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(LEGISLATIVE DEBATES)

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Thursday, 18th March, 1948

The Assembly met in the Assembly Chamber of the Council House at Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

DECLARATION BY MEMBERS

The following member made the declaration under Rule 20:

Shri Baldeo Swarup (Eastern Rajputana States Group).

STARRED QUESTIONS AND ANSWERS

ORAL ANSWERS

DISTINCTION IN ALLOTMENT OF GOVERNMENT QUARTERS.

835. *Mr. E. K. Sidha: (a) Will the Honourable Minister of Works, Mines and Power be pleased to state the policy of Government in the allotment of houses to Government servants?

(b) Is it a fact that a distinction is made in their allocation between Government servants paid from military estimates and those paid from the civil budget in Delhi, Bombay and Calcutta?

(c) Is it a fact that the Armed Forces Headquarters staff having the same qualifications as those on the Civil side are not entitled to the same class of accommodation?

The Honourable Shri N. V. Gadgil: (a) Provision of accommodation by Government is not a condition of service under Government, but as a matter of policy in normal times the Government of India used to provide approximately 50 per cent. of their employees with accommodation in Delhi. Owing to the abnormal conditions prevailing at present it has only been possible for them to meet not more than 20 per cent. of the demand. A set of the allotment rules governing the allotment of accommodation in Delhi is placed in the Library of the Legislature.

(b) No.

(c) Does not arise.

Shri H. V. Kamath: Arising out of answer to part (a), is there any priority or precedence list for allotment?

The Honourable Shri N. V. Gadgil: There is no precedence list, except that in the case of Secretaries of Departments, allotment is made out of turn.

RESTRICTION ON ENTRY OF BRITISH NATIONALS OF SOUTH AFRICA DOMICILED

836. *Pandit Mahat Bhari Lal Bhargava: Will the Honourable the Prime Minister be pleased to state:

(a) whether there are any restrictions in regard to the entry of British nationals into India who, for sometime, have been domiciled in any other colonial country such as South Africa;

(b) whether any applications have been made to Government for permits of entry in cases where South African domicile was involved and if so, the number of cases, if any, in which such permits were granted; and

(c) whether Government are aware of complaints among foreign engineering persons arriving in India regarding the time involved in the issue of permit and consequent inconvenience caused to them, their families and their employees, and if so, how many specific cases have been brought to the notice of Government and the action, if any, taken by Government to obviate the delay in the issue of permits for entry?

The Honourable Pandit Jawaharlal Nehru: (a) There is no restriction on the entry into India of British subjects other than those domiciled in South Africa. Under the Reciprocity (South Africa) Rules, 1944, generally speaking a person not being of Indian origin who is domiciled in South Africa has been declared a 'prohibited immigrant'.

(b) 98 applications have so far been received of which 88 have been allowed.

(c) Only one case has come to the notice of Government. In this case there is doubt as to the domicile of the person concerned, and detailed enquiries have had to be instituted. If any other cases of delay are brought to my notice, I will gladly have them investigated, for I am anxious that no needless delay should take place in these matters.

IMPORT OF BURMA AND IRANIAN CRUDE PETROLEUM AND ESTABLISHMENT OF REFINERIES IN INDIAN PORTS.

837. *Mr. B. K. Saha: (a) Will the Honourable Minister of Works, Mines and Power be pleased to state whether it is a fact that large quantities of crude petroleum from Burma and Iranian oil fields are available for sale?

(b) If so, do Government propose to take steps to import and refine crude petrol by establishing refineries in some ports in India?

(c) Are Government aware that refinery machinery is available for disposal in Burma?

(d) What steps do Government intend to take to explore the possibilities of this enterprise?

The Honourable Shri H. V. Gadgil: (a) As far as Burma oil fields are concerned, crude petroleum in large quantities is not available for sale.

As far as Iranian Oil fields are concerned, Government have no information.

(b) The question of importing and refining crude petroleum by establishing Refineries in India is already receiving Government's consideration.

(c) As far as Government are aware Refinery machinery is not available for disposal from Burma.

(d) The matter is under consideration.

Shri H. V. Kamath: Have we got enough staff to run these refineries or have we to import experts and advisers from abroad?

The Honourable Shri H. V. Gadgil: We have neither the refining machinery nor the expert Advisers here at present.

DEATH SENTENCES BY DUTCH TRIBUNAL TO SIX MEMBERS OF INDIAN VOLUNTEER BRIGADE IN INDONESIA.

838. *Mr. B. K. Saha: (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that the Dutch Tribunal have sentenced to death six members of the Indian Volunteer Brigade working in Indonesia up or about the first week of February 1948?

(b) If so, what are the offences for which they have been sentenced to death?

(c) Has the Indonesian Youth Federation represented the matter to Government or any other organisation in India?

(d) Is it a fact that this sentence violates International laws?

(e) Do Government propose to represent to the Dutch Government to suspend the execution of the death sentence, pending investigation?

The Honourable Pandit Jawaharlal Nehru: (a) No.

(b), (c), (d) and (e). Do not arise.

Mr. E. K. Sidhva: The Honourable the Prime Minister's answer to part (a) was 'No'. May I enquire if the allegation is entirely incorrect and whether he has personally looked into this matter?

The Honourable Pandit Jawaharlal Nehru: I may assure the Honourable Member that we enquired into the matter. We have been informed by our representative there that no Indian has been involved. Some Indonesians were involved and they were sentenced.

SHORTAGE OF DIESEL OIL IN INDIA AND CONSUMPTION DURING 1938-47.

839. *Pandit Mukut Bihari Lal Bhargava: Will the Honourable Minister of Works, Mines and Power be pleased to state—

(a) the total quantity of diesel oil consumed in India during the years between: 1938-39 and 1946-47;

(b) the total quantity of diesel oil which was available in India in the year 1947, the quantity that was available for supply to the public in that year and the quantity that is expected to be available during the year 1948;

(c) whether Government are aware of the acute shortage of diesel oil in India and if so, since when this shortage has been felt; and

(d) what effect this shortage had on the industrial and agricultural projects sponsored by the Government of India as also on private enterprises and what steps Government have taken or contemplate to take to meet this shortage?

The Honourable Shri N. V. Gadgil: (a) The consumption figures for 1938 and 1947 are not available. The figures for the other years are as follows:

	Light Diesel Oil	High Speed Diesel Oil
	Tons.	Tons
1939	289,265	9,391
1940	287,119	8,796
1941	341,881	11,510
1942	374,485	17,426
1943	292,488	35,015
1944	329,251	74,676
1945	429,932	149,525
1946	379,546	50,569
TOTAL	2,723,967	356,978

(b) The total quantity available in undivided India in 1947 was 482,067 tons approximately Light Diesel Oil and 62,560 tons approximately High Speed Diesel Oil were made available to the public.

The quantities available for the whole of 1948 is not yet known; on the basis of actual availability for the 1st quarter of 1948, they should be as follows for the Indian Union:

265,874 tons Light Diesel Oil.

80,000 tons High Speed Diesel Oil.

(c) Yes. The shortage became very pronounced from the beginning of this year.

(d) This shortage of Light Diesel Oil and in particular High Speed Diesel oil is bound to have serious effects on the private enterprises as well as on the industrial and agricultural projects sponsored by Government. The possibility of imposing control over consumption is being examined with a view to safeguarding the interests of essential consumers. Government are also taking steps to establish direct contact with the suppliers of Oil outside India and those who are responsible for the allotment of Petroleum Products to this country in order to obtain increased supplies for the remainder of the year.

Shri T. T. Krishnamachari: May I ask, Sir, in view of the scare that seems to exist in certain industries with respect to supplies of Diesel oil for purposes of production is the Government likely to arrive at a decision in regard to supplies of Diesel oil at an early date?

The Honourable Shri N. V. Gadgil: That will be so.

ACUTE SHORTAGE OF DIESEL OIL IN AJMER-MERWARA.

840. *Pandit Mukut Bihari Lal Bhargava: (a) Will the Honourable Minister of Works, Mines and Power be pleased to state the quantity of diesel oil allotted to Ajmer-Merwara during the years between 1943-44 and 1946-47?

(b) Are Government aware that owing to the acute shortage of diesel oil, there has been repeated breakdown of public street lighting in the towns of Ajmer and Beawar during the last two years?

(c) What steps have Government taken or propose to take to avoid the repetition of such breakdown in future?

The Honourable Shri N. V. Gadgil: (a) 1943-68 Gallons.

1944—Nil

1945—Figures not available.

1946—5,280 gallons.

1947—4,067 gallons.

(b) Government are not aware.

(c) High Speed Diesel Oil is in very short supply at present. Nevertheless Government have allotted a high priority to the requirements of Diesel Power Houses in the country and distribution of available supplies of High Speed Diesel Oil would be made to the essential public utility concerns as equitably as possible.

GOVERNMENT OF INDIA'S OFFICES AT SIMLA AND CALCUTTA.

841. *Mr. B. K. Saha: Will the Honourable Minister of Works, Mines and Power be pleased to state:

(a) the names of the offices of the Government of India functioning at Simla and Calcutta;

(b) the number of Gazetted and Non-gazetted officers and subordinate staff employed in these offices;

(c) whether all the offices in these two places are housed in rented buildings or Government buildings; and

(d) if they are in rented houses, what the total rent paid is?

The Honourable Shri N. V. Gadgil: (a), (b), (c) and (d). The information is being collected and will be laid on the table of the House in due course.

