoysa) introduced, as he generally does, a lighter touch into the debate. One proposition of his was that the Board should have ascertained the views of hon. Members of this House before framing their Budget. I could not help forming to myself a picture of what would happen if the Chancellor of the Exchequer in the United Kingdom had to follow that principle and consult the 615 Members of Parliament before he framed his budget.

**Dr. de Zoysa:** On a point of personal explanation. I did not mean that every

Member should be consulted but that before the Ministers introduce their taxation proposals they should know that they would receive support in the House.

**The Hon. Mr. Huxham:** The hon. Member, if I remember rightly, said that the Board should consult hon. Members of this House before framing the Budget.

The hon. Member for Kankasanturai (Mr. Natesan) based his opposition to the Bill on the ground that it did not represent a sound long-term financial policy. I cannot follow him in that argument, because if he refers to the terms of this Bill he will find that the proposal is to impose this tax for two years only. The excess profits duty is and must be a purely temporary war-time tax. I can think of no worse tax in peace-time, and it seems to me idle to connect the proposal for excess profits duty with any consideration of long-term financial policy.

I now come to the motion for referring back this Bill and also to the discussion which has taken place regarding the result of its rejection. It has been suggested by some hon. Members that as the Excess Profits Duty Bill was rejected in February 1941 without any large Constitutional problem arising, the same must be the case as regards this Bill. I think Members who hold that view are wrong. The Bill proposed in 1940 was to yield, I think, only about Rs. 3,000,000 and was not connected with the Annual Appropriation Bill. This Bill, on the other hand, is closely connected with the Annual Appropriation Bill and is expected to yield not less than a sum of Rs. 18,000,000. Some Members called it an appendage to the Appropriation Bill and some others suggested that "appendix" would be the correct word. I do not think that either word is correct. It is neither a tail nor a part of the anatomy which can be removed without danger and possibly with benefit. It is the main support of the Appropriation Bill and with the removal of that support, the Appropriation Bill falls to the ground. I therefore think that the Hon. the Legal Secretary, if I may say so, was absolutely and entirely right in the view he placed before the House as to the consequences of the rejection of this Bill.

As regards reference back, some interesting discussion has taken place regarding that form of procedure which, I think, all hon. Members will admit is a somewhat satisfactory one. In an Assembly of this nature, 20 Members may dislike a Bill for 20 different reasons, many of them contradictory; and if all of them vote for reference back, where are you?

The only ground on which the Bill can properly be referred back is that the rate ought to be increased—a thing which cannot be done in Committee—or else for some further or different steps to be taken in conjunction with this Bill, that is to say, on some general question of financial policy. It does seem to me that if a Member wants to raise the question whether the taxation policy of the Board of Ministers is sound, he cannot find a better opportunity than in connexion with the main taxation proposal for the year. But if any Member wants to reduce the rates or wishes some concession to be given to a particular industry or some alteration made in a particular Clause—all of which can be moved in Committee—he would, in my opinion, be entirely wrong in voting for the reference back of this Bill.

Therefore if the motion for reference back were passed, the Board of Ministers must in my view, take it as being an intimation of the fact that the House desire the advice of the mover of the motion to be taken whose idea it is that the rate of duty charged under this Bill ought to be increased, and at the same time other measures of taxation considered.

**Mr. Speaker:** I will now put the amendment to the House.

Question put, "That the Bill be referred back to the Board of Ministers for further consideration".

The Council divided—Ayes 23; Noes, 20; Declined to Vote, 1:

#### AYES.

Aluwihare, Mr. B. H.  
Amarasuriya, Mr. H. W.  
Amarasuriya, Mr. Thomas  
Batuwantudawe, Mr. U.  
De Fonseka, Mr. Susanta  
De Silva, Mr. G. R.  
De Zoysa, Dr. A. P.  
Dharmaratnam, Mr. S.  
Freeman, Mr. H. R. S.  
Gunawardana, Mr. R. S. S.  
I'angantileke, Mr. J. H.  
Jayah, Mr. T. B.

Kaleel, Dr. M. C. M.  
Kularatne, Mr. P. de S.  
Natesan, Mr. S.  
Newnham, Mr. H. E.,  
C.M.G., V.D.  
Ponnambalam, Mr. G. G.  
Rajapaksa, Mr. D. M.  
Ratwatte, Mr. H. L.  
Razik, Mr. A. R. A.  
Samarakody, Mr. S.  
Siriwardana, Mr. H. de Z.  
Wille, Mr. G. A. H.

#### NOES.

Senanayake, The Hon. Mr. D. S.	Abeygunasekera, Mr. E. W.
Kannangara, The Hon. Mr. C. W. W.	Abeywickrama, Mr. Simon Griffith, Mr. F. H.
Bandaranaike, The Hon. Mr. S. W. R. D.	Hewavitarne, Mr. Rajah Nugawela, Major E. A.
Corea, The Hon. Mr. G. C. S.	Parfitt, Mr. H. F.
Kotalawala, The Hon. Colonel, J. L.	Senanayake, Mr. Dudley Sri Pathmanathan, Mr. R. Tambimuttu, Mr. E. R.
De Silva, The Hon. Mr. G. E.	Tennekeon, Mr. R. S.
Mahadeva, The Hon. Mr. A.	Vytilingam, Mr. S.
	Wanigasaker, Mr. D.
	Whitby, Mr. G. R.

#### DECLINED TO VOTE.

Jayasuriya, Mr. A. P.

3.15 P.M.—

**Mr. Speaker:** The amendment is passed.

The House will excuse my absence from the remainder of the Sitting. The hon. Deputy Speaker will preside.

MR. SPEAKER *thereupon withdrew, and* MR. DEPUTY SPEAKER [MR. SUSANTA DE FONSEKA] *took the Chair.*

#### SITTINGS OF COUNCIL.

The Hon. Mr. D. S. Senanayake (Acting Leader of the State Council): I move that at the conclusion of business this week Council do adjourn till 2 P.M. on Tuesday, August 18, 1942, and hold sittings on August 18-21 and 25-28, 1942, the sittings on Tuesdays (August 18 and 25) commencing at 2 P.M. and at 10 A.M. on the other days (August 19-21 and 26-28).

**Mr. Abeywickrama:** I move an amendment to that motion. I move that the Council do adjourn for the week after.

**Mr. Deputy Speaker:** That is, till the 25th of August?

**Mr. Abeywickrama:** We have been sitting continually for three weeks. We are very tired. Our Executive Committees also have been sitting during this period.

I move that amendment.

**Mr. Ponnambalam** seconded.

**Mr. Aluwihare:** I only want to say one thing. It is not that we do not forget that sufficient notice has not been given of this motion—we shall allow that to pass—but I think where the suspension of Standing Orders—

**Mr. Ponnambalam:** Sufficient notice has not been given.

**Mr. Aluwihare:** Anyway, I think we will be willing to waive our right in this matter.

**Mr. Ponnambalam:** As a matter of fact, as regards this motion, sufficient notice according to Standing Orders has not been given. But I wish to appeal to the Board of Ministers—to bring this fact to their notice—that about three weeks ago there was actually a motion on the Orders of the Day in the name of the Hon. Leader of the House which proposed that we should sit from day to day or about three weeks. There was no motion indicating that we are sitting next week. After all, we have other demands on our time, commitments to our constituencies. May I appeal to the Board of Ministers to give us leave for next week and thereafter sit from day to day, from 10 A.M., till the third reading of the Appropriation Bill is over.

