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CABINET TALKS ON PROPOSED TAXES

Congress Keen On Lower Business Profits Levy

FINANCE MINISTER MAY MAKE CONCESSIONS

From Our Special Representative

NEW DELHI, March 20.

THE danger of an unseemly conflict on the floor of the Assembly between the two parties represented in the Interim Government, if not between the two wings of the Cabinet itself, may recede, if the effort, now being conducted at a high level, yields a compromise on the taxation proposals.

After question time, leading members of Government withdrew from the Assembly and were closeted for more than an hour discussing the situation created by the two sets of reports submitted by the Select Committees on the Bills seeking to impose a special tax on business profits and a levy on capital gains. The peace parleys were continued in the evening.

Pandit Jawaharlal Nehru, Sardar Vallabhbhai Patel and Mr. Liaquat Ali Khan are believed to have surveyed the whole of the proposed taxation structure. Some progress is reported to have been made. They are resuming the parleys tomorrow.

Lobby talks indicate that there was a measure of agreement on the concessions made by the Finance Minister in regard to the capital gains impost. Mr. Liaquat Ali Khan is also understood to have shown some inclination to reduce the income tax on business profits from 25 per cent. The Congress wishes it to be brought down to 12½ per cent., while some intermediaries claiming to reflect the mind of the Finance Minister are canvassing 20 or 17½ per cent.

Differences of opinion seem to persist with regard to the datum line (the Congress Ministers asking for 7½ per cent. of capital at charge as against the 5 and 6 per cent. recommended by the majority of the Select Committee) and the method of computing capital (whether or not it should include borrowings). Congress circles expect that the Finance Minister may persuade himself to concede one of these two.

The Congress insistence on relief in regard to either the exemption level or the method of computing capital, in addition to a reduction in incidence, is attributed to a desire to save industry from being crushed by the weight of heavy and multiple taxation. The exemption of a portion of the profits from taxation,

to be effective, must constitute a reasonably high percentage of the capital. If the percentage is to remain low, then the capital at charge must be so high that the resultant quantum of exemption may be appreciable. That is the significance of the attempt by the Ministry to raise the datum line and the computation of capital.

The apparent concern of the Congress for the retention of the profit mechanism of industry is sought to be explained by its anxiety to preserve and augment the country's productive capacity and to avert the spread of unemployment and countless other economic and social evils.

These still leave untouched the question of super-tax in respect of which it has been proposed that a level of income much lower than last year will be subject to the highest rate of levy. This is part of the Finance Bill, which has not been referred to a Select Committee. Industrialists affirm that this is bound to lead to one of two harmful effects: either place a premium on dishonesty and tax evasion or hamper production by removing the profit motive, since, it is argued, no industrialist will have an inducement to strive when faced with the prospect of having to pay tax at the rate of 10½ per cent. on the profits at a relatively low level of income.

TERMINATION DATE OF ALL-INDIA SERVICES

Announcement Expected

LONDON, March 20. The date for the termination of the Secretary of State for India's Services in India is likely to be announced soon by the British Government, according to informed London political quarters.

Those closely in touch with events predict that the announcement will precede the date already announced by Britain for the formal transfer of power to Indian hands, namely, June 1948.

It is understood that there has been considerable discussion for a statement on the lines indicated both from London and New Delhi where the position of the administrative services is one of some delicacy. Opposition political quarters here are showing increasing anxiety to know what arrangements will be made for instance for compensation of civil service personnel. The smooth functioning of Government during the period of change-over period in India will depend upon the efficient working of the permanent administrative machine. Some clear indication of the future of the legislative aspects of the services in India, therefore, seems desirable. It is expected that the British Gov-

INDIA'S FUTURE CONSTITUTION

Legislators' Views Invited

NEW DELHI, March 20. An elaborate questionnaire relating to the shape of India's future constitution has been addressed by the Constitutional Adviser of the Constituent Assembly to members of the Central and Provincial Legislatures. Replies have been invited by April 10. This is intended not only to speed up and facilitate the framing of a constitution before June 1948, but to obtain the views of as large a section of Indian legislators as possible on vital questions relating to India's future constitution.