Shri H. V. Kamath: What is the principle governing the scattering of these offices all over the country? Is it one of decentralisation of offices though not of Administration?

The Honourable Shri N. V. Gadgil: Two things are responsible for this. Firstly, what has happened in the past, and secondly, the needs of the present.

Mr. E. K. Sidhva: What are the permanent offices at Simla at present?

The Honourable Shri N. V. Gadgil: I shall lay the information on the table in due course.

Mr. E. K. Sidhva: No, Sir. At least we must know what are the permanent offices now at Simla.

Mr. Speaker: He has already answered the question. He wants to collect the information and will pass it on to the Honourable Member in due course.

INDIAN NATIONALS IN IRAN.

342. *Mr. E. K. Sidhva: (a) Will the Honourable the Prime Minister be pleased to state the total population of Indian Nationals in Iran?

(b) How many of them are engaged in trade?

(c) Is it a fact that by the promulgation of a recent order of the Iranian Government, Indian Nationals have been debarred from trading in Iran?

(d) Is it a fact that a large number of Indians in Iran carrying on import trade have invested very large sums in that country?

(e) If so, have Government any information regarding the total capital of Indians invested in Iran in trade?

(f) Have the Government of India drawn the attention of the Iranian Government through their Ambassador to this matter and if so, with what results?

The Honourable Pandit Jawaharlal Nehru: (a) Approximately 500.

(b) Complete information on this point is not available but there are about 100 Indian firms engaged in import business.

(c) The Iranian Government propose to pass a law with a view to curtailing the trading activities of all foreigners in Iran. If the Bill which has been introduced in the Iran Legislature is passed the Indians in Iran will be affected like other foreigners.

(d) and (e). While no information on the amounts invested by Indians in Iran is available, the investments must be substantial as Indians have been in business there for a number of years.

(f) Yes, Sir. The Government of India have protested to the Government of Iran both through the Iranian Embassy in Delhi and through our Ambassador. The Iranian Government have been asked to exempt the Indian traders in Iran from the provisions of the proposed Bill. Their reply is awaited.

Shri H. V. Kamath: Arising out of answer to part (c) do Government propose to take any reciprocal or retaliatory action against the Iranians in our country?

The Honourable Pandit Jawaharlal Nehru: That is a question to be considered when the time arises for it.

CONFISCATION AND AUCTION OF PROPERTY OF UTTAM CHAND MALHOTRA OF KABUL BY AFGHAN GOVERNMENT.

343. *Shri H. V. Kamath: Will the Honourable the Prime Minister be pleased to state:

(a) whether it is a fact that property and cash, worth about Rs. 1,50,000 belonging to Uttam Chand Malhotra of Kabul were confiscated by the Afghan Government in 1941-42;

(b) whether it is a fact that the said property and cash were auctioned by the Afghan Government at a very low price and that only Rs. 12,000 were paid to Uttam Chand Malhotra;

(c) what are the reasons for the aforesaid action taken by the Afghan Government; and

(d) if the answers to parts (a) and (b) be in the affirmative, what action the Government of India propose to take for the recovery of the confiscated property from the Afghan Government?

The Honourable Pandit Jawaharlal Nehru: (a), (b) and (c). The Government of India's information is that Mr. Uttam Chand's property in Kabul was locked and sealed in his presence by the Afghan authorities in 1942 when he was deported. Later this property was sold by the Afghan Government to persons nominated by Mr. Uttam Chand in Kabul for the disposal of the property declined to act for him. It is understood that the Afghan Government paid him a sum of Rs. 12,800, Indian currency, in full settlement. Government are not in a position to assess the value of his property, for which it is understood he claimed about Rs. 62,000 Indian currency.

(d) The Government of India, as I told the House on November 15th, 1946, do not regard it as practicable to compensate Indians for a leged losses suffered in foreign countries.

Shri H. V. Kamath: Is Government aware, Sir, that this Uttam Chand Malhotra is the person who gave shelter to Netaji Subhas Chandra Bose on his dramatic flight from India into Europe?

The Honourable Pandit Jawaharlal Nehru: Government have seen press reports to that effect.

Shri H. V. Kamath: Is it a fact, Sir, that his property was confiscated by the Afghan Government for the alleged offence of having given shelter to Netaji Subhas Chandra Bose during his flight?

The Honourable Pandit Jawaharlal Nehru: I have no information on that point.

Shri H. V. Kamath: Will Government take steps to enquire into this matter, whether it is a fact or not?

The Honourable Pandit Jawaharlal Nehru: The Honourable Member must remember that there is a foreign Government dealing with a foreigner in their country. They have stated that they sealed this property in his presence, etc., and then they gave a certain compensation. This Government cannot bring it before a tribunal to find out what the right compensation is. It is very difficult for us to intervene except privately to see that no injustice is done.

Shri H. V. Kamath: Will Government please try to ascertain whether the Afghan Government took this action against him at the instance of the British Legation in Kabul?

The Honourable Pandit Jawaharlal Nehru: Government is going to do no such thing.

PAKISTAN'S OBSTRUCTIONS IN TRANSPORT OF MACHINERY AND COMMERCIAL GOODS IMPORTED INTO KARACHI BY INDIAN NATIONALS.

844. ***Shri Jaspal Roy Kapoor:** (a) Will the Honourable Minister of Commerce be pleased to state the terms of agreement entered into between India and Pakistan in respect of transport to India of machinery and commercial goods already imported into Karachi,

(i) by persons who have migrated from Pakistan to India, and

(ii) by dealers and merchants in India?

(b) Are Government aware that such machinery and goods even though imported for supply to customers in India under definite contracts are not being allowed to be transported to India, nor has any compensation therefor been paid by the Government of Pakistan?

(c) What steps do Government propose to take in this connection?

The Honourable Shri R. K. Shanmukham Chetty: (a) There is no agreement now in force between the two Dominions to regulate the transport of goods of the classes referred to by the Honourable Member, as the decision reached by the Partition Council that the two Governments should maintain the *status quo* regarding all matters affecting trade and movement of goods terminated on the 29th February, 1948.

(b) and (c). Numerous representations have been received to this effect and on a reference being made to the Pakistan Government, the Government of India have been assured that no restrictions are being placed on the transport of goods genuinely intended for the Dominion of India or in transit to ports in India. The position, however, is very unsatisfactory, and it is proposed to discuss these and allied matters shortly at Inter-Dominion level.

Mr. B. K. Sidhva: Was not this question discussed last week by our Honourable Minister of Relief and Rehabilitation when he was discussing with the Honourable Minister of Pakistan in Lahore?

Mr. Speaker: Does it relate to rehabilitation question?

Mr. B. K. Sidhva: May I know whether this was one of the questions discussed?

Mr. Speaker: I do not think that arises out of this question.

AGREEMENT WITH JAPAN FOR EXCHANGE OF SPINDLES WITH INDIAN COAL

845. *Shri Jaspal Roy Kapoor: (a) Will the Honourable Minister of Commerce be pleased to state whether any agreement has been made or is proposed to be made with Japan for the purchase of spindles in exchange for coal, and if so, what is the number of such spindles?

(b) How are these spindles proposed to be distributed?

The Honourable Shri R. K. Shanmukham Chetty: The question should have been addressed to the Honourable Minister of Industry and Supply. It has accordingly been transferred to the list of questions for 29th March, 1948, when the Honourable Minister of Industry and Supply will answer it.

WOMEN AND CHILDREN ABDUCTED FROM JAMMU AND KASHMIR

846. *Shri Jaspal Roy Kapoor: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the estimated number of women and children abducted from Jammu and Kashmir by raiders upto the end of February, 1948;

(b) the number of such women and children recovered from Pakistan so far; and

(c) whether it is a fact that a number of such abducted women have been sold in Pakistan?

The Honourable Shri N. V. Gadgil: (a) No definite figures are available.

(b) 484 women and 495 children have so far been recovered from Pakistan.

(c) Allegations to this effect have been made, but the Government of Pakistan have denied them.

Prof. N. G. Ranga: What is the latest position, Sir, in the light of the talks that the two Ministers had had recently at Lahore in regard to this particular matter?

The Honourable Shri N. V. Gadgil: The latest position in terms of figures?

Prof. N. G. Ranga: Figures apart, Sir, they had had discussion and negotiation also and they issued a statement. May we know whether the Government expect better response from the Pakistan Government, and if so, in what direction or to what extent.

The Honourable Shri N. V. Gadgil: I want notice of that question.

Pandit Lakshmi Kanta Maitra: Is the Government aware that many of the abducted women that have been recovered from Western Pakistan have on their cheeks the Pakistan tattoo?

The Honourable Shri N. V. Gadgil: I am not aware of any such thing, but enquiries will be made.

DECLARATION AS INDIAN NATIONALS OF HINDUS AND SIKHS FROM PAKISTAN LIVING ABROAD

†847. ***Shri P. Kunhiraman** (on behalf of **Shri V. O. Kesava Rao**): (a) Will the Honourable the Prime Minister be pleased to state whether facilities have been given to the Hindu and Sikh nationals who were previously nationals in the present Pakistan territory, but were residents outside India and were doing business, to declare themselves as nationals of the Indian Union?

(b) Is the Indian Union looking after the interests of the Pakistan nationals in countries in which Pakistan has no direct diplomatic representation?

