

a question with regard to that part of your statement dealing with Federal Finance. I think (I do not know whether I am putting it correctly) you attach a great deal of importance to uniformity of taxation in India?
Sir Edward Benthall : Yes.

6215. *Dr. B. R. Ambedkar* : And on that account, you have made the suggestion that almost all sources of Revenue, as between the Centre and the Provinces, should be segregated at the Centre, and that the Centre should divide? Is that not so?

Sir Edward Benthall : Do we make that suggestion?

6216. *Dr. B. R. Ambedkar* : I am summing it up generally, that you want that almost all the principal taxes, at any rate, should be levied by the Centre in order that there may be uniformity of taxation?

Sir Edward Benthall : We did not go so far as to say that We desired uniformity, but we did not go so far as to say that all taxes should be levied by the Centre.

6217. *Dr. B. R. Ambedkar* : How would you otherwise have uniformity of taxation, if there was not one tax levying authority in India as a whole?

Sir Edward Benthall : Some methods of co-ordination might be devised.

6218. *Dr. B. R. Ambedkar* : Suppose, for instance, we adopted the principle that a Province was to levy a surcharge on Income Tax for Provincial purposes, that would cut across the principle of uniformity?

Sir Edward Benthall : Yes; we are totally opposed to that.

6219. *Dr. B. R. Ambedkar* : Then again, you oppose terminal taxes?

Sir Edward Benthall : We are opposed to them on principle, and we have suggested that any taxes which are likely to lead to inter-Provincial Customs duties or inter-Provincial barriers, should require Federal approval. That is the purport of our evidence.

6220. *Dr. B. R. Ambedkar* : That would ultimately mean that there would be segregation of the sources of taxation; either the Province could not levy, or could levy only with the prior approval of the Centre?

Sir Edward Benthall : There would be a third method of devising some scheme of co-ordination, I think.

6221. *Dr. B. R. Ambedkar* : I do not know. Have you any method to suggest as to how this co-ordination is to be brought about?

Sir Edward Benthall : I think there are rules laid down at the present moment. Of course, at the present moment we are dealing with a unitary Government which lays down rules.

6222. *Dr. B. R. Ambedkar* : We want to look at this thing, surely, from the standpoint of the Provincial Autonomy which we are contemplating, and also of the responsible Government that we are introducing into the Provinces?

Sir Edward Benthall : Yes.

6223. *Dr. B. R. Ambedkar* : Now I want to put this: From the stand point of Provincial Autonomy, it would be very difficult to realise this

Autonomy in practice if the Province is not to be free to devise its own method and system of taxation and has to go to the Centre every time ?

Sir Edward Benthall : Not every time, but in the case of these particular taxes which are likely to result in the stoppage of development of Indian commerce. May I just say this, that our intention in bringing forward these points was not to lay down any rules but to bring them to the notice of the Joint Select Committee, so that they might consider them.

6224. *Dr. B. R. Ambedkar* : Then I will put this generally : That you would recognise that in devising any system of finance as between the Centre and the Provinces, it is necessary to recognise that whatever system is adopted, it will not be incompatible with Provincial Autonomy and responsible Government, in the Provinces ?

Sir Edward Benthall : Yes. In answer to a previous question, I said there should not be more concurrent powers than are necessary, and we agree to that. The division of subjects and of taxation should be as clear-cut as possible, but, from the point of view of trade, we desire to point out how these provisions might lead to inter-Provincial Customs barriers.

6225. *Dr. B. R. Ambedkar* : Now I want to ask you a question about this Reserve Bank, referred to in paragraph 3. You say that the bank ought to be free from political interference ?

Sir Edward Benthall : Yes.

6226. *Dr. B. R. Ambedkar* : I suppose you will agree that political aid would be necessary for the bank in times of crisis ?

Sir Edward Benthall : It might be.

6227. *Dr. B. R. Ambedkar* : It might be necessary in a crisis, in order to support the bank to have the Government declare a moratorium ?

Sir Edward Benthall : Yes, it is customary I think, in the constitutions of all Reserve Banks to allow them ultimate power of intervention by the Government in case of a financial crisis, and I would not object to that in a Reserve Bank.

6228. *Dr. B. R. Ambedkar* : You would, therefore, permit, if the Government is to aid the bank in times of crisis, either by way of a moratorium or by way of advancing money in order to stabilise its reserves so that it could carry on, that it should have some influence over the bank, and its operations ?

Sir Edward Benthall : The Government, in some form of other, will appoint some of the officers of the bank and some of the Directors, but the Government should not appoint a majority of such Directors.

6229. *Dr. B. R. Ambedkar*. I want to make this point clear. I make this distinction : Political intervention, interference and influence. What is it that you would allow the Government to have and what is it you would exclude the Government from ?

Sir Edward Benthall : To define that would mean drawing up the constitution of the Reserve Bank.

6230. *Dr. B. R. Ambedkar* : I will not pursue that. Now, with respect to Directors, what sort of a provision do you contemplate for excluding political influence? Would you say, for instance, that a person who belonged to a political party in India was to be disqualified from being a Director?

Sir Edward Benthall : No. To begin with, I would have a Shareholders Bank, and the shareholders nominating the majority of the Directors.

6231. *Dr. B. R. Ambedkar* : They may be politicians?

Sir Edward Benthall : Not politicians sitting in the Legislatures.

6232. *Dr. B. R. Ambedkar* : But they may be very actively supporting the Party fund?

Sir Edward Benthall : If they were very actively supporting Party politics, they would not carry the financial confidence of the country.

6233. *Dr. B. R. Ambedkar* : But there will be no disqualification to such persons being appointed?

Sir Edward Benthall : They would be very foolish if they tried to carry on the two things at once.

6234. *Dr. B. R. Ambedkar* : Now with respect to your comments on paragraph 122 of the White Paper. In paragraph 5, you make certain suggestions for including certain qualifications in Proposal 122? ,

Sir Edward Benthall : Yes.

6235. *Dr. B. R. Ambedkar* : I just want to read the last four or five lines of that paragraph: "but no law will be deemed to be discriminatory for this purpose on the ground only that it prohibits either absolutely or with exceptions the sale or mortgage of agricultural land in any area to any person not belonging to some class recognised as being a class of persons engaged in, or connected with, agriculture in that area." What I want to point out is this, that unless the words "without distinction of caste, creed or religion," are inserted in this latter portion, it will still be possible to make a discrimination within that class based on caste, creed or religion. You can have an agricultural class and within that agricultural class you can make a distinction between caste, creed or religion?

Sir Edward Benthall : Yes. I should like the lawyers to consider that point.

6236. *Dr. B. R. Ambedkar* : The reason why I ask you is this, that you make certain suggestions with regard to the improvement of this clause by saying: 'if this proposal is to be effective, it will be necessary to include "domicile, continuity or duration of residence" in British India?

Sir Edward Benthall : Yes.

6237. *Dr. B. R. Ambedkar* : You did not say that it should also exclude any distinction based upon caste, creed or religion? That would have to be done if this paragraph is to be effective against any discrimination?

Sir Edward Benthall : I think the point that we made in connection with the latter half of that paragraph is contained in our paragraph 6 under Section G. We did not want that to apply to prevent Europeans taking up