The questionnaire is divided into five sections relating to the head of the State, the judiciary, the executive, the legislative aspects of the amendments to the constitution.

Typical of the questions are: What should be the designation of the head of the Indian Union? How should he be chosen? What should be his functions of office? Should the Union Executive be of the British type (Parliamentary) or the American type (non-parliamentary) or the Swiss type (mixed) or any other type? How should the Union Legislature be constituted? What provisions should be made for the adequate representation of different communities and interests?—A.P.I.

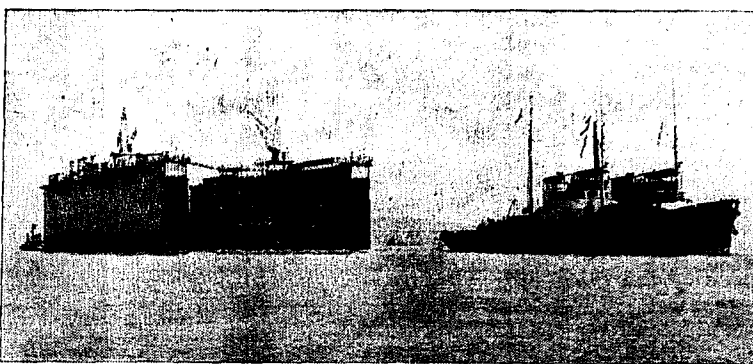
Floods In Britain

LONDON, March 20. Ancient marks recording the great floods of the past, some of them 200-years old, disappeared under the still rising waters today, the tenth of Britain's worst-ever inundations.

In the upper reaches of the Thames, inscriptions on riverside locks, inns and homes recording the level of the 1894 floods as the "worst known" sank under water. The marks of the flood of 1793 are well below the surface.

The River Wye, at Hereford, today reached 18 feet 6 inches above the summer level, the highest for 155 years and possibly an all-time record. The river is reported to have reached 20 feet in 1792, but it is not known if measurements were taken. At Worcester, the Severn has passed the marks on the Cathedral water-gate showing the floods of 1886 and 1770 and is still rising.

FLOATING DOCK LEAVES BOMBAY



One of the two sections of the 50,000-ton floating dock, built in Bombay for the British Admiralty, being towed out of Bombay harbour on Thursday morning on the first stage of its journey through the Mediterranean. (Story on page 8).

Slow Progress On Delhi Rent Bill

CENTRAL ASSEMBLY DEBATE

From Our Special Representative

NEW DELHI, March 20.

FOR THOSE who are not directly interested in the problem of accommodation in Delhi and Ajmer-Merwara and are not involved in the unedifying controversy between landlord and tenant, today's proceedings in the Central Legislative Assembly were indeed dull.

Considering that as many as 120 amendments had been tabled to this 15-clause Bill, the whole thing may be described as a waste of the Assembly's precious time but for the fact that the measure seeks to replace the Rent Control Order which expires on the 25th of this month. After a whole day's debate the House managed to dispose of only two out of the 15 clauses.

"PUGREE" EVIL

Two aspects of the debate deserve to be noted. First, the problem in Delhi and Ajmer-Merwara is typical of the problem with which most Indian cities are today confronted—congestion and the consequent evil of "pugree and salami," the landlord who is harassed by the overbearing tenant, the tenant who sublets and thereby becomes a "chota" landlord with vested interests, the landlord who evicts his tenant on the false plea that he wants the house for his own use and so on. Secondly, the growingly acute character of this problem, which may be regulated by control measures but cannot be overcome until steps are taken to build more houses.

HOUSING BOARD

The spirited advocacy of the plight of the tenant and that of the landlord cancel each other, so that, as was rightly pointed out by Mr. C. H. Bhabha, who made his maiden speech in the Assembly today, the Select Committee's report on the Bill represented a just compromise between the complex and conflicting interests involved.