The Honourable Pandit Jawaharlal Nehru: (a) The question of nationality or citizenship is rather vague at present. It will finally be determined by the provisions of the new Constitution, and Government will no doubt set up suitable machinery at the appropriate time to enable persons now resident in overseas countries, who qualify for Indian citizenship to declare their option in favour of such citizenship. In the meantime instructions have been issued to the overseas representatives of the Government of India to give all assistance to any Indian who seeks it, even if he was born in any territory which is now included in Pakistan.

(b) The Government of Pakistan are at present represented in countries where they have no direct representation of their own by the diplomatic representatives of the Government of the United Kingdom.

REALIZATION OF MONEY FROM PAKISTAN NATIONALS DUE UNDER DECREE TO INDIAN FIRMS AND NATIONALS

†848. ***Shri P. Kunhiraman** (on behalf of **Shri V. O. Kesava Rao**): (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state what arrangements are being made to realise money from Pakistan nationals which is due under decree to private individuals and firms in the Indian Union?

(b) Do Government propose to give an estimate of the amount due to the nationals of the Indian Union under this head?

The Honourable Shri N. V. Gadgil: (a) Where the decretal amounts have already been deposited in the courts they become evacee property and come within the scope of the discussions which have been and will be held with the Government of Pakistan; otherwise they will be treated as decrees of foreign courts and the normal procedure of foreign decrees will apply in their cases.

(b) No estimate of the amount due is available.

AVAILABILITY OF WORKING ACCOUNTS OF ALLIANZ UND STUTTGARTER INSURANCE BANK LIMITED TO POLICY HOLDERS

849. *Pandit Thakur Das Bhargava: (a) Will the Honourable Minister of Commerce be pleased to state whether it is a fact that an undertaking was given to the policy-holders of the Allianz Und Stuttgarter Insurance Bank Limited by Government that the company was being managed solely in the interests of the policy holders and that accounts of the working of each year shall be made available to them within six months of the expiry of that year?

(b) Have any such accounts been prepared and sent to the policy-holders? If so, in what years? If there have been defaults in sending the accounts, what is the reason for these and what action have Government taken against the defaulting party?

(c) What was the total annual income of the company in the years 1939, 1945 and 1947 respectively and what were the annual working expenses of the company in those years and what fees including honorarium were received by Fergusson & Company during those years?

(d) What action, if any, do Government propose to take to safeguard the interests of the policy-holders?

(e) Have Government ascertained whether the company is being managed in the real interests of the policy holders and have any representatives of the policy-holders, elected by them, been associated with the management of the Company?

The Honourable Shri R. K. Shanmukham Chetty: (a) No, Sir; no such undertakings were given to the policy-holders of the 'Allianz'. The management of the Company however was taken over by Government with a view to safeguarding to best extent possible the interests of the policy-holders, due regard being had to Government's obligations to the vested enemy firm and no effort is being spared to achieve that purpose.

(b) (i) and (ii). The accounts were prepared for each of the years from 1939 to 1946. For 1939 and 1940, the full accounts were sent in 1942 to those policy-holders who asked for them; for subsequent years, short summaries were sent to all policy-holders—For 1941 and 1942, they were sent in 1943 for 1943 in 1944 and for 1944-46 in 1948. Full accounts for even these years are sent to those who ask for them.

(iii) There have been no defaults, though some delays have occurred mainly due to the time needed by the company for furnishing the accounts and in getting them printed. Occasionally circulation of accounts has also had to be held up, if there were points in them which required further investigation.

(iv) Does not arise.

(c) (i) The total income of the 'Allianz' for the years 1939 and 1945 was Rs. 15,24,153 and Rs. 10,84,880, respectively. The expenses of management of the company during the years 1939 and 1945 were Rs. 6,75,668 and Rs. 66,926 respectively. The accounts for the year 1947 are not yet due.

(ii) Messrs. Fergusons' remuneration was fixed in October, 1940 at Rs. 2,500 p.m. with effect from September, 1939 (apart from an initial lump sum grant of Rs. 5,000 for the extra work involved in the beginning) but it has been gradually reduced and since April, 1945 it is Rs. 1,000 p.m.

(d) Consultations are proceeding with some private companies to explore whether a suitable transfer of the business could be effected.

(e) Government are satisfied that the present arrangements in regard to the company adequately safeguard the real interests of the policy-holders. Though not elected by the policy-holders, a representative of the policy-holders is associated with the management of the company since 1943 and is

on the Board constituted to assist and advise Government in important matters of policy arising in connection with the conduct of business of the company.

Shri H. V. Kamath: Did the policy governing the management of the Allianz Und Stuttgarter Insurance Bank apply uniformly to all German property of this category or was it a special case?

The Honourable Shri R. K. Shanmukham Chetty: I am not aware of the position with regard to a general policy.

REFUGEES FROM WEST PUNJAB SENT TO ORISSA

850. *Shri Lakshminarayan Sahu: (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state what is the number of refugees sent to Orissa from West Punjab?

(b) Have the Government of India placed any funds at the disposal of the Government of Orissa, for the rehabilitation of these refugees?

(c) If so, what is the amount?

The Honourable Shri N. V. Gadgil: (a) No refugees have so far been sent from West Punjab to Orissa. Owing to the influx of refugees in Delhi, and to the shortage of accommodation, Government have decided that any more refugees coming to Delhi, will be sent out to refugee camps in Orissa.

(b) and (c). Do not arise.

Shri Krishna Chandra Sharma: What is the basis on which the refugees are being sent out to the different provinces?

The Honourable Shri N. V. Gadgil: The basis is accommodation.

Shri Lakshminarayan Sahu: Will the refugees going to Orissa be permanently settled?

The Honourable Shri N. V. Gadgil: It may be possible to settle some of them permanently in Orissa.

Shri Jaspal Roy Kapoor: What is the number of refugees in the United Provinces now?

The Honourable Shri N. V. Gadgil: I cannot answer without notice.

Shri Lakshminarayan Sahu: Will they be settled in agriculture or in industry?

The Honourable Shri N. V. Gadgil: In both, Sir.

Shri Mihir Lal Chattopadhyay: Is it the policy of Government to scatter Punjabis all over India?

Mr. Speaker: Order, order.

Shri Lakshminarayan Sahu: Will the standard of living of these people be on a par with that of local people or will it be higher?

Mr. Speaker: That is a matter of opinion.

IMMIGRATION RESTRICTIONS IN KENYA AND OTHER COLONIES IN EAST AFRICA

851. *Seth Govinddas: (a) Will the Honourable the Prime Minister be pleased to state what is the position with regard to immigration restrictions in Kenya and other colonies in East Africa?

(b) Do Government propose to consider the advisability of initiating negotiations with the Governments of those countries and the colonial office, in view of India's interests in those countries?

The Honourable Pandit Jawaharlal Nehru: (a) I invite the Honourable Member's attention to the reply given by me on the 18th November, 1947 to starred question No. 47 by Pandit H. N. Kunaru. The Bills were considered

by a Joint Select Committee of the Legislature of the four British East African territories and passed by the Committee with some minor changes. They have since been passed into law.

(b) I am not quite clear as to what negotiations the Honourable Member has in mind. We made representations to the United Kingdom Government objecting to the principle underlying the proposed Immigration Bills and communicating our detailed comments on the clauses of the Bills. The United Kingdom Government have not agreed with our view that the Bills are objectionable in principle and, as regards our detailed criticisms, have taken the stand that these are for the Legislative Council of each territory and that the United Kingdom Government cannot properly interfere with the consideration of the points by the Legislative Councils. The United Kingdom Government, however, communicated our comments to the East African Governments. We have now made it clear to the United Kingdom Government that we cannot acquiesce in a legislation which adversely affects the rights and interests of our nationals abroad. In the meantime, we shall carefully watch the manner in which the new law is administered.

Seth Govinddas: Is it a fact that even those Indians who had been trading in East Africa and returned here during the war are prevented from going back there?

The Honourable Pandit Jawaharlal Nehru: There are certain difficulties in the way; I do not know if they are definitely prevented from going back. If my honourable friend will bring any particular case to our notice we shall find out.

Prof. N. G. Ranga: In view of the fact that there is supposed to be a common citizenship as between all these various countries within the British Commonwealth, have Government suggested the advisability of holding a round table conference between the East African Government, the Government of India and the British Government, in order to arrive at a more satisfactory solution than what is there in the Immigration Acts?

The Honourable Pandit Jawaharlal Nehru: I was not aware of the fact that there are common citizenship provisions in all these territories. As for the suggestion that there should be a round table conference, I do not quite know what it could lead to, because the three Governments have considered it repeatedly. We sent a delegation to East Africa headed by Raja Maharaj Singh; they considered it. So the matter has been discussed at length. The difficulty is that the United Kingdom Government lays the burden on the legislatures of the East African Government. These are limited legislatures—they are not exactly popular legislatures—and they decide as they think fit.

RENEWAL OF SATYAGRAH CAMPAIGN BY INDIANS IN SOUTH AFRICA.

302. ***Seth Govinddas:** (a) Will the Honourable the Prime Minister be pleased to state whether Government are aware of the satyagraha campaign renewed by Indians in South Africa?

(b) If so, what steps do the Government of India propose to take to safeguard the interests of Indians in South Africa?

The Honourable Pandit Jawaharlal Nehru: (a) Yes.

(b) We are watching carefully the developments in South Africa and will consider at the appropriate time what action we should take.