**The Hon. Mr. Senanayake:** The only point I want to make is this. I believe my hon. Friends will realize that once the second reading of the Appropriation Bill is over, we go into the Committee stage immediately and continue to sit, not in the same manner as we are doing now—even during the second reading we have sat till 11 P.M. or 12 midnight—but till the third reading is over. This year the Council has gone on till 6 P.M. The second reading debate was over early. But I would point out that in normal times we used to sit from 10 A.M. till 12 midnight daily. This year we have had less work. Hon. Members agreed to be brief in their speeches. In these circumstances we should finish the Budget discussions by the 28th of this month.

But we must remember that if we do not conclude the Budget discussions before the 15th of September we shall not have time to get the Estimates printed and the third reading passed before the end of the financial year. We have to pass the third reading; we have to make the necessary corrections in the Estimates before we can do so. I would also ask hon. Members to realize that this year even the amendments to be proposed in the Committee stage by Government total about 100. So that one must realize the time that will be

taken in discussing these amendments. Some hon. Members had no opportunity of speaking at the second reading. I am afraid the opportunity will be taken to get the speeches off their chests in the Committee stage. I think we are running too much of a risk in—

**Mr. Ponnambalam:** No; we will give an undertaking.

**Mr. Deputy Speaker:** The Hon. Acting Leader is not agreeable then to the amendment.

**The Hon. Colonel Kotalawala:** No.

**Mr. Deputy Speaker:** I will put the amendment to the House.

Question put, “ That at the conclusion of business this week, Council do adjourn until 2 P.M. on Tuesday, August 25, 1942 ”.

The Council divided (under Standing Order 68); Ayes, 16; Noes, 17.

**Mr. Deputy Speaker:** The amendment is lost.

I will now put the motion of the Hon. Acting Leader.

Main Question put, and agreed to.

### SUPPLEMENTARY ESTIMATES, 1941-42.

The following item stood upon the Addendum to the Orders of the Day:

The Leader of the State Council to submit for the approval of the Council the Supplementary Estimates set out in this item, to present to the Council the Reports of the Board of Ministers on such Estimates, and to move the Council into Committee to consider the same:

(Chief Secretary.)

#### (1) Supplementary Estimate, 1941-42.

Head 5, Chief Secretary.

Sub-head 3, Stationery, office furniture and office requisites.

Amount: Rs. 800.

Nature of Service: To meet expenditure on stationery.

*Observations of the Chief Secretary.*

Two bills have been received for stores indented on the Crown Agents for the



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Colonies in 1939-40 and 1940-41, respectively, for repair materials for the Government Archives. As a result, the provision under Head 5, Chief Secretary, Sub-head 3, Stationery, &c., Estimates 1941-42 is not sufficient to meet the expenditure.

The amount which remained unspent at the end of the preceding two years owing to the non-execution of the two indents referred to above was Rs. 716. Supplementary provision for this sum as well as a further sum of Rs. 84 to provide for contingent rise in the price of stores, viz., a total sum of Rs. 800, is now requested under Head 5, Chief Secretary, Sub-head 3, Stationery, &c., Estimates 1941-42, to meet expenditure this financial year.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Chief Secretary. The Board of Ministers approves.

**(2) Supplementary Estimate, 1941-42.**

Head 5, Chief Secretary.

Sub-head 7, Government Hospitality.  
Amount: Rs. 8,000.

Nature of Service: To meet expenses in connection with the recent visit of H. R. H. the Duke of Gloucester and likely expenditure to be incurred before the end of the financial year.

*Observations of the Chief Secretary.*

In connection with the recent visit of H. R. H. the Duke of Gloucester, expenditure amounting to Rs. 7,964 was incurred as follows:—

	Rs. c.
1. O.G.R. bill for special trains ...	6,367 50
2. Railway Restaurant Cars and Rooms bill for refreshments ...	957 21
3. Colombo Hotel Company, Ltd., bill for accommodation to staff ...	262 54
4. Armstrong's Tourist Agency bills for car hire ...	376 75
...	7,964 0

2. The balance on the vote is Rs. 893 and a further sum of Rs. 8,000 is necessary to meet the expenses and any

further expenditure likely to be incurred before the end of the current financial year.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Chief Secretary. The Board of Ministers approves.

**(Legal Secretary.)****(3) Supplementary Estimate, 1941-42.**

Head 17, Legal Secretary.  
Sub-head 4, Elections to State Council.

Amount Rs. 19,000.

Nature of Service: To meet the anticipated excess on the vote.

*Observations of the Legal Secretary.*

A sum of Rs. 51,000 has been voted under this sub-head for the current financial year. According to statements of expenditure furnished by the various Registering and Returning Officers the expenditure up to June 30, 1942, is Rs. 19,553.50. The total expenditure up to the end of the financial year is likely to be Rs. 70,000.

2. The expenditure under this sub-head is in respect of the annual revision of registers of voters and bye-elections; any estimate of such expenditure must necessarily be approximate only and be affected by unforeseen circumstances or events. There have been five bye-elections during the year; the original estimate provided for only one bye-election.

3. Supplementary provision in the sum of Rs. 19,000 is therefore required.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Legal Secretary. The Board of Ministers approves.

**(Home Affairs.)****(4) Supplementary Estimate, 1941-42.**

Head 49, Provincial Administration.

Sub-head 1, Personal Emoluments.

Amount: Rs. 4,000.

Nature of Service: Establishment of a unified service for clerks and messengers to Chief Headmen and Divisional Revenue Officers in place of the existing system.

*Observations of the Minister of Home Affairs.*

The question of establishing a unified service for clerks and messengers to Chief Headmen and Divisional Revenue Officers in place of the existing system of the payment of clerical and messenger allowances for the employment of such staff has been under consideration for sometime and the subjoined scheme has been approved by the Board of Ministers.

2. The extra cost of the new scheme over that of the existing system will be about Rs. 16,000 per annum exclusive of liabilities for retiring allowances, holiday warrants, &c.

3. It is proposed to bring this scheme into operation from July 1, 1942. Supplementary provision is now sought for this purpose in a sum of Rs. 4,000 which is the estimated amount required in addition to the sums already provided as clerical and messenger allowances to Chief Headmen and Divisional Revenue Officers in the Estimates 1941-42.

**THE SCHEME.**

(a) Age of Recruitment.—Not under 18 and not over 30 years.

(b) Educational Qualifications:—

(i.) Vernacular.—A pass in the Junior School Leaving Certificate or higher examination.

Note.—A pass in the Junior School Leaving Certificate (English) with Sinhalese (or Tamil) as a subject will be regarded as a sufficient qualification.

(ii.) English.—5th Standard. In the case of Head Clerks the Junior School Certificate (English).

(c) Salaries—

Head Clerks—Rs. 408 per annum rising to Rs. 720 per annum by annual increments of Rs. 24 with an Efficiency Bar

before Rs. 576. (Only one clerk in this grade will be allowed in the case of each Divisional Revenue Officer.)

Assistant Clerks—Rs. 300 per annum rising to Rs. 540 per annum by annual increments of Rs. 12 with an Efficiency Bar before Rs. 408.

(d) Transferability.—A member of this Service will be transferable within the district for which he is recruited.

(e) Conditions of Service.—These will be the same as for non-pensionable monthly-paid employees of Government. Members of this Service will be subject to the Financial and other Regulations of Government. Appointments, transfers and disciplinary control will be in the hands of the respective Government Agents or Assistant Government Agents as the case may be.