Mr. Yamin Khan and Lala Deshbandhu Gupta pointed out that not all tenants are poor or ill-treated and not all landlords were rich, callous and oppressive. Mr. Mannu Subedar urged Government to regard this as a major problem and suggested the establishment of a housing board. A large-scale building programme, he said, would not only ease the situation but also absorb tens of thousands of casual labourers and perhaps also help the Labour and Rationing Department, one which were now competing with each other and wasting public money.

Mr. B. K. Gokhale, Works Secretary, who, judging from the interminable lobby activity, had put in a considerable amount of work in this measure, piloted it with skill, tact and patience.

(Details on page 10).

Power To Compel Publication Of News In Punjab

ADDITIONAL PROVISIONS IN PUBLIC SAFETY ACT

LAHORE, March 20.

POWERS to compel newspapers to publish matter desired by Government—and in any particular manner—have been assumed by the Punjab Government under the Punjab Public Safety Act 1947 which has received the assent of the Governor-General and which replaces the Public Safety Ordinance 1946.

Another important addition to the Act, which was published and issued in the form of a "communique" from Government House, Lahore, tonight, provides for the imposition of collective fines and for the assessment and payment of compensation for injury or damage caused during disturbances.

The following is the text of the "communique":
"The Punjab Public Safety Act 1947, which has received the assent of the Governor-General and has been published, replaces the Punjab Public Safety Ordinance 1946."

"The Act repeats the provisions of the Ordinance with certain formal changes, including a renumbering of sections due to the incorporation in the text of the provisions enacted by two amending Ordinances."

"Opportunity has been taken to make the following important additions:—
(1) Section 6 (1) (B) which empowers the Punjab Government to require newspapers to publish any matter it thinks fit, and to exhibit such matter as may be directed; and
(2) Section 23 and 24 which provide for the imposition of collective fines and for the assessment and payment of compensation for injury or damage caused during disturbances."

"The first of these additions may be essential should it be necessary to draw the special attention of the public to 'communique' issued or to orders, directions, etc., made by the Punjab Government."

"The second addition explains itself. No provision exists now for collective fines and the provision in the Police Act for the assessment and payment of compensation requires the submission of individual applications and is unsuited to a situation in which District Magistrates must clearly be able to proceed 'en masse'."

(Punjab situation news on page 7)

Checking Totalitarianism
NEW YORK, March 20. The time had come "when we must implement negotiations with action to prevent the extension of totalitarianism to free countries," declared Justice Lewis Schwellenbach, U. S. Secretary of Labour today.

Addressing the Commonwealth Club in San Francisco, he said that the United States' efforts to negotiate with the major Powers a settlement of the difficulties in maintaining the freedom and independence of countries in central and southern Europe and the Middle East had "largely proved ineffective." "We must take action designed to strengthen Greece and Turkey," he declared, "to a point where they will not be open to intimidation and coercion of the kind practised on their neighbours."—Reuter.

No Removal Of British Troops Before Transfer Of Power

MR. ALEXANDER'S STATEMENT IN COMMONS

LONDON, March 20.

BRITAIN would not contemplate total withdrawal of her forces from India in the intervening period before power was transferred, declared Mr. A. V. Alexander, Minister of Defence, opening the debate on Defence policy in the House of Commons today.

"Our forces in India," said Mr. Alexander, "have been drastically reduced since the end of the war. Until the transfer of authority to India takes place in 16 months' time, we have responsibilities in India which require the continued presence of British forces, and we are not, therefore, prepared to contemplate complete withdrawal of the forces from India in the intervening period before power is transferred."

Mr. Alexander was moving the resolution asking the House to welcome Government's defence policy as outlined in the recent White Paper. Before the debate started the Speaker ruled out of order an amendment in the name of 40 Labour "rebels," calling for a further review of Britain's military commitments, so as to reduce the burden on man-power and financial resources.