Seth Govinddas: When I raised this question last I referred to a complaint about prison conditions in South Africa and the Honourable Minister promised me that he would inquire into the matter. Has the inquiry been made? If so, what are the prison conditions there now?

The Honourable Pandit Jawaharlal Nehru: We did inquire into this matter; I am sorry I have not got the exact reply here with me, but my recollection is that the prison conditions were not good, though there was nothing special to which we could draw their attention except the fact that we wanted them to be improved.

Seth Govinddas: Has the Prime Minister received any information as to whether they have improved since then?

The Honourable Pandit Jawaharlal Nehru: The Honourable Member must remember that it is very difficult for one Government to discuss such matters with another Government on the other side, specially when they have no diplomatic relations with us at the time. These are things which can be informally discussed; we cannot call upon the South African Government to do this and that to certain persons whom they have convicted or arrested.

Prof N. G. Ranga: Are any periodical reports being sent to the U.N.O. Secretariat as regards the position of Indians in South Africa, after the last Resolution?

The Honourable Pandit Jawaharlal Nehru: No report has been sent by the Government of India after that Resolution.

Prof N. G. Ranga: Have Government received any report as to the latest position of Indians in South Africa from one of their leaders who has reached Delhi recently?

The Honourable Pandit Jawaharlal Nehru: We have received no reports. I do not know which leader the Honourable Member refers to, but we receive reports regularly from various leaders of the Indian community there and from a representative of ours who is still there who used to belong to the High Commissioner's office.

Seth Govinddas: Is it not a fact that Mr. Sorabjee Rustamjee has recently come to Delhi from South Africa? Has he submitted a report as to the position of Indians there now?

The Honourable Pandit Jawaharlal Nehru: He is not a recent arrival; he has been here a long time. Of course, we have discussed this matter with him repeatedly; he has not given us any written report.

Shri H. V. Kamath: In view of the persistent jingoism and stand-pat policy of Field-Marshal Smuts and his Government, do our Government contemplate any fresh demarche on a high international level?

The Honourable Pandit Jawaharlal Nehru: To whom?

Shri H. V. Kamath: To the U.N.O.?

The Honourable Pandit Jawaharlal Nehru: Considering that we have had discussions and decisions by the U.N.O. in the last general session, I do not know what a fresh demarche at present would lead to.

EXCHANGE OF HIGH COMMISSIONERS BETWEEN INDIA AND SOUTH AFRICA

853. **Shri Lakshminarayan Sahu:** Will the Honourable the Prime Minister be pleased to state whether it is proposed to exchange High Commissioners between India and South Africa?

The Honourable Pandit Jawaharlal Nehru: The post of Indian High Commissioner in the Union of South Africa is still vacant and there is no intention of filling it for the present. South Africa has not proposed the appointment of a High Commissioner in India.

AMENDMENT IN AMERICAN IMMIGRATION AND NATURALISATION LAWS AND ENTRY AND NATURALISATION OF INDIANS IN U. S. A.

854. *Shri Lakshminarayan Sahu: Will the Honourable the Prime Minister be pleased to state:

(a) whether the Government of the United States of America amended the American Immigration and Naturalization Laws to remove racial discrimination against Indians and if so, when; and

(b) the number of Indians who since the amendment.

(i) sought entry into the United States of America;

(ii) gained such admission;

(iii) sought naturalization; and

(iv) gained naturalization?

The Honourable Pandit Jawaharlal Nehru: (a) Yes. On the 2nd July, 1946.

(b) (i). The current demand for immigration visas, registered with the United States Government, stands at 445 from persons residing or domiciled in India and 397 from persons of Indian descent residing outside India.

(ii) Immigration visas granted during the period from the 1st July, 1946 to the 30th June, 1947 to persons residing in India numbered 128 and to those residing outside, but of Indian descent, 62.

(iii) It is regretted that figures of applications for naturalization received by the United States Government from Indians are not available.

(iv) During the year 1947, United States of America fiscal year, i.e., 1st July, 1946 to 30th June 1947 naturalization was granted to 22 persons of Indian descent of whom 16 were born in India and 6 outside India.

In all these answers 'India' means pre-partition India and includes Pakistan. Separate figures for the Union of India alone are not available.

INDIANS WORKING IN SECRETARIAT OF U. N. O.

†855. *Shri P. Kumhiraman (on behalf of **Shri V. G. Kesava Rao**): (a) Will the Honourable the Prime Minister be pleased to state the number of Indians working in the Secretariat of the United Nations Organisation?

(b) Have Government made any representations to get more Indians employed in the United Nations Organisation establishments?

(c) If the answer to part (b) above be in the affirmative, what is the result of the representations?

(d) What is the normal channel of recruitment of these personnel?

The Honourable Pandit Jawaharlal Nehru: (a) The total number of Indians working in the United Nations is 17.

(b) The inadequate representation of Indians in the United Nations Secretariat has frequently been brought to the notice of the Secretary General by the Government of India, by leaders of the Delegations to the Assembly Sessions and by our Permanent Delegation. Our representatives in relevant Committees of the United Nations have constantly pressed the claim of Indians for a larger share of appointments in the United Nations and will continue to do so.

(c) As a result of these representations the number of persons appointed by the United Nations has increased from 11 on 31st August, 1947 to 17 in February, 1948.

(d) The Bureau of Personnel of the United Nations directly invites applications from candidates. Suitable candidates are borne, on the Register of the United Nations and are offered appointments as and when vacancies occur. The higher appointments are made by the Secretary-General or the Assistant Secretaries General. The Federal Public Service Commission (India) forwards applications from exceptionally well-qualified candidates—other applicants being advised to approach the United Nations Organisation directly.

Shri T. T. Krishnamachari: May I know whether the Prime Minister is aware of the fact that some of the Indians who are already on the staff of the United Nations Organisation want to come back or are already on their way back?

The Honourable Pandit Jawaharlal Nehru: I know one or two cases like that. I do not know whether it is a general exodus.

Shri T. T. Krishnamachari: May I know if there is any reason for it? Is it because that these people are not treated properly or are there any other causes for their wanting to come back?

The Honourable Pandit Jawaharlal Nehru: I think on the whole, it must be due partly to domestic reasons, possibly they think that the emoluments are not sufficient and life in the United States is rather expensive or may be that they are interested in some other kind of work in India, which they want to take up.

Prof. N. G. Ranga: Have Government received any representations from these people in regard to any complaints, if they have any?

The Honourable Pandit Jawaharlal Nehru: No. They are engaged directly by the U.N.O. the Government of India does not come into the picture at all, except as an organisation looking on in a friendly way and encouraging them. There is no question of their complaining to us.

Prof. N. G. Ranga: How many of these 11 Indians had been previously employed in the League of Nations Office?

The Honourable Pandit Jawaharlal Nehru: I do not know.

Shri H. V. Kamath: Is the number of Indians working at present commensurate with our financial contribution to the U.N.O.?

The Honourable Pandit Jawaharlal Nehru: I should think not.

Shri M. Ananthasayanam Ayyangar: Is it a fact that Mr. T. A. Raman who was carrying on active propaganda against the interests of India during the war under the British Government, is now in the employ of the U.N.O.? Are Government taking any steps to see that such men are not entertained by the U.N.O. office?

The Honourable Pandit Jawaharlal Nehru: I believe that is a fact. It is not quite clear to me how the Government of India can interfere with the previous appointments of the U.N.O.

Prof. N. G. Ranga: What is the relationship between the Government of India and the U.N.O. in regard to the employment of Indians on the staff of the U.N.O.? Is it not the generally agreed policy of the U.N.O. to appoint only those Indians who are acceptable to the Government of India and who are recommended by the Federal Public Service Commission or the Government of India?

The Honourable Pandit Jawaharlal Nehru: Yes, normally the U.N.O. ask for the opinion of the Government of India or the Federal Public Service Commission but that is only a courtesy. They appoint them completely directly.

Seth Govinddas: As far as Mr. Raman is concerned did the Government of India, after our freedom, represent to the U.N.O. about the anti-Indian propaganda which this gentleman was carrying on previously and have they heard anything in this respect from the U.N.O.?

The Honourable Pandit Jawaharlal Nehru: So far as I know no such reference was made.

Shri M. Ananthasayanam Ayyangar: Will the Honourable the Prime Minister kindly make a reference in this regard inasmuch as we hear repeatedly many complaints against this Mr. Ramani that he was carrying on anti-Indian propaganda?

The Honourable Pandit Jawaharlal Nehru: I should like to consider this matter. It is not quite clear to me how we can interfere in the internal organisation of the U.N.O. and ask them to deal with a person whom they had appointed previously.

Begum Aizaz Rasul: As regards the employment of Indians in the U.N.O. may I know if there is any kind of arrangement or understanding to employ a minimum number of people from different countries in the United Nations Organisation?

The Honourable Pandit Jawaharlal Nehru: There is no such arrangement or understandings. Normally speaking each country should have its proper and adequate share. What that is depends on many factors and as the U.N.O. is constituted, in every sense it is predominantly, if I may say so, American and European, so that the Asian element gets less representation than it ought to by virtue of population or other reasons.

PROPOSALS FOR A GOOD WILL AND FACT FINDING MISSION FOR INDO-CHINA.

856. *Shri M. Ananthasayanam Ayyangar: (a) Will the Honourable the Prime Minister be pleased to state whether Government are aware that the External Department of the All India Congress Committee has suggested the desirability of sending out a Good Will and Fact Finding Mission to Indo-China?