Chief Headmen's Clerks.—The Clerks now employed by the Chief Headmen may be given the option of transfer to the new service provided:

(a) they possess the minimum educational qualifications laid down for the new service;

Note.—The minimum educational qualifications both for Head Clerks and Assistant Clerks may in special cases be waived at the discretion of the Revenue Officer concerned in the case of clerks with two years' service at the date of the commencement of the operation of this scheme.

(b) are well recommended by the Chief Headmen concerned; and

(c) the Revenue Officer concerned is satisfied with regard to their suitability.

Those appointed to the new Service will be regarded, if functioning as a Head Clerk as being on Rs. 480 per annum and if functioning as an Assistant Clerk as being on Rs. 360 per annum. These salaries will be converted on to the respective scales in terms of Financial Regulation 847.

**SCHEME FOR MESSENGERS.**

Messengers now employed by Chief Headmen, provided they are suitable and willing, will be placed on the minimum

of the scale Rs. 180—6—240. Their conditions of service will, generally speaking, be the same as those obtaining for non-pensionable monthly-paid employees of similar status. The same will be offered to new recruits. They will not normally be transferable.

*Payments.*—All payments of salary will be made direct by the Kachcheri concerned.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Home Affairs. The Board of Ministers approves.

(Education.)

(5) Supplementary Estimate, 1941-42.

New Head: 115, Grant to the University of Ceylon.

New Sub-Head: 1, Purchase of books for the University Library.

Amount: Rs. 10,000.

Nature of Service: To purchase books from the Grierson Library for the University Library.

*Observations of the Minister of Education.*

The Vice-Chancellor of the University of Ceylon reported that the Grierson Library which contains a large number of books of great value and usefulness to the Ceylon University had been put up for sale. There are in this collection many books almost unobtainable and most urgently required for any effective work in Oriental culture. A good deal of Sanskrit material, &c., are among the lot. The entire Library would cost probably Rs. 20,000, and the books of the first order of importance to the University of Ceylon would cost Rs. 15,956. With a view to purchasing this important collection the Vice-Chancellor called for subscriptions from the public and has collected only Rs. 5,689. The Vice-Chancellor has applied for a Government grant of Rs. 10,000 to make up the

balance money for purchase at least of the important section of the Library.

2. As the matter was urgent a Special Warrant for Rs. 10,000 was issued under Article 67 of the Order-in-Council.

3. This Supplementary Estimate is submitted to obtain the covering sanction of the State Council.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Education. The Board of Ministers approves.

(Communications & Works.)

(6) Supplementary Estimate, 1941-42.

Head 121, Colombo Port Commission.

Sub-head 12, Graving Dock, Patent Slip, maintenance and working and berthing alongside.

Amount: Rs. 200,000.

Nature of Service: Maintenance and working of Graving Dock.

*Observations of the Minister of Communications and Works.*

A sum of Rs. 225,000 was provided in the Estimates 1941-42, under Head 121, Colombo Port Commission, Sub-head 12, "Graving Dock, Patent Slip, &c." It has now been found that this provision is not sufficient and should be increased to Rs. 425,000. The increase is due to the intensive use made of these facilities and to increased cost of fuel and stores. The expenditure under this sub-head depends entirely on the use made of the Dock by vessels and cannot be controlled. This is a revenue producing item and the revenue earned in 1940-41 amounted to Rs. 297,877 without taking into consideration dockings of departmental vessels.

A supplementary vote of Rs. 200,000 is therefore necessary under Head 121, Sub-head 12, "Graving Dock, Patent Slip, &c." in order to maintain and work these facilities for the rest of the financial year.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

**(7) Supplementary Estimate, 1941-42.**

Head 121, Colombo Port Commission. Sub-head 30, Launches and other craft. Amount: Rs. 2,000.

Nature of Service: Provision for new sheer legs for single barge.

*Observations of the Minister of Communications and Works.*

A sum of Rs. 6,000 was provided in the Estimates 1941-42, under Sub-head 30 of Head 121, Colombo Port Commission, for new sheer legs for single barge. The estimate provided for new pitch pine for this work but it is now found impossible to obtain the necessary logs from any source. In the alternative it is proposed to fabricate steel lattice legs which are estimated to cost Rs. 8,000. Supplementary provision of Rs. 2,000 is therefore required in order to construct the sheer legs from steel lattice.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

**(8) Supplementary Estimate, 1941-42.**

Head 121, Public Works Annually Recurrent.

New Sub-head 43, Pannai Ferry Service.

Amount: Rs. 5,500.

Nature of Service: Cost of running the Pannai Ferry Service.

*Observations of the Minister of Communications and Works.*

After the recent Pannai Ferry disaster the renters of the Ferry Service intimated to the Government Agent, Northern Province, that they were unable to run the service and the Government Agent had no alternative but to take over the service and run it. The Ferry Service is

now being run by the Government Agent with the assistance of the Public Works Department and the Sub-Collector of Customs, Jaffna, till permanent arrangements are made. A sum of Rs. 5,500 is required to run the Ferry Service till the end of this financial year.

As the matter was urgent a Special Warrant for Rs. 5,500 was issued under Article 67 of the Order in Council.

*Observations of the Financial Secretary.*

The Financial Secretary concurs, subject to the provision that arrangements are made as early as possible to run the ferry without loss to Government.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

**(9) Supplementary Estimate, 1941-42.**

Railway Estimates.

Vote: Abstract D, General Charges, Item 5, Compensation.

Amount: Rs. 1,580.30.

Nature of Service: Payment of compensation for damage caused by floods to private property of Railway employees who were compelled to live in official quarters owing to the nature of their duties.

*Observations of the Minister of Communications and Works.*

As a result of floods in May, 1940, the belongings of certain Railway employees who, owing to the nature of their duties, were compelled to live in official quarters at Kelaniya and Gampola, were damaged.

It is proposed to pay them compensation for the damage caused to their private property and a Supplementary Estimate of Rs. 1,580.30 is required to meet the expenditure.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

(10) **Supplementary Estimate, 1941-42.**

Railway Estimates.

Vote: Abstract G, New Item "Renewal of Roof of Inward Goods Shed No. 1, Colombo", Railway Estimates 1941-42.

Amount: Rs. 154.

Nature of Service: For payment of the amount due to the Indian Agents.

*Observations of the Minister of Communications and Works.*

A sum of Rs. 5,750 was provided under Abstract G, Item 21 of Railway Estimates 1940-41 for Renewal of Roof of Inwards Goods Shed No. 1, Colombo. The work was completed in 1940-41 and the actual expenditure on this account in that year amounted to Rs. 3,635.28 the unexpended balance on the estimate being Rs. 2,114.72.

Materials required for this work were obtained from India. A sum of Rs. 154 has, however, been paid by the Indian Agents, on this account in October, 1941, and supplementary provision to this extent is required in the current year to enable settlement of the amount.

*Observations of the Financial Secretary.*

The Financial Secretary concurs.

*Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

**The Hon. Mr. D. S. Senanayake (Minister of Agriculture & Lands):** I submit for the approval of the Council the Supplementary Estimates set out in this item, present to the Council the reports of the Board of Ministers on such Estimates, and move the Council into Committee to consider the same.

*In Committee—*

MR. DEPUTY SPEAKER presided as Chairman.

(1) **Chief Secretary: Stationery, &c.**

**The Hon. Mr. R. H. Drayton (Chief Secretary):** I move that Supplementary

Estimate (1) on the Addendum to the Orders of the Day for 6th August, 1942, be passed. The Estimate is under:

Head 5, Chief Secretary.  
Sub-head 3, Stationery, office furniture and office requisites.

