

SHRI C. D. DESHMUKH: Legal tender has nothing to do with issue or sale. In other words, if a currency continues to be legal tender for a limited period, it does not follow there from that the issuing authorities are compelled to issue that currency.

SHRI V. K. DHAGE: May I invite the attention of the hon. Minister to the statement of the Chief Minister before the Demonetisation Advisory Committee, that legal tender means acceptance and issue—that it must do both; that there can be no one-way traffic only.

SHRI C. D. DESHMUKH: What he really said was “Some people have criticised or expressed their opinion that legal tender cannot be a one-way traffic, but it should be both for acceptance and for issuing. I am not prepared to accept this legal interpretation”.

SHRI V. K. DHAGE: May I draw the attention of the hon. Minister to the statement as it is published here.....

MR. CHAIRMAN: But this is the authorised statement.

SHRI V. K. DHAGE: No Sir. May I draw the attention of the hon. Minister to the question as to what was the difference between the legal tender before 31st March 1953 and on the 1st April 1953?

SHRI C. D. DESHMUKH: It continued to be legal tender as before. Now it is no longer permissible to issue Hali Sicca notes of denominations higher than Rupee one.

SHRI V. K. DHAGE: But how was it issued before 31st March 1953?

MR. CHAIRMAN: He asks how higher denominations also were issued before that.

SHRI C. D. DESHMUKH: Yes, before the passing of the recent Act.

SHRI V. K. DHAGE: May I invite the hon. Minister's attention to the fact that there is no difference between the law as it existed on 31st March and as it existed on 1st April?

SHRI C. D. DESHMUKH: It is not for me to interpret the law to the hon. Member.

MR. CHAIRMAN: Papers to be laid.

SHRI K. L. NARASIMHAM: Yesterday I gave notice of a motion for papers and.....

MR. CHAIRMAN: Yes, yes. We will consider and inform you.

#### PAPERS LAID ON THE TABLE

##### AGREEMENTS BETWEEN THE RAJ- PRAMUKH OF HYDERABAD AND THE RESERVE BANK OF INDIA

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): Sir, I beg to lay on the Table a copy each of the Principal and Supplemental Agreements executed under section 21A(1) of the Reserve Bank India Act, 1934, on the 31st March, 1953, between the Rajpramukh of Hyderabad on the one hand and the Reserve Bank of India on the other, as required under section 21A(2) of the said Act. [Placed in Library. See No. IV O.3(39).]

(i) RULE FOR REIMBURSEMENT BY GOVERNMENT TO A MINISTER OF DEDUCTIONS MADE BY AN AIR TRANSPORT COMPANY;

(ii) AMENDMENT TO MINISTERS (ADVANCE FOR MOTOR-CARS) RULES.

THE DEPUTY MINISTER FOR HOME AFFAIRS (SHRI B. N. DATAR): Sir, I beg to lay on the Table a copy of each of the following

[Shri B. N. Datar.]

papers as required under sub-section (2) of section 11 of the Salaries and Allowances of Ministers Act, 1952:—

- (i) Rule for reimbursement by Government to a Minister of the net deductions made by an Air Transport Company on cancellation of the air passage.
- (ii) Amendment to the Ministers (Advance for motor-cars) Rules. [Placed in Library. See No. S-35/53.]

### THE CALCUTTA HIGH COURT (EXTENSION OF JURISDICTION) BILL, 1953

THE MINISTER FOR HOME AFFAIRS AND STATES (DR. K. N. KATJU): Sir, I beg to move for leave to introduce a Bill to extend the jurisdiction of the High Court at Calcutta to Chandernagore and the Andaman and Nicobar Islands.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to extend the jurisdiction of the High Court at Calcutta to Chandernagore and the Andaman and Nicobar Islands."

The motion was adopted.

DR. K. N. KATJU: Sir, I beg to introduce the Bill.

### THE FINANCE BILL, 1953—contd.

MR. CHAIRMAN: We get back to the discussion of the Finance Bill, 1953. Shri Gulsher Ahmed.

SHRI GULSHER AHMED (Vindhya Pradesh): Yesterday I promised to give the House more information about the economic situation in my State before the Income Tax Act was introduced. The Vindhya Pradesh is a purely agricultural State.

KHWAJA INAIT ULLAH (Bihar): Please speak louder.

SHRI GULSHER AHMED: We have not got any industries in that State. The only cottage industry that we have there is the manufacturing of *bidis* and weaving.

SHRI J. R. KAPOOR (Uttar Pradesh): If the hon. Member would go to the back seat and speak then he would be more audible.

SHRI GULSHER AHMED: Most of the trade was in the form of import from British India to the Indian States and vice versa. All these areas composed what were called the princely States and we did not have any kind of taxes like the income-tax or super-tax. We had, of course, different kinds of taxes which were known as customs permits. But then these States were merged together and brought into one unit, now known as the Vindhya Pradesh.

With the Rajpramukh it was made a Part B State. Then, in the year 1949, before the Constitution was enforced, it was made into a Part C State—(a Chief Commissioner's Province) and the institution of Rajpramukh was abolished. But, in the year 1949, the Central taxation laws were extended to Part B and Part C States, as a result of which, in the year 1950-51, people were asked to file returns of the income that they had made in the previous years. Besides this, the Income Tax Officer also served a notice on the merchants to furnish the accounts for the years 1943 to 1949 on the presumption that as they were selling goods in British India, they must have been making profits or profits might have accrued in British India. So, they are liable for taxation. Well, Sir, I would just read a few portions of the section of the Income Tax law which is relevant for this discussion so that I may be able to make myself clear to this House because, without reading that section I will not be able to make myself clear. That is section 34 of