(b) If so, what action have Government taken so far or propose to take in the matter, and when?

(c) Have the Indo-China Indian Association also requested the Government of India to facilitate the sending of such a Mission to Indo-China and to accord recognition therefor?

(d) If so, do Government propose to encourage such a Mission by giving them necessary credentials?

The Honourable Pandit Jawaharlal Nehru: (a) Yes.

(b) The All India Congress Committee have been informed that the Government of India do not feel that an official mission can be sent at the present time.

(c) Yes.

(d) Government have instructed their representative in Indo-China to extend all possible assistance and courtesies to the non-official delegation headed by Mr. Nadimuthu Pillai which left India for Saigon on the 22nd February.

Shri M. Ananthasayanam Ayyangar: Have they received any report from their delegation as to what they have been able to do?

The Honourable Pandit Jawaharlal Nehru: I cannot answer that question without making further enquiries.

Shri H. V. Kamath: What is the status of our Representative in Indo-China: is he an Ambassador or a Charge d'Affaires?

The Honourable Pandit Jawaharlal Nehru: Well, neither. I regret I cannot give his exact designation off-hand; I think he is more or less of the status of a Minister.

REMOVAL OF BAN ON REMITTANCES BY INDIANS TO INDO-CHINA.

857. *Shri M. Ananthasayanam Ayyangar: Will the Honourable the Prime Minister be pleased to refer to the answer to S. Q. No. 55 asked on the 18th November, 1947, relating to the removal of the ban on remittances by Indians in Indo-China and state what steps have since been taken to implement the assurance given therein?

The Honourable Pandit Jawaharlal Nehru: The Government of India is giving earnest consideration to the matter. A decision is likely to be taken in the near future.

DEBT SETTLEMENT AGREEMENT BETWEEN INDIA AND FRANCE.

858. *Shri M. Ananthasayanam Ayyangar: Will the Honourable the Prime Minister be pleased to state:

(a) whether any discussions were held between the Secretary-General of the Ministry of External Affairs and the French Ambassador recently regarding the Debt Settlement Agreement between India and France; and

(b) whether Government propose to make a statement regarding the result of the discussion?

The Honourable Pandit Jawaharlal Nehru: (a) There have been no discussions recently between the Secretary-General of the Ministry of External Affairs and Commonwealth Relations and the French Ambassador on the Debt Settlement Agreement between India and France.

(b) The Honourable Member's attention is drawn to question No. 766, and the answer given to it on March 15, by the Honourable the Finance Minister on behalf of the Honourable the Commerce Minister.

Shri M. Ananthasayanam Ayyangar: May I ask the Honourable the Prime Minister whether any steps are being taken to withhold any portion of the assets of Indo-China nationals in this country to the tune of Rs. 45 lakhs for payment to Indian nationals who have got their assets in Indo-China?

The Honourable Pandit Jawaharlal Nehru: No such steps are being taken. Any such action on our part at the present moment would only lead to further conflict and not to any kind of settlement.

Shri M. Ananthasayanam Ayyangar: Will the Honourable the Prime Minister negotiate with the Government of Indo-China with a view to getting released at least 50 per cent. of the assets of the nationals of Indo-China against 15 or 20 times such assets held by our nationals in Indo-China.

The Honourable Pandit Jawaharlal Nehru: As a matter of fact, some kind of an agreement was arrived at between the Government of India and the Government of France. But it was subject to the other debt settlement. It is the debt settlement that has held matters up. I believe the Finance Minister said something to the effect two or three days ago in this House that they hoped to have the debt settlement completed soon.

Prof. N. G. Ranga: Is it not a fact, Sir, that for the last ten years the assets of Indian nationals in Indo-China have been more or less frozen and Indians have been allowed to send to this country only very small amounts of money?

The Honourable Pandit Jawaharlal Nehru: I think that is a correct description of what has happened.

Shri M. Ananthasayanam Ayyangar: The Honourable the Finance Minister the other day said that Indians will be allowed a transfer of Rs. 200 per head. As this is a meagre amount, will the Honourable the Prime Minister use his

good offices to get a transfer of say, Rs. 10 or 20 lakhs out of the Indo-Chinese nationals assets of nearly Rs. 40 lakhs in India.

The Honourable Pandit Jawaharlal Nehru: We shall very gladly use our good offices. But the Honourable Member must remember that conditions in Indo-China are very disturbed and far from being stable. The French Government is also involved in considerable internal difficulties. So, it is not easy to proceed with negotiations rapidly. Delays occur, but we shall do our best to minimise them. In fact, on one or two occasions our representative in Saigon has come here and we are continuously in touch with him.

REQUEST BY NATIONAL CONGRESS, GOA TO GOVERNMENT OF INDIA TO INTERVENE FOR THEIR ELEMENTARY CIVIL LIBERTIES

859. *Shri Damodar Swarup Seth: (a) Will the Honourable the Prime Minister be pleased to state whether the attention of Government has been drawn to a Press statement of the Executive Committee of the National Congress, Goa, published in the month of March 1948 calling on the Union Government to intervene on behalf of the Goan people, who are struggling for their elementary civil liberties?

(b) Are Government aware that the Goan Patriots, Messrs. Tristao Braganza Cunha, Purshottam Kokodar, Laxmimankant Bembro, Dr. Ramhegdo and Dr. J. A. Loyala are still in distant Portuguese Penal Settlements serving long sentences of eight and nine years?

(c) Is it a fact that six new regiments of African troops have already arrived and 4,000 European troops are on their way to Goa?

(d) Is it also a fact that the frontiers of Goa are being fortified with new roads while armoured units are continually patrolling there?

(e) If the answers to parts (a), (b), (c) and (d) above are in the affirmative, do Government propose to take up the matter with the Government of Portugal in response to the appeal of the Executive of the National Congress of Goa?

The Honourable Pandit Jawaharlal Nehru: (a) Government have seen a Press statement to this effect.

(b) Government have been informed that the individuals mentioned are serving sentences in the Portuguese Penal Settlements of Portuguese Guinea.

(c) and (d). Government have received no report to this effect.

(e) I should like to draw the attention of the Honourable Member to my answer given on 11th February, 1948, to starred question No. 246 by Honourable Member Shri V. C. Kesava Rao.

Mr. Tajamul Hosain: May I know, Sir, whether it is the policy of the Government to allow foreign countries to remain in possession of some parts of India, and if the answer to my question is in the negative, do Government propose to ask the Portuguese Government to quit Goa?

The Honourable Pandit Jawaharlal Nehru: It is not the policy of the Government of India to approve of the continuance of foreign settlements in India; but the steps to be taken have to be in accordance with international etiquette and diplomatic procedure.

Shri H. V. Kamath: Is there any widespread repression at present of the Goanese peoples' movement for freedom and self-determination?

The Honourable Pandit Jawaharlal Nehru: The Honourable member may be right.

Shri H. V. Kamath: Is there any widespread repression?

Mr. Speaker: Order, order.

Mr. Tajamul Hosain: Do Government propose to ascertain the wishes of the people of Goa as to whether they want to remain under the Portuguese Government or whether they want to come into the Indian Union?

Mr. Speaker: I do not think I should allow that question.

Mr. Tajamul Hosain: In view of what the Honourable the Prime Minister has said that he wants to ascertain the.....

Mr. Speaker: What he wants to know is whether Government propose to ascertain the wishes of the people of Goa, by means of a plebiscite or otherwise, as to whether they would like to be under the Portuguese or join the Indian Union?

The Honourable Pandit Jawaharlal Nehru: The Government of India do stand for the ascertainment of the wishes of the people in all matters of this kind, but they cannot in the nature of things hold a plebiscite in Goa.

Shri H. V. Kamath: How many Indian nationals are imprisoned in Goa at present.

The Honourable Pandit Jawaharlal Nehru: I have no idea at all at present.

BILL IN IRAN PARLIAMENT FOR DEBARRING FOREIGNERS FROM HOLDING IMPORT LICENCES

300. *Gopal Gurmukh Singh Musafar: (a) Will the Honourable the Prime Minister be pleased to state whether Government are aware of the fact that a Bill is being introduced in the Iran Parliament debarring foreigners from holding import licences?

(b) If so, what steps are being taken to safeguard the interests of the Indian traders in Iran?

The Honourable Pandit Jawaharlal Nehru: (a) and (b). The Honourable Member may kindly refer to my answer to question No. 842 today.

TREATY BETWEEN GOVERNMENT OF INDIA AND U. K.

301. *Shri Brajeshwar Prasad: Will the Honourable the Prime Minister be pleased to state whether Government propose to lay on the table of the House a statement giving the nature and scope of the treaty which is being negotiated with the Government of the United Kingdom?

The Honourable Pandit Jawaharlal Nehru: Government of India are not negotiating any treaty with the United Kingdom Government.

CAPTURE OF RAJAORI BY RAIDERS IN KASHMIR AND FLIGHT OF NON-MUSLIMS

302. *Pandit Hriday Nath Kunzru: (a) Will the Honourable the Prime Minister be pleased to state when Rajaori (Jammu and Kashmir State) fell into the hands of the raiders?

(b) What was its population and how many persons are estimated to have escaped from the town before it was captured by the raiders?

(c) Are Government in a position to make any statement about the safety of the non-Muslims who could not escape from the town?