Amount: Rs. 800.

Nature of Service: To meet expenditure on stationery.

The amount is required in order to meet two bills which were not received in the year in which the expenditure was incurred.

Supplementary Estimate (1) was passed.

(2) **Government Hospitality: Visit of H. R. H. The Duke of Gloucester.**

**The Hon. Mr. Drayton:** I beg to move Supplementary Estimate (2) for the year 1941-42 under:

Head 5, Chief Secretary.

Sub-head 7, Government Hospitality.

Amount: Rs. 8,000

Nature of Service: To meet expenses in connection with the recent visit of His Royal Highness the Duke of Gloucester and likely expenditure to be incurred before the end of the financial year.

The full details of the expenditure are set out in my Observations. I move that the Supplementary Estimate be passed.

**Mr. B. H. Aluwihare (Matale):** Need we pay the Ceylon Government Railway since it never pays us interest on anything at all?

**The Hon. Mr. H. J. Huxham (Financial Secretary):** Yes, we ought to.

Supplementary Estimate (2) was then passed.

(3) **Elections to State Council.**

**The Hon. Mr. J. H. B. Nihill (Legal Secretary):** I beg to move that the following Supplementary Estimate standing in my name be passed:

Head 17, Legal Secretary.

Sub-head 4, Elections to State Council.

Amount: Rs. 19,000.

Nature of Service: To meet the anticipated excess on the vote.

The reason for this anticipated excess is set out in the Observations appended to the Estimate. The House will appreciate that in a matter of this kind it is

[The Hon. Mr. Nihill:]  
difficult always to anticipate exactly the amount of money that will be required, because one does not know, during any actual financial year, the number of by-elections that will occur.

**Mr. H. W. Amarasuriya (Galle):** With regard to the Election Registers, it has been brought to my notice that the names of some voters who are on the list have been expunged without any notice. I believe this matter was brought to the notice of the then Legal Secretary on a previous occasion and an undertaking was given that no name would be expunged from the existing Registers without due notice to the party concerned. I think that would be a very good principle to adopt; as otherwise there is no possibility of a voter knowing that his name had been removed from a Register. I would like the Hon. the Legal Secretary to look into this matter and to see that steps are being taken to prevent any undue hardship being caused to voters. Notice of removal of names from the Register should be given to voters. I believe that is required to be done under the Elections Order in Council—that before a name is removed from a Register notice of such removal should be given to the party concerned.

**The Hon. Mr. Nihill:** I would just like to say that if the hon. Member will give me particulars of any specific case that he has knowledge of, I shall be very glad to look into it. All I could say on the matter is that the instructions to the Registering Officers, for the revision for this year, follow the same lines as in previous years. But if there is any specific case which the hon. Member would like to bring to my notice, I hope he will do so.

**Mr. H. W. Amarasuriya:** The difficulty is this: it is not possible for a voter to know whether his name is on the Register or not until there is an election or a by-election. The Order in Council says that if a name is on the Register, such name cannot be removed without notice to the person in question. I am not speaking of one or two cases but in general. I have been informed that names have been removed from the Election Registers without notice.

**The Hon. Mr. Nihill:** All I hope is that the hon. Member will pursue his inquiries and pass on to me the result of his investigations.

**Mr. T. B. Jayah (Nominated Member):** I believe that before a name is removed notice is given. But unfortunately at the present time people, especially in Colombo, have gone to other places, and unless some steps are taken about this matter a large number of names might be expunged by the intervention of particularly interested parties. I think it is best that the Hon. the Legal Secretary gives other instructions as to how the original list should be maintained as far as possible.

**Mr. Aluwihare:** Sir, I believe that the question of revision really arose out of the agitation on the Indian question. I suppose the Indian question was also largely concerned with the franchise. May I know what has happened with regard to that position, because I think it should be clarified?

**The Chairman:** May I ask the hon. Member to raise that question in the Committee stage of the Appropriation Bill? It would be more appropriate. I think on that occasion.

**Mr. Aluwihare:** Thank you, Sir.

**Mr. T. Amarasuriya (Moratuwa):** I wish to point out that in my own constituency I find that the names of people who are alive and living in the area have been removed without notice. There are a large number of such cases.

**Mr. Aluwihare:** And names of people who are dead inserted?

**Mr. T. Amarasuriya:** Yes, and the names of people who are dead have not been deleted.

**Mr. H. de Z. Siriwardana (Negombo):** I am informed that some names appear twice in the registers; in fact, my name appears twice, and the names of a large number of people who have been dead now for 10 or 15 years appear in the registers.

Supplementary Estimate (3) was then passed.

**(4) Clerks & Messengers to Chief Headmen and Divisional Revenue Officers: Unified Service.**

**The Hon. Mr. A. Mahadeva (Acting Minister of Home Affairs):** I beg to move Supplementary Estimate No. (4) under:

Head 49, Provincial Administration.

Sub-head 1, Personal Emoluments.

Amount: Rs. 4,000.

Nature of Service: Establishment of a unified service for clerks and messengers to Chief Headmen and Divisional Revenue Officers in place of the existing system.

This vote is required for the purpose of establishing a unified service for Clerks and Messengers to Chief Headmen and District Revenue Officers. This matter has engaged the attention of our Committee for some time. At present these Messengers and Clerks are paid an allowance through the Chief Headmen. It is not thought desirable to continue this practice, and it is now proposed that a unified service should be established, Head Clerks to receive Rs. 408 per annum rising to Rs. 720; Assistant Clerks Rs. 300 to Rs. 540 per annum; and Messengers, Rs. 180 to Rs. 240. The men already in service who possess the qualifications and who are recommended will be continued in service if they prove acceptable. I think this would mean a considerable improvement in the prospects of the persons who would be engaged as Clerks and Messengers.

I move that this Supplementary Estimate be passed.

**Mr. S. Abeywickrama (Udugama):** I would like to inquire from the Hon. Acting Minister of Home Affairs whether war allowances are being paid to the Clerks to Chief Headmen. Are they being paid war allowances now?

**The Hon. Mr. Mahadeva:** Under this proposal if they are absorbed into the new scheme they certainly will be entitled to whatever war allowances are paid to Government Servants. I do not know whether the men who are already in service, who are paid allowances and not salaries, are receiving war allowances.

**Mr. Abeywickrama:** I have received a number of complaints to the effect that they are not receiving a cent as war allowance. I would ask the Hon. the Financial Secretary whether the Clerks

to Chief Headmen are included in the scheme of war allowances, irrespective of whether they are paid allowances or salaries? These men deserve some extra allowance owing to the present high cost of living and also the tremendous increase of work in Chief Headmen's Offices. If these Officers are not within the scheme in force, a scheme must be brought forward to pay them these allowances with retrospective effect—as from the date from which others were paid these allowances—as was done by the Hon. Minister of Education in regard to Teachers. I want an answer from the Financial Secretary.

**The Hon. Mr. H. J. Huxham (Financial Secretary):** Sir, at present the Government does not pay Chief Headmen's Clerks but makes an allowance to each Headman for Clerks, and does not inquire as to the manner in which that allowance is expended. I cannot therefore answer the question whether Chief Headmen's Clerks are or are not receiving extra remuneration on account of the rise in the cost of living.