The leaders of this revolt are Mr. Woodrow Wyatt, who recently visited India as Personal Assistant to Sir Stafford Cripps—Captain Swingle R.

The Government of India, and the Punjab Government have jointly sanctioned a scheme for the sinking of 10,000 surface percolation wells in the Punjab in connection with the food production drive.

RETENTION OF RUSSIAN TROOPS IN GERMANY

Crux Of Moscow Talks: Soviet Likely To Delay Treaties

"Daily Telegraph" and "Times of India" Correspondent.

MOSCOW, March 20.

THE Council of Foreign Ministers has now been in session for ten days. The outstanding feature of the conference, so far, has been Mr. George Marshall's blunt rejection, in the name of America, of Russia's enormous claim for reparations.

Until this intervention Mr. Marshall had wisely taken the line that he was a new boy at school and had not been saying much.

The crux of the conference, I think, is this: Is the Soviet engaged in a delaying action designed to defer establishment of a German peace treaty and, especially, consideration of an Austrian treaty which must involve the withdrawal of Russian troops? M. Molotov's handling of the conference, so far, has been seriously muddled and he has made several tactical mistakes. He seems unable to realize that the British are prepared, with the fullest documents, to reply to even the most childish attacks; yet the Soviet is not always prepared to reply or unwilling to give information obviously available.

M. Molotov's charge against Britain on the issue of German demilitarisation forced him to admit, miserable dicta, Soviet tardiness to destroy enemy ships under the Potsdam agreement. He was also reluctantly compelled to issue figures of German prisoners outside Germany and has been pressed to reveal how much has been taken by the Soviet from the Russian zone of Germany. M. Molotov seems to be standing on uncertain ground and to appear bewildered by the moral strength and dissection efficiency of the United States and Britain.

On the whole, it appears that Russia is being forced to toe the line, and the effect of President Truman's speech on Soviet attitude cannot be disregarded. It is fair to say that ministers have learned a lot since the first Council of Foreign Ministers in London in 1945. Molotov's charge against Britain on the issue of German demilitarisation forced him to admit, miserable dicta, Soviet tardiness to destroy enemy ships under the Potsdam agreement.

CONFERENCE ARRANGEMENTS
In the matter of organizing the conference the Russians have certainly done extremely well. The large British delegation, soon began to feel "at home" in this strange old and noisy city. The United States, British and French parties are housed in a palatial Moscow hotel of some fifteen floors, looking on to the Kremlin, all covered with snow, but with its golden cupolas gleaming in the sun.

Apart from Mr. Clegg and Dr. McCull, his physician, who live at the British Embassy, with Sir Maurice and Lady Poleton, all members of the delegation, regardless of rank or position, have rooms and take their meals in the Moscow Hotel. It is a common sight to see General Sir Brian Robertson, General Sir John Gort, Sir William Strang, Lord Hood and other distinguished people having their meals next to junior typists of the three nations.

The dining room on the third floor is almost staggering in its size and decor. It is like some vast fairyland, with its enormous pillars of green and blue marble and hanging lamps of agate and gold. A battalion of waiters scurries about in dinner jackets, proffering the menu in Russian and French. If one is lucky the floor houses who speak English glides up to help.

The Russians are extremely interested in the British party. At first, they were a little bewildered, but are now beginning to like the curious creatures from the mysterious west. (Wednesday's conference proceedings on page 6)

5 Killed In Air Crash

BOGOTA, (Colombia), March 20. Five persons are believed to have been killed when a plane crashed in flames yesterday after taking off from here for Bucaramanga, 200 miles to the north.—Reuter.

On Other Pages

On From The Beaches
Chinese "Reds" Movements
Explosions in Peshawar
Bombay Assembly
Commercial
Central Assembly
Broadcasting
All-India Weather
Sports

Mr. Azizul Haque III

CALCUTTA, March 20: Mr. Azizul Haque, former member of the Viceroy's Executive Council, had an attack of cerebral hemorrhage last night. His condition is reported to be grave.—A.P.I.

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