The Honourable Pandit Jawaharlal Nehru: (a) 18th November, 1947.

(b) According to the 1941 census the population of Rampur Rajaori was 2,449. There may have been refugees also in the town. Government have no information of the number that escaped from the town before it was captured by the raiders. It is however apprehended that the casualties in the town were very heavy.

(c) It is regretted that Government have no information in the matter.

Prof. N. G. Ranga: Is this place still in possession of raiders; how far is it from Srinagar?

The Honourable Pandit Jawaharlal Nehru: Yes, Sir. It is in their possession. I do not know how far it is from Srinagar, but it is nearer to Jammu than to Srinagar.

Prof. N. G. Ranga: How far is it from Jammu?

The Honourable Pandit Jawaharlal Nehru: I cannot say.

Pandit Hirday Nath Kunzru: Have any efforts been made by Government to get into contact with the people who escaped from the town and to find out how many people were massacred and what is the condition of the people who are still in the town?

The Honourable Pandit Jawaharlal Nehru: I do not quite understand the Honourable Member's question. The Kashmir Government is continuously in touch with those who have come out, the refugees, etc. They also try to get information about the other people who have been unable to escape. That has been done and the Kashmir Government is doing it. But we have not exact information about each town separately. In Jammu City, there are a large number of people who have come from those areas which were attacked by the raiders.

RELIEF AND EVACUATION OF PERSONS IN PLACES UNDER RAIDERS CONTROL IN JAMMU AND KASHMIR

883. *Pandit Hirday Nath Kunzru: (a) Will the Honourable the Prime Minister be please to state whether arrangements are being made by the Government of India or the Government of Jammu and Kashmir State through the Red Cross Society, for the relief and evacuation of any class of persons in places under the control of the raiders, like Musaffarabad, Ali Beg, and Pulandri (Poonch)?

(b) If so, has a similar arrangement been made in regard to Rajaori?

The Honourable Pandit Jawaharlal Nehru: (a) Government have been making every effort to provide relief for and evacuation of the refugees in places like Ali Beg, Musaffarabad and Pulandri (Poonch), which are under the control of the raiders. The good offices of the International Red Cross and The Friends Service Unit have been used for the purpose. It is hoped that in the near future, the refugees from some of the camps might be brought to Lahore and from there to India.

(b) Government have no information of the existence of any refugee camp at Rajaori. It is possible that some of the refugees from Rajaori might be now in the camps at Ali Beg and other places.

Pandit Hirday Nath Kunzru: Is it possible for Government to send relief through the International Red Cross to the people in Rajaori?

The Honourable Pandit Jawaharlal Nehru: We have been using the International Red Cross for this purpose. But thus far, as much as I know, the question of sending relief to Rajaori has not arisen. We have not heard of any special need for relief for Rajaori proper.

Pandit Hirday Nath Kunzru: Have Government not made enquiries on the subject and come to that conclusion, or have their resources prevented them from doing so?

The Honourable Pandit Jawaharlal Nehru: It has nothing to do with resources. I am speaking subject to reference again to the facts. But the main places where we have been asked to send relief have not, I think, included Rajaori.

Pandit Hirday Nath Kunzru: Will the Government of India ask the Government of Kashmir whether it is desirable to send relief to Rajaori?

The Honourable Pandit Jawaharlal Nehru: Certainly.

EVICTION OF REFUGEES IN DELHI FROM MUSLIM HOUSES OCCUPIED AFTER DUE NEGOTIATIONS

864. *Giani Gurmukh Singh Musafar: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) whether the Muslims of Delhi have been prohibited from letting their houses to any one on rent;

(b) whether Government are aware that the Department of the Custodian of Evacuees' Property is evicting even such refugees who have occupied the houses after due negotiations with the Muslim landlords and entering into a legal contract with them;

(c) whether Government are aware that this action of the Department of the Custodian of Evacuees' Property is causing discontent among quite a large number of refugees; and

(d) if so, whether Government propose to look into the matter?

The Honourable Shri N. V. Gadgil: (a) No.

(b) and (c). Yes. Under the law, evacuee property, including tenancies and leases held by evacuees, vests in the Custodian of Evacuee Property. The mere fact that the tenant or the lessee has become an evacuee does not entitle the landlord to terminate the tenancy or the lease. Lease given by an evacuee or by a person in anticipation of his being an evacuee on or after the 15th August 1947, is not valid unless it is confirmed by the Custodian of Evacuee Property. Eviction of such tenants or lessees who have been given possession of evacuee property by or on behalf of the landlord is, therefore, an unavoidable step. Government are not aware that such eviction is causing discontent among a large number of refugees. On the contrary, such evictions appear to have the general support of the public inasmuch as they discourage the tendency on the part of some landlords to charge large and illegal premia to intending tenants.

(d) Government do not consider that any action is called for.

Mr. Tajamal Hossain: Are Government aware that after evicting an occupant, the Custodian of Evacuee Property does not give possession to the landlord, although the landlord lives in the Indian Union and has made a request for its return to him?

The Honourable Shri N. V. Gadgil: The position under the Evacuee Property Act is that any right, whether under a tenancy or a lease, which formerly vested in an evacuee, vests in the Custodian, and nobody, whether he is a landlord or any other person, can deal with it except with the permission of the Custodian.

Shri Deshbandhu Gupta: With regard to the reply given to part (a), may I know whether it is not a fact that despite there being no legal bar in actual practice people cannot get houses of Muslims on rent?

The Honourable Shri N. V. Gadgil: The question was whether the Muslims of Delhi have been prohibited from letting their houses to any one on rent?

Shri Deshbandhu Gupta: But the fact is that they cannot do so?

The Honourable Shri N. V. Gadgil: So far as the position after the 15th August is concerned, it is governed by the provisions of the Act under which the evacuee property is governed.

Prof. N. G. Ranga: Are Government aware of the fact that quite a considerable amount of discontent has come to prevail among these evacuees because of the difficulties they experience in getting an interview with the Custodian of Evacuee Property?

The Honourable Shri N. V. Gadgil: How does that arise from this?

Shri Deshbandhu Gupta: It does, as the Honourable Minister's reply to part (a) does not refer to Muslim evacuees' property but refers to property still held by Muslims.

The Honourable Shri N. V. Gadgil: The position is that if it does not refer to evacuee property, the ban is not operative!

Shri Deshbandhu Gupta: Is not it a fact that the police is helping people in ejecting non-Muslim refugees from such houses as have been taken on rent by them from Muslim owners of property?

The Honourable Shri N. V. Gadgil: That is quite true, if they have taken the lease after the 15th August either from the landlord or from the evacuee.

Shri Deshbandhu Gupta: My honourable friend is confusing the word 'evacuee' with 'refugee'. Let me therefore make myself clear and ask whether it is not a fact that some refugees from Pakistan had occupied some of the houses which belonged to Muslims who were not evacuees. These latter are the owners of the property rented out to the refugees and now they are being turned out with the help of the police?

The Honourable Shri N. V. Gadgil: I shall look into it.

Mr. Tajamul Hosain: May I know when the property is vacant and is in possession of the Custodian, and the owner of the property is here and he wants possession, why does not the Custodian give back the property to him when it is vacant and no one is in possession of it and the landlord is present?

The Honourable Shri N. V. Gadgil: When the possession was left there was a right with the man who left the possession and the man being an evacuee all his rights vest in the Custodian of Evacuee Property.

Mr. Tajamul Hosain: But why not give it back when he applies for it and the property is vacant? What is the reason for detaining it?

The Honourable Shri N. V. Gadgil: You see, if the property remains vacant, the question whether the property belonging to a Muhammadan, or the property which was in possession of a Muhammadan, is to be left to non-Muslims, is one involving bigger issues, and I would rather request the Honourable Member to put down a question to that effect and the Honourable the Prime Minister will answer.

Dr. P. S. Deshmukh: Is the Government aware that in the town of Delhi there are certain areas which are more or less Pakistan areas and that this is the impression of many people?

The Honourable Shri N. V. Gadgil: If it is an impression, I may have another impression!

Dr. P. S. Deshmukh: Does the Honourable Member know that a certain person had paid advance rent for the property in a Muslim area, and that after having paid about Rs. 3,000 as advance rent that person was not permitted to go inside the house by the people in the mohalla?

The Honourable Shri N. V. Gadgil: I am not aware of any such thing, but if the Honourable Member wants me to go into it, he should supply me with details.

Shri Deshbandhu Gupta: Is not it a fact that the Custodian of Evacuee Property has set up a machinery to go into the applications for restoration of evacuees' property and cases are considered on merits and some of the Muslim evacuees' properties have been restored?

The Honourable Shri N. V. Gadgil: That is so.

INDIAN FINANCE BILL—contd.

Mr. Naziruddin Ahmad (West Bengal, Muslim): Sir, in discussing the Government's financial policy at various times some very extraordinary suggestions have been made by Honourable Members in this House. One lady member in this House who has apparently an inexhaustible wardrobe, in a previous session, suggested that the Honourable the Finance Minister should convert himself into a housewife and manage the affairs of the State like a woman. I do not know whether he has seriously considered if the suggestion is feasible. The other day there was a suggestion from the Honourable Member, Mr. Lal Mohan Pati, that the budget itself should be considered as an old wife in a new *saree*. Again yesterday, another Honourable Member, a very experienced veteran, Mr. B. Das, made another and a very cheerful suggestion. It was that the members of the House should convert themselves into so many wives of the Honourable Minister and then abuse him in an affectionate manner. They would femininise everything. I do not know whether the Honourable Minister has considered the feasibility of these suggestions. If these are really feasible the Honourable Minister will find it extremely inconvenient to be troubled by so many wives in addition to his beloved good old wife.