**Mr. U. Batuwantudawe (Kalutara):** I oppose this Supplementary Estimate. Some of these Clerks have put in as many as 35 years' service, and their maximum is to be Rs. 60 a month. They are whole-time officers, and on occasions work on public holidays and Sundays. No extra allowance is paid to them for these services. It is proposed to start a Chief Clerk at Rs. 40 per mensem with increments, rising up to Rs. 60 and a junior at Rs. 25 per mensem. This is scandalous. To-day a daily-paid labourer of the Military gets Re. 1.25 a day, and these Clerks who are tied to their desks from morning till evening are to get only Rs. 60 a month as their maximum.

Speaking on behalf of some of the Clerks employed by the Totamune Mudaliyar of the Kalutara District, I would point out that there is one Clerk who has put in 31 years' service and he is getting Rs. 39 a month with no allowance at all. How do you expect these officers to get on? This officer is going to receive the princely increment of Re. 1 when he joins the service. This is a scandalous state of affairs. These Clerks do not get even Re. 1 a day to start with, and with the rise in the cost

[Mr. Batuwantudawe.] of living it is not possible to maintain a family under Rs. 2 a day. Some better scheme should surely be devised for these Clerks. No allowances at all are to be paid to them and yet they put in overtime work and they are not paid for that even. I think the least that should be done is that they should be incorporated into Class III. of the General Clerical Service.

**Mr. G. A. H. Wille (Nominated Member):** This scheme seems to be intended for those not over 30 years of age; so that the Clerks the last speaker referred to will come in at their own option.

**Mr. Batuwantudawe:** Not at all! What about those already in service?

**Mr. Aluwihare:** I presume this to be purely a district service where most people will be able to come from their homes.

**The Hon. Mr. Mahadeva:** That is provided for.

**Mr. Aluwihare:** I would emphasize that view, because the centralization of these Clerks tends to deprive the local people of any chance of employment. Those areas that do not possess a great many schools are areas that are going to suffer. Every step centralizing these services means that there is more unemployment in the district. I hope it will be purely a district service and people will be recruited from the locality, from among people who have their homes in the districts. I would ask the Hon. Acting Minister whether that is the intention. [Interruption.] The Minister of Education points to the first sentence on page 3. That simply says that the officer will be transferable within the district but there is nothing said anywhere that he will be recruited from among the very many inhabitants of the district. That is the point I want to stress.

I hope the Hon. Minister will give us that assurance. I say that the scheme seems to be meant for district officers, but I would like to have a specific assurance on the point.

**The Hon. Mr. Mahadeva:** As regards recruiting them from within the district, it will be noticed the salary has been

fixed specially at a low figure so as to preclude others who are outside the district from applying. They cannot maintain themselves on that salary.

**Mr. Aluwihare:** Never mind. Will the Minister confine it to the district?

**The Hon. Mr. Mahadeva:** I think there would be no objection to that.

**The Hon. Mr. G. E. de Silva (Minister of Health):** If you cannot get men locally, then you take in outsiders.

**The Hon. Mr. Mahadeva:** Yes.

**Mr. Aluwihare:** You will first try to recruit locally?

**The Hon. Mr. Mahadeva:** Yes.

**Mr. Aluwihare:** Now that is a full "Yes"?

**The Hon. Mr. Mahadeva:** Yes; if I cannot do so, I will go outside.

**Mr. Batuwantudawe:** The admission of the Acting Minister of Home Affairs is a startling one. He says that the Clerks are going to be recruited locally because they will not be able to maintain themselves otherwise on such a salary. Surely that is an open invitation to them to take bribes! Why not pay them a decent living wage once and for all?

**The Hon. Mr. Mahadeva:** I forgot to mention on the point raised by the hon. Member that these are basic salaries. He was referring to present war conditions. To meet those war conditions and the increased cost of living, they will be paid war allowances. These are basic salaries.

**Mr. H. W. Amarasuriya:** I wonder whether hon. Members appreciate one point. I took the matter up in the Committee too. In the case of the Head Clerks, they must have a knowledge of English, and in the case of the Assistant Clerks no knowledge of English is necessary. It is said "A pass in the Junior School Leaving Certificate (English) with Sinhalese (or Tamil) as a subject will be regarded as a sufficient qualification."

**The Hon. Mr. Mahadeva:** A purely vernacular qualification is sufficient.

**Mr. H. W. Amarasuriya:** But in the case of the Head Clerk the Junior School



Leaving Certificate is necessary. Therefore, however efficient an Assistant Clerk may prove himself, he has no chance of becoming a Head Clerk.

**The Hon. Mr. Mahadeva:** Why? He can obtain higher qualifications.

**The Chairman:** Not at the first appointment.

**Mr. H. W. Amarasuriya:** I pointed that out in the Committee, and suggested that the salary was too low, but it was considered that, as recruiting would be confined to the locality in which they would work, the proposed salary was adequate. In my opinion, however, it is inadequate. I am sure these Assistant Clerks, when they become efficient after a number of years' service, will not be eligible for appointment as Chief Clerks unless they have passed the qualifying examination in English.

**Mr. Abeywickrama:** I want to ask one more question. I know that when they are taken on to the permanent cadre, their allowances will be all right. But I wish to ask the Financial Secretary whether they have been paid war allowances or not, or what relief he has given these Clerks who draw Rs. 20 and Rs. 15. Even the wages of labourers have been supplemented by a dearness allowance.

May I ask whether it is possible for a man who is working in a Chief Headman's Office to live on the proposed salary and whether it is not possible for some relief to be given to him? If I can get an answer from the Financial Secretary, I shall be satisfied. Headmen's Offices are seething with bribery, and if we underpay their staff they would resort to this method to supplement their income.

**The Hon. Mr. Huxham:** As I have explained already to the hon. Member, these Clerks are not employees of Government and, therefore, the answer is that Government does not pay a war allowance to them; we do not pay a war allowance to persons who are not employed by Government. If the hon. Member thinks that the present position is unsatisfactory, the best thing is to get the scheme going as quickly as possible when they will become Government Servants.

Supplementary Estimate (4) was then passed.

### (5) University Library: Purchase of Books from Grierson Library.

**The Hon. Mr. C. W. W. Kannangara (Minister of Education):** I beg to move the following Supplementary Estimate standing in my name:

New Head 115: Grant to the University of Ceylon.

New Sub-head 1, Purchase of books for the University Library.

Amount: Rs. 10,000.

The total amount required for the purchase of this valuable library is over Rs. 20,000. Even if we leave out some of the books, which we might be able to secure otherwise, the remainder of the books can be classified into those that cannot be secured elsewhere; those that can be secured elsewhere but which are most urgently required; and others which are essential for the proper working of the Oriental section of the University. The total amount that is required for these three classes is Rs. 15,956, that is Rs. 4,683, Rs. 4,840 and Rs. 6,433 respectively.

An attempt was made by the Vice-Chancellor of the University to secure subscriptions locally for the purchase of this most valuable collection, but maybe due to the stringency of the war situation he has not been able to obtain very much. He has been able to obtain only Rs. 5,689, so that a sum of about Rs. 10,000 is still required to secure these books; if they are not secured, they will be purchased by other people, which will be a great loss to us.

**The Hon. Mr. G. E. de Silva:** This is a very urgent matter and I would, therefore, ask the House to pass this vote.

**Mr. Wille:** I just want to make a brief remark about this vote. I do not wish to stir up a hornet's nest about my ears. This vote shows how much the people of this country appreciate Oriental culture. Out of the Rs. 5,689, I think, the much-abused administrators of the Sri Chandrasekera Fund contributed several thousands and the rest of the people, even those who are now getting excess profits, the small balance. I cannot help making the remarks in the light of this state of affairs.