Begum Aizaz Rasul (U.P.: Muslim): Would it not lead to many complications?

Mr. Naziruddin Ahmad: It would. The Honourable Finance Minister himself said, that in his old age, he would be happy only with his old wife in a new *saree*. Others would be unwelcome. If Mr. Das's suggestion could be given effect to the Honourable Minister would be troubled with so many wives and then most Honourable Members themselves would not think it very convenient to go through the sex transformation.

With regard to the various tax proposals, the two taxes on tea and coffee attracted some attention. I believe that the taxes are not much. Tea and coffee lie somewhere between a luxury and a necessity. There are many men who take dozens of cups of tea and coffee every day. For their comfort I should suggest that in paying this tax, they will have the patriotic satisfaction that for every cup of tea or coffee that they take, they contribute to help to bridge the gulf in difficult national budget.

The Honourable the Finance Minister has swept away the distinction between earned and unearned incomes. In fact it is the custom in fixing the exemption limit to treat them differently. The exemption limit with regard to earned income should be more because everyone should be encouraged to earn as much as possible by his labour. Obviously the same limit should not apply to unearned income. These are some of the general comments which I should like to make.

With regard to the suggestion that luxuries should be highly taxed it is obviously open to this objection that we may go too far, thereby reducing consumption and reducing the proceeds of this tax. There is one tax which should be further considered and it is the tax on motor cars. The enhancement is particularly small. In fact it is a somewhat half-hearted gesture to the general public that taxes on motor cars have been increased. But the increase is insignificant. The users of motor cars are really well to do people and they can bear the extra taxation. I think the tax on this head should be substantially increased.

With regard to the financial situation in the country we are really facing ourselves with uncertainties. There is the capitalist to consider. There is again labour which has its votaries in the House and outside. There is again the consumer who has no friends. But I believe we cannot consider them separately as if they are hostile to one another. The capitalist is as much a necessity for the country as labour and the consumer. If we had capitalists

alone they could not work in the absence of labour. If we had labour alone they would not have the necessary initiative and capital and the necessary drive to work with. And if we had no consumer, these two will have nothing to quarrel about. I believe a real balance between the three elements should be a paramount consideration. In fact our taxation policy has caused a great amount of uncertainty in investing circles. Contrary to expectations expressed in the House, shares are falling in price and investors are looking at the prospect with a considerable amount of nervousness. I believe that if this state of things goes on and is allowed to have its full play, the situation will further deteriorate and the loan policy of the Government may be seriously jeopardised. I should think that the disclosure of government policy with regard to industries is long overdue. This sort of nervousness and uncertainty in investing circles should not be allowed to continue. Some definite announcement should be made indicating clearly and specifically the Government's industrial policy. It should be stated now and here what are the specific industries which the Government wants to nationalise, at what rate, with what speed and in what priorities. The Government is faced with difficult situations from every side. There are capitalists who are definitely the main driving force behind the Government. There are again labour forces which are equally hard in driving their bargains. In the midst of these competing forces the consumers are the only persons who suffer. The middle classes, of all peoples, really suffer the most. This atmosphere of uncertainty should therefore be removed at once. As I have submitted, the policy of the Government should be clearly stated and there is no point in further delaying the matter. It should be clearly enunciated. The markets which are the backbone of our economic structure should be stabilised and should not be allowed to drift. I think a clear enunciation of policy is really overdue and should not be delayed any further.

With regard to the officers of the Government, they have received a great deal of attention in the House. It is felt, perhaps with some justification, that the officers are countless in number and are multiplying fast. The Ministers are really overworked, and that gives these officers some amount of control over the policy of the Government. It was suggested yesterday by an Honourable Member in the House that the Government officials as a whole may be compared to a mad elephant on which the Ministers are expected to ride. They are afraid of the mad elephant and the cost of feeding it is again prohibitive. There is a great point made that our services are unweildy and are too highly paid. A very large proportion of the receipts of the Government of India goes to maintain this mad elephant. I submit that the economy drive should be taken in hand with real enthusiasm. Economy Committees have a notorious habit of wandering from their object. They effect minor economies in one direction but encourage big expenditures in other directions. In the long run, Economy Committees turn out to be white elephants. I submit that the present Economy Committee which has been appointed should be encouraged to effect real cuts. Our public servants are really too highly paid. Some of them are paid far above the Ministers. I think our services should be manned by persons who go there not to make huge profits but to serve the country. It is in a spirit of service that they should enter Government jobs. Economy in this direction is overdue. Though it may be felt unpleasantly by some, the promised economy drive should be pushed through irrespective of all opposition or internal resistance. We should put the nation before our public servants. Public servants are only a means to an end; they are not an end in themselves. There is considerable scope for heavy cuts. I submit, without any danger to efficiency. There are lots of young men, educated and competent, who are without employment. If Government officials think that they cannot serve their country except on high salaries, I think it is time they should go.

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With regard to the promotions of these officers they sometimes proceed in an automatic manner. I may compare the promotions of Government officials with the progress of third-class passengers in some big railway booking offices. There are enclosures where the passengers get in and they have to proceed, not on their merits but due to vacancies in the front and pressure from behind. Promotions in Government service proceed somewhat in a similar fashion. There is vacuum created at the top due to deaths, resignations, dismissals and other causes, and there is pressure from the lower ranks behind and from the new entrants. Officers proceed in spite of themselves by the double operation of the vacuum in front and the pressure from behind. I submit that the promotions of officers should be on real merit. But then, Sir, there is the other danger of allowing free scope to merit. That would, in the name of merit in many cases, give rise to favouritism and nepotism. In these circumstances promotions should be very carefully considered by Honourable Ministers. Then again, among officers in the several departments, there are many misfits. It was only the other day that I pointed out to the House that many ex-teachers and professors have been appointed to the Information Department, and in the All India Radio, subjects to which they are in general foreign. I said that more journalists should be introduced into these departments. In the Foreign Legations, Information Officers should be journalists; but I find that the point was missed by the press. I was reported as having complained against too many 'lawyers' in these departments. I really complained against persons who are educational officers placed in wrong places. I have nothing against them personally, and I submit there is ample scope for them in spheres for which they are particularly suited. The whole matter of appointments to the Government services, promotions and other such things should be carefully reviewed. There is real room for drastic cuts in all the departments. I submit that the cuts should be really substantial and the situation should be faced once and for all and with some courage though it may be unpleasant; but the safety and the good of the country require this situation to be faced. These are the considerations to be looked into. In spite of these criticisms, I submit that, on the whole, the budget is a highly workmanlike practical document. We must, in criticizing the Government, recognize the enormous difficulties with which they are faced. The Kashmir troubles which have come upon us as an inevitable commitment, is a costly affair, though cost can be no consideration to us. The flag of India has been committed and the entire business should be carried through. Then again there is the enormous, costly refugee problem. Here also cost can be no consideration. Then there are the security measures and there is the food situation. All these things have created and will create big gaps in our economy. In these circumstances the extreme caution with which the Honourable Minister has proceeded is marvellous and commendable. I submit that the economy cuts should be proceeded with with the same heroism as the Honourable Minister has already shown in reducing as well as imposing taxes here and there. With these few words, Sir, I submit that the Honourable Minister should consider all these issues and manage our finances with a strong hand in the direction of taxation on the one hand and real substantial and effective economy on the other.

Shri T. T. Krishnamachari (Madras: General): Mr. Speaker, it is rather difficult for persons like myself who have been in the past on the other side of the fence and whose political education has been largely evolved by criticizing the Government, to change our role; but in the peculiar situation in which we are placed, one is at a loss to know what one could do in order to influence and guide Government policy in the transitional stages, and I wonder whether we should not adopt the Bentham tradition of using Legislative Assemblies as a place for educating the public. It is true, Sir, that ultimately what is

said here may not reach the public, with an indifferent press service that we have in this country and aided by the All-India Radio whose inefficiency is only matched by its abject sycophancy. Nevertheless I feel that we could serve the country only in this direction and I propose now to say something on the general background of this Budget. We have had for about eleven days discussions focussed on particular aspects of the administration, and you, Sir, with your characteristic courtesy pointed out that we non-officials did not make very many points in our charges. As one of them I plead guilty to the charge, but, Sir, even at the risk of being guilty as a fallacy of tu quoque I would like to ask whether the Government has done better. I was in the House, Sir, when practically every Member of the Government spoke with one exception, namely when the Minister for Commerce spoke, when extra legislative activities prevented me from being here. I was here right through and what did we hear from them? Vague generalizations interspersed with spasms of optimism, sometimes pathetic confessions of helplessness, and in sum, nothing at all. Sir, I am sorry to see that my Honourable friend the Food Minister is not here. In fact what I propose to say now partly relates to him. I would like to take up first the economic survey that was made by my Honourable Friend the Finance Minister in his Budget speech and examine it in the light of the realities of the situation, and my friend the Honourable the Food Minister's department's policy has a large share of responsibility in this particular matter.

An Honourable Member: He has come.