**Dr. A. P. de Zoysa (Colombo South) :**

Before we blame the public for not making a contribution, we must remember that these books are wanted for an Oriental Library—books for Oriental scholars—and some of these books may be out of date. If you really want to improve your Oriental Library, I would suggest that there are sufficient books in the Island which ought to be bought by this University.

I can understand our being asked to contribute Rs. 20,000 to buy for the Library some books on Science which we cannot obtain from elsewhere, but here, before we vote this money, we ought to make a more careful investigation as to what these books are. Merely to say that some books are valuable and we should therefore, buy the whole library will not do. Some of these books may not be useful.

On the other hand, to improve our Oriental library it is not necessary to buy books that are thought to be best by Western scholars who know very little about Oriental subjects but they should be books that are thought to be best by our own students, students who have deeply studied Oriental languages. We must find out whether the library is complete, before we spend this money.

We cannot blame the public for not readily contributing towards the purchase of these books, because the public interested in Oriental subjects know the value of these books. Merely because the Principal of the University College, now Vice-Chancellor, recommends it, it does not follow that we should vote this large sum of money without knowing all the facts about the matter. I move that this Estimate be referred back so that the Minister may be able to come to the Council with more facts about this proposal.

**The Hon. Mr. G. E. de Silva:** I thought this proposal had been passed by the Executive Committee of Education, and that was why I supported it. But I am surprised to find a Member of that Committee wanting this Estimate to be deferred because by the time this Estimate is referred back, further considered, and submitted again to Council, these books would be sold to somebody else.

**Dr. de Zoysa:** If I remember rightly this matter did not come before the Executive Committee.

**Mr. S. Natesan (Kankesanturai) :** This matter was brought before the Executive Committee. I must say that this collection represents a large variety of books pertaining to the study of the Sanskrit language. This is an important branch of study which deserves the attention of Sinhalese scholars. Sir George Grierson was commissioned by the Indian Government to make a survey of the various Indian languages and his works are bound to be of great value to Sinhalese scholars. I think from that point of view this collection will be a useful addition to the University Library.

**The Chairman:** Is the hon. Member withdrawing his amendment, in view of the fact that it has been brought up before the Executive Committee?

**Dr. de Zoysa:** Very well, Sir.

Supplementary Estimate (5) was then passed.

**(6) Colombo Port Commission: Maintenance and Working of Graving Dock.**

**The Hon. Colonel J. L. Kotalawala (Minister of Communications & Works) :** I rise to move the following Supplementary Estimate standing in my name:

Head 121, Colombo Port Commission.  
Sub-head 12, Graving Dock, Patent slip, maintenance and working, and berthing alongside.  
Amount: Rs. 200,000.

This is, Sir, a revenue-earning item and the more money we spend on it the more money we will be able to obtain.

Supplementary Estimate (6) was passed.

**(7) Colombo Port Commission: New Sheer Legs for Single Barge.**

**The Hon. Colonel Kotalawala:** I rise to move the following Supplementary Estimate standing in my name:

Head 121, Colombo Port Commission.  
Sub-head 30, Launches and other craft.  
Amount: Rs. 2,000.

This is an item similar to the one we passed just now. This vote is for the purpose of providing new sheer legs for a single barge.

**Mr. Aluwihare:** Has this something to do with short skirts?

**The Hon. Colonel Kotalawala:** Sheer leg is a sort of tripod on which these barges are kept.

Supplementary Estimate (7) was passed.

**(8) Pannai Ferry Service.**

**The Hon. Colonel Kotalawala:** I rise to move the following Supplementary Estimate standing in my name:

Head 125, Public Works Annually Recurrent.  
New Sub-head 43, Pannai Ferry Service.  
Amount: Rs. 5,500.

After the recent Pannai ferry disaster, the renters of the ferry service intimated to the Government Agent, Northern Province, that they were unable to run the service and the Government Agent had no alternative but to take over the service and run it. This sum is, therefore required to run the ferry service till the end of the financial year.

Supplementary Estimate (8) was passed.

**(9) Railway: Compensation for Flood-Damage to Private Property of Employees.**

**The Hon. Colonel Kotalawala:** I rise to move the following Supplementary Estimate standing in my name:

Railway Estimates.  
Vote: Abstract G, General Charges Item 5, Compensation.  
Amount: Rs. 1,580.30.

This Estimate is required for the payment of compensation for damage caused by floods to private property of Railway employees who were compelled to live in official quarters owing to the nature of their duties.

Supplementary Estimate (9) was passed.

**(10) Railway: Renewal of Roof of Inwards Goods Shed.**

**The Hon. Colonel Kotalawala:** I rise to move the following Supplementary Estimate standing in my name:

Railway Estimates.  
Vote: Abstract G, New Item "Renewal of roof of Inwards Goods Shed No. 1, Colombo".  
Amount: Rs. 154.

This sum of money is required for the payment of the amount due to the Indian Agents.

Supplementary Estimate (10) was passed.

**The Hon. Mr. Senanayake:** I move that Council do now resume.

*The Council having resumed—*

MR. DEPUTY SPEAKER took the Chair.

**The Hon. Mr. Senanayake:** I move, Sir, that Supplementary Estimates (1) to (10), 1941-42, passed in Committee, be approved.

Question put accordingly, and agreed to.

Supplementary Estimates (1) to (10) were approved.

**GOVERNMENT MINERALOGIST: EXTENSION OF AGREEMENT.**

The following item stood upon the Orders of the Day:

The Minister of Local Administration to move,—

Pursuant to the resolution relating to new appointments of non-Ceylonese to the Public Service passed by the Council on March 1, 1933, and appearing as item 3 (1) in the Minutes of that day's meeting this Council agrees to make such provisions as may be necessary to permit of the extension of the agreement of the non-Ceylonese officer who is holding the post of Government Mineralogist for a period of 1 year with effect from November 21, 1942, on a salary of Rs. 12,000 per annum with the conditions of service on which the officer was originally recruited remaining unaltered.

*Observations of the Minister of Local Administration.*

Mr. D. N. Wadia was appointed Government Mineralogist on an agreement for three years with effect from November 21, 1938. The necessary March resolution for the purpose was passed on May 18, 1938.

2. In 1941 the agreement was extended for a further period of one year from November 21, 1941.

3. The Executive Committee of Local Administration considers that Mr. Wadia's agreement should be extended

for another year from November 21, 1942, in view of the fact that his services are invaluable in connection with the Geological Survey which is now in progress. The officer who has been trained to fill the post of Government Mineralogist and who returned from England in 1941 will also benefit greatly by a further year's work under Mr. Wadia.

#### *Observations of the Financial Secretary.*

The Financial Secretary concurs.

#### *Report of the Board of Ministers.*

The financial implications are as explained in the motion of the Minister of Local Administration. The Board of Ministers approves.

**The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** I rise, Sir, to move the resolution standing in my name.

This resolution is brought up merely for the purpose of extending, for a further year, the agreement with Mr. Wadia. I think the House will agree that he is an officer who is doing very useful and valuable work particularly in the realm of geology, and his presence in the Island for another year will not only be useful to Government but will also be of great benefit to the Ceylonese scholar who is working under him.

Question put, and agreed to.

#### **EXCISE (AMENDMENT) BILL.**

**The Hon. Mr. Mahadeva:** On behalf of the Hon. Deputy Speaker and Chairman of Standing Committee "A", I present the report of Standing Committee "A" on the Bill intituled "An Ordinance further to amend the Excise Ordinance".

**Mr. Deputy Speaker:** Item 50 will stand down.

#### **PATENTS, DESIGNS, COPYRIGHT AND TRADE MARKS EMERGENCY BILL.**

**Mr. R. S. Tennekoon (Deputy Chairman of Committees and Chairman of Standing Committee "B"):** I present, Sir, the report of Standing Committee "B" on the Bill intituled "An Ordinance to make such special provision

with respect to Patents, Registered Designs, Copyright and Trade Marks as is expedient to meet any Emergency which may arise as a result of War".

#### **The Hon. Mr. G. C. S. Corea (Minister of Labour, Industry & Commerce):**

I move, Sir, that the amendment made by Standing Committee "B" in the Bill intituled "An Ordinance to make such special provision with respect to Patents, Registered Designs, Copyright and Trade Marks as is expedient to meet any Emergency which may arise as a result of War" be taken into consideration.

Amendment made by Standing Committee "B" accepted.

**The Hon. Mr. Corea:** I move, Sir, that the Bill be now read the third time and passed.

Question put accordingly, and agreed to.

Bill read the third time, and passed.

#### **WAR RISKS (SEA-BORNE CARGOES) INSURANCE BILL.**

The following item stood next upon the Addendum to the Orders of the Day:

The Minister of Labour, Industry and Commerce to move,—

That the Bill intituled "An Ordinance to make provision for the insurance of sea-borne cargoes against certain risks in time of war and for purposes connected therewith or incidental thereto", be now read the first time.

#### *Observations of the Financial Secretary.*

The Bill does not of itself create a financial liability, but it grants to the Executive Committee power, subject to the Governor's approval, to provide for insurance of sea-borne goods against war risks.

It is understood that if this form of war risks insurance is to be undertaken at all, it will be confined to cargoes passing between Ceylon and Indian ports. It is not intended to bring Government cargoes under the Bill.

In these circumstances the maximum value of goods which would be insured in any one year is not likely to exceed Rs. 60 millions. The average period

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during which the goods would be at Government's risk would be about 10 days. On average, therefore, the value at risk at any particular moment would be about Rs. 1,500,000 which would include goods passing between Ceylon and all ports in India. On this basis the loss resulting from any one enemy attack would not be very large; there might, however, be cases of individual ships carrying cargoes wholly insured under this scheme, in which case the loss of one ship might mean claim of Rs. 2 or Rs. 3 million.

The amount of premium charged on Rs. 60 million worth of cargo passing between Ceylon and India at the rates which are now being charged by private concerns would be in the neighbourhood of Rs. 3 million per annum. There would be no point in Government undertaking insurance unless it was prepared to offer appreciably lower rates than private concerns are now offering. On the other hand, the effect of lower rates of insurance would be considerable; they would reduce the prices in Ceylon of important articles, such as vegetables, currystuffs, clothing, fertilizers, coal, &c.

I recommend that the Bill should be passed into law; the question whether war risk insurance between Ceylon and some or all of the Indian ports should be undertaken will require careful consideration in the light of facts and figures at the time.

#### *Report of the Board of Ministers.*

The financial implications are as explained in the Observations of the Financial Secretary. The Board of Ministers approves.

**The Hon. Mr. Corea:** I move, Sir, the motion standing in my name.

At present the Government, in so far as cargoes imported by it are concerned, carries its own war risks insurance. But in addition to that, there are a very large number of commodities imported by the trade, and they have to insure their goods against war risks, with recognized insurance companies.

The amount of insurance premium which was being charged for such insurance was very high, and it was almost

felt to be exorbitant. The matter was therefore examined with a view to seeing whether a reasonable insurance scheme should not be inaugurated by the Government for the benefit of private importers, a benefit which will not only accrue to them but would go down to the consumers of goods by a reduction of the amount payable for war risks insurance.

As a result of this proposal, the Financial Secretary and I interviewed the people concerned in insurance, and in the course of discussion it was pointed out that this insurance premium which was being charged was too high. I am glad to say that when it was known that the Government was proposing to bring out an insurance Bill, the insurance rates came down very suddenly to very fairly reasonable rates.

For instance, the war risks insurance rate was 5 per cent. from Dhanuskodi to Talaimannar. Everyone knows how many hours are involved in that voyage and what really the risks are. As a matter of fact, when it was known that if the rates were not reduced we would take steps to undertake insurance ourselves, the rate in question came down to  $\frac{1}{2}$  per cent. from 5 per cent.

Similarly, the rates for other places have also come down. Of course, it may be thought that the risks increased from the time that there was trouble along the east coast of India. But that trouble, as we all know, was in the months of April and May; right through June and July, however, these excessive rates obtained. Fortunately the rates have come down now.

I must not omit to say one thing. This Council must be most grateful to the Hon. the Financial Secretary for taking this matter up. Really he was responsible for bringing these rates down, which has meant a good deal of saving to consumers of imported goods.

The proposal in this Bill is this: we are not starting this insurance scheme; this is an Enabling Bill which gives the Government the power to start a scheme of insurance between Ceylon ports and Indian ports. In the case of the United States and the United Kingdom ports there is a United Kingdom scheme. This Bill will enable us, if it becomes necessary, to start an insurance scheme.

[The Hon. Mr. Corea.]

Our object is to quote lower rates than those prevailing, but if the rates have come down to a reasonable level, then I see no reason for undertaking a scheme. We should have the power, and we will use that power if it becomes necessary to do so. We are only asking for that power in this Bill. Otherwise if the insurance company rates are reasonable, we will leave the matter at that.

Question, "That the Bill be now read the first time", put, and agreed to.

Bill read the first time.

### †INDIAN IMMIGRANT LABOUR (AMENDMENT) BILL.

**The Hon. Mr. Drayton:** I move, Sir, that the Bill intituled "An Ordinance to amend the Indian Immigrant Labour Ordinance" be now read a second time.

Question put accordingly, and agreed to.

Bill read a second time, and allocated, under Standing Order 77 (b), to Standing Committee "B".

### †LOAN BOARD (AMENDMENT) BILL.

**The Hon. Mr. Huxham:** I move, Sir, that the Bill intituled "An Ordinance to amend the Loan Board Ordinance", be now read a second time.

**Mr. Wille:** I wish to bring to the notice of the Financial Secretary the way in which the Loan Board Ordinance is worked. I had the case of a minor who had some money in the District Court, and the interest on that money was being paid to the mother for this minor's maintenance.

One fine day the District Judge ordered that the money should be transferred from a testamentary case to a special curatorship case in the name of the minor. The mother had been paid the interest on the money for years and years, but because the money was transferred from one record to another, although the Government had the use of the money in the course of the half year, no interest was paid for that half year.

**The Hon. Mr. Senanayake:** That is a Court matter.

**Mr. Wille:** It is not a Court matter. The Court says that no interest was declared on the money, though Government on behalf of the Loan Board was in possession of the money. Simply because it was transferred from one record to another, the interest cannot be obtained. Because from one record the money was transferred to another record between 1st January and 30th June, interest is paid only from July to 31st December.

I would like the Financial Secretary to look into this. It is a purely administrative matter, and the Court is helpless.

**The Hon. Mr. Huxham:** I would inform the hon. Member that the Government does not have the use of Loan Board money. The Loan Board is a separate legal person, with its own board of management. I as Financial Secretary have no power of giving them directions, but I am quite certain that in this matter they were simply complying with the Ordinance. It is I think a provision of the Principal Ordinance that interest is only to be paid if money in a particular case remains with the Loan Board for a complete six months. If the money is transferred from one case to another case, interest must be lost.

**Mr. Wille:** If the Financial Secretary—

**The Hon. Mr. Senanayake:** On a point of order: Can the hon. Member speak twice?

**Mr. Wille:** The money was there. Government invests the money.

**Mr. Deputy Speaker:** Will the Financial Secretary please look into the matter?

**Mr. Wille:** I will take it up with him.

**The Hon. Mr. Huxham:** If the hon. Member will give me the facts I will look into the matter.

Question, "That the Bill be now read a second time", put, and agreed to.

Bill read a second time, and allocated, under Standing Order 77 (b), to Standing Committee "B".

† For the Observations of the Financial Secretary and the Report of the Board of Ministers see HANSARD of July 30, 1942.

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**STAMP (AMENDMENT) BILL.**

**The Hon. Mr. Huxham:** I move, Sir, that the Bill intituled "An Ordinance to amend the Stamp Ordinance" be now read a second time.

Question put accordingly, and agreed to.

Bill read a second time, and allocated under Standing Committee 77 (b), to Standing Committee "B".

**†LAND REDEMPTION BILL.**

**The Hon. Mr. Senanayake:** I move that the Bill intituled "An Ordinance to make provision for the acquisition by the Crown of certain lands sold in execution of mortgage decrees or transferred by their owners in satisfaction of mortgage debts for the alienation of such lands by the Crown and for matters connected with or incidental to the matters aforesaid", be now read a second time.

**Mr. H. E. Newnham (Nominated Member):** I do not think this Bill can be considered without a quorum.

*House counted, and a quorum being present—*

Question proposed from the Chair, and debated.

**Mr. Newnham:** I am sure the Hon. Minister in moving this Bill would be disappointed if I did not say something about it.

I do not by any means think that this Bill, as a whole, is objectionable, but I suggest that it is far too widely drawn. It proceeds on the assumption, as indicated by the Minister in moving the first reading, that all those who own agricultural lands are agriculturists and that they are efficient agriculturists, and as such are the backbone of the country. We grant that efficient agriculturists are the backbone of the country, but I suggest that not all those who own land are efficient and put the land to the best use.

The suggestion of the Minister, in moving this Bill, was that if by any chance a creditor comes into possession of any lands, he would not be an agriculturist and, in the words of the Minis-

† For the Observations of the Financial Secretary and the Report of the Board of Ministers see HANSARD of July 31, 1942.

ter, "would sort of mismanage them". He therefore assumes that anyone who lends money is not a good citizen and does not make good use of the land and should not be encouraged.

I have said on more than one occasion, with regard to owners who have been dispossessed of their land, that one has every sympathy with them, particularly with owners of agricultural land. But I would suggest again that the people who require protection are the poor struggling agriculturists and those who are efficient. In other countries they have laws which enable the Crown, as is stated in one of the Bills "to retain the efficient farmer in possession of his land". That is to say, before the Crown steps in, before Government steps in, and rescues a farmer from his debt, that farmer must show that he has made good use of the land. He has to show that his debt is due to misfortune and not due to his own carelessness or inefficiency.

As this Bill is drawn, there is no such safeguard. There is nothing to prevent the Crown—

**The Hon. Mr. Senanayake:** It is at the discretion of the Crown.

**Mr. Newnham:** There is no safeguard whatsoever. There is nothing to prevent the Crown from using this Bill for the protection of those who are not efficient.

If I may be reminiscent for a moment, I could not help remembering that some years ago a Member of this Council remarked to me how wonderful the old days were. He said that in the old days he had some rubber estates. Of course, he lived in Colombo, and he said, "I had a fine time. When my money was spent, I wired to my conductor saying, 'Tap and send', and he tapped and sent. He sent the rubber, and when I got the consignment note, I handed it over to the brokers and I went on having a jolly time".

**The Hon. Mr. Senanayake:** That is an isolated case.

**Mr. Newnham:** There have been a number of cases of that type.

Before this Bill is made a spendthrift's charter, safeguards should be inserted in order to prevent it being misused, because, after all, this is a use of public money, and public revenue is to

[Mr. Newnham.]  
be used for the purpose of buying back these lands. I think it should be used with great care, and before the Council agrees to pass this Bill, it should insist on certain safeguards, to be sure that those who are rescued from their debts are people who are in debt through no fault of their own and who are worth giving aid to and who will make a proper and efficient use of the lands after they have been restored to their possession.

**The Hon Mr. Corea:** In view of those remarks, I would like to say a word or two.

The mover of this motion will remember that the idea of purchasing these lands was mine, and I had drafted a Bill which, of course, had to be moved by the Minister of Agriculture and Lands. I mention that in order to meet the position of the hon. Nominated Member, and to say that it is utterly impossible in any Bill to lay down that the Bill should apply only to those who had carefully husbanded their resources or been thrifty. It is utterly impossible to adopt a formula of that kind in the Bill itself. What the Bill does therefore is to vest the discretion in the officers appointed to administer the Bill, and these officers will select the cases in which the provisions of this Bill should be utilized.

With regard to the point made that Government money is involved, I am sure that anyone who has read the Bill will see that Government money will really be invested; the money will be paid back. Or it will be used to distribute some land to landless people which is practically the same principle as the one under which the Government is acting. According to this Ordinance, not only will the land be given back to the person who was thrifty, but also, in certain cases, land will perhaps be given in a larger share to people who are landless. Anyway, the main idea which I hope the Council will accept, is that it is absolutely necessary that this land which has been sold, mainly because of the inability of people to pay up their debts owing to the slump in the prices of commodities, should be given back. Therefore this Bill deserves the full support

of hon. Members. I would strongly support this Bill because it is going to help a large number of people who have been divested of all their properties, not because of their own fault, but because of certain unfavourable circumstances like the slump.

**Mr. Siriwardana:** Sir, there is another class of people whose properties have been sold and purchased by Chettians and who deserve some relief. I refer to those who are entitled to entailed property. I know of the case of a young man who borrowed Rs. 1,000 from a Chettiar on a promissory note to meet an urgent demand. This young man could not pay, and the promissory note was put in suit; and his life interest in a coconut land, in extent 50 acres, was sold and was purchased by the Chettiar about ten years ago. The Chettiar is in possession of the land still, and he has recovered more than 10 times the amount he originally lent. The young man and his children for whose benefit entail was created are suffering great hardships. I think some provision should be made to give relief in such cases.

**Mr. H. W. Amarasuriya:** Sir, I should like to congratulate the Hon. Minister of Agriculture and Lands on his introducing this Bill particularly at a time when we are considering the Excess Profits Duty Bill which has just been referred back to the Board of Ministers for consideration. I think it will be necessary to make greater financial provision to salvage this kind of land, because the estimates prepared by the Hon. Minister of Agriculture and Lands is an under-estimate. More money will have to be estimated for.

[4.10 p.m.] *A quorum not present, and division bells rung. [4.15 p.m.] House counted, and a quorum not being present—*

**Mr. Deputy Speaker:** The House stands adjourned for want of a quorum till 2 P.M. on August 18, 1942.

ADJOURNMENT.

Adjourned accordingly at 4.15 P.M. until 2 P.M. on August 18, 1942.