Shri T. T. Krishnamachari: Sir, with the metaphysical background that every Hindu has, the analytical capacity that he has on that account my friend the Honourable the Finance Minister has proved himself to be an extremely clever diagnostician. His diagnosis of the evils that afflict us is remarkable, and if I may borrow the words of my friend Mr. Naziruddin Ahmed, even marvellous. But that is only part of the whole business, and not even half of it. The real point is whether he has been able to effect a cure. I would say this in fairness to him that he has perhaps provided a palliative, or to be more charitable, a mild sedative; but the trouble is still there and no amount of acute diagnosis of the position is by itself going to help us to get rid of it. I would like to draw the attention of the House to certain assumptions which the Honourable the Finance Minister has made in his Budget speech. He says that inflation continues to be there, that the sources of supply of foods needed are deficient, that there is a rising trend in prices, and that admittedly wages chase prices. Well, in the light of this background what did we hear from the Honourable the Food Minister the other day? I am sorry I was not able to participate in the debate, but I felt that the 40 minute speech made by him was extremely inadequate. He expended a large portion of his time explaining a charge made against his department by my Honourable friend Mr. Sidhva in regard to something that happened about the Andamans. I am quite prepared to dismiss it as being unimportant. I am prepared to admit that for the reason of the background that the Andamans has where convicts were residing in the past, if we have to exploit the wealth there we probably have to resort to obtaining the help of people whose morality is not particularly their strong point. But that is by the way—and I am aware that my Honourable Friend is not responsible for that.

But let me take the food position. My honourable friend was telling us of some thousands tons of foodgrains here, some more thousands of tons elsewhere which were now available. It was a recital of the aid that adventitious circumstances here and there have furnished him. And we are all right on that account. Are we in a position when we can feel optimistic? It was not only that; he said we must carry the psychology, the psychology

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of optimism, right through to the people who would be ultimately affected. Sir, we in India have for centuries past lived in hope—we feel that while there is life there is hope; and people who have always been accustomed to live on marginal levels of subsistence can afford further diminution in those levels and still continue to live; and we have been accustomed to live on less than the marginal level. So, optimism need not necessarily be injected into the common man in the villages, which my Honourable Friend wants as he will survive even without it.

He took up the case of Madras; he cited some inquiry or request from the Premier of Madras that if he, the Madras Premier, is given Rs. 3 crores every year, in a few years Madras would become the land of milk and honey. May I ask him, Sir, is the position in Madras or anywhere in this country so good as to feel that we can be optimistic and besides pass on some portion of the optimism to the masses? Will the Honourable Minister tell us about it in some opportunity that might be provided for him? I understand that the Secretariat officials who had accompanied him to Madras had a conference with the Secretariat officials in Madras and as a result of that conference they were able to feel the optimism that my Honourable Friend radiated here the other day had no justification.

Sir, that is only by the way. What I now feel is this, that our food position is demonstrably bad, production is poor, and prices are rising. My Honourable friend Pandit Kunzru the other day asked the Food Minister whether he was aware of the complaint made by a responsible Minister in Bombay, whether prices in Bombay and other parts were rocketing. Well, what is the answer? How is my honourable friend the Finance Minister going to carry on for the rest of the year, and how is he to frame his Budget for the next year with things as they are today? But I have heard yesterday another bit of news equally disconcerting; the complement to food is cloth, the prices of cloth in Bombay are simply rocketing sky high and nobody seems to be able to control it. I certainly sympathise with my Honourable Friend the Finance Minister if he has to improvise a Budget in a de-controlled economy, in a de-controlled economy which has been beset for years by inflation, and where the inflationary trends are as active as ever and are if anything gathering added momentum. Sir, that I think is the test by which we should feel that we are in for a happy time or not, and if that test reveals that things are not quite good but nevertheless we will have to carry on, well, we will carry on, we have been carrying on for 150 years under the misrule of the British Government, we have been the plaything of power politics and the consequently economic iniquities that countries like ours have had to suffer, and we will undoubtedly carry on—I have no doubt that we will carry on.

Sir, in this connection I wish my Honourable friend the Finance Minister had made even a passing reference to the Commodity Prices Board that was set up by the previous Government and which has now been disbanded. We cannot say that we have been altogether not warned of the consequences of our action in the matter of controls. It may be that the members of the Commodity Prices Board rather laid undue emphasis on certain aspects of the situation. But I feel that the Report which has now been released—a secret document written in April 1947 which has now been released—is as true today as it was true at the time it was written. I am not making a plea for the re-establishment of controls, but I do wish to recall the assurance given to us by our venerable President of the Congress, Babu Rajendra Prasad, that the Government would carefully watch the situation and if need be controls will be re-imposed again. And that is what has been said by the Bombay Minister, I believe. If Ministers in Madras feel differently, I will only say this: my Minister from Madras who came here before de-control was decided on,

came fully control-minded and he went back de-control minded. And I feel sure that the opinion of a person who is able to change his mind merely because of the climate of opinion in New Delhi and not because of the facts of the situation, is worthless. It may be, Sir, that I as a Madrasi cannot altogether disclaim responsibility for the doings of Ministers in Madras, it may even be that I was the potter's wheel which created the clay idols which are now Ministers there. But I would say that my honourable friend the Food Minister cannot accept the vague reports that the Madras situation the Utopian ideas of improving the agricultural economy of Madras, but only face the facts, and facts which I believe have been squarely faced by the Secretariat officials that he had taken with him when he went to Madras.

Sir, in the light of all that I have said I would like to know if my Honourable friend the Finance Minister, at the end of the discussion today, will tell us what he is going to do to curb inflation and check the rise in prices or pay wages to any particular level. I am not in a position to suggest remedies, because I have not got at my disposal the mechanism for the purpose of accurately studying the situation. In fact, we have not been given the position as it exists today, of index prices and related figures. Actually the latest document on this subject that I could get is the Reserve Bank bulletin of January 1948. The budget explanatory memorandum contains details of the past, of the dead past, of the past which has become out of date even the Reserve Bank Bulletin is two months old and is of absolutely no use to us to judge the situation as it stands today. So, Sir, I would expect my Honourable friend to tell us something as to how he is going to curb inflation.

Sir, my Honourable friend said in his budget that we would have to borrow 150 crores or even more. Yes, it is quite all right, we should borrow. After all, in an economy like ours where we are thinking of vast schemes of expansion, we have necessarily to depend on borrowed capital for our purposes. But every businessman now says that the market is bad and Government cannot get any money for their borrowing programme; my friend on my left says you cannot get any money in Madras or in Bombay or in any share market. I want to know what my Honourable friend has to say in regard to borrowing policy in the light of all this. Sir, I would like to say this. If we find that business interests, capitalists, people who have hoarded money and have evaded taxes, are not going to treat this Government with the courtesy that it is entitled to—I am merely voicing a challenge that my Honourable friend has himself put forward the other day—I would suggest to Honourable friends that in order to curb inflation, if necessary to give it a deflationary trend to our economy he should resort to the only weapon that is vouchsafed to any Finance Minister in such circumstances, namely capital levy. The Capital Gains Tax is not adequate. If vested interests would not come out with their money to help the Government now, if they will create an artificial scarcity in the money market, the only way in which my Honourable Friend can really meet the situation is to embark on a policy of capital levy if necessary spread over a period of years. It may be that this type of capital levy is unorthodox, but I do feel that it is an idea worth consideration and one which will have a better effect in stabilising the market as it is today.

Sir, the time at my disposal is not very much and I would like to mention a few words in regard to certain other aspects of the Budget. But before doing so, I would like to ask my Honourable friend, the Finance Minister, what he has done in regard to small savings. He did mention something about it before and I know that it is a matter that was engaging his attention, but there are no details before us except a bare minimum provision in the demands for grants a more or less token provision. What has happened is that the organisation that has been set up during war-time, inefficient as it was even at its inception is now practically moribund. The schemes that

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were formulated then have practically fallen into disuse except, I think, one scheme covering 12½ years' certificates. I think, Sir, this is a very important matter. In fact, it has happened that a certain class of people not accustomed to receiving in the past money incomes which are substantial are now getting such incomes; there are few things available on which they can spend the surplus they now have and what happens is that those people take their family out on a Sunday, get into a bus, go round aimlessly and ultimately end up in a cinema, probably buy tickets of a value much higher than they would otherwise choose to pay for, and the money is frittered away in this manner. How to tap this money at a time when we are not providing them with goods on which they could spend it, on useful consumable goods, is a thing which will have to be studied afresh and a new mechanism devised. I know that the Provincial Governments have got some organisation still alive. But in cases like Madras I find that the official organisation which existed has now been practically disbanded and some non-official organisation has or is to replace it. I do hope, Sir, that my Honourable friend will take early opportunity to summon a Conference of the Finance Ministers of the various Provinces and along with his colleagues in the Cabinet who are in a position to advise him, devise a scheme of National Savings which will be effective.

Sir, the one mistake in regard to the past attempts which I would like to point out is. We ask a person that if he is willing to invest in National Savings a certain sum after a certain number of years, say 5 years, 7 years or 10 years, we shall pay him back the principal amount invested and something more. Whatever may be the cumulative interest, whether it is free of income tax or with income-tax, that is not the factor which affects the small investor psychologically. What he wants is something in return to be paid to him periodically for whatever he has invested, however small the return might be. And in this connection, I would also like to emphasise another factor that has a bearing on this question. You cannot encourage savers to put money into Government securities and Government loans if you deduct the tax at source. That is the chief difficulty for a small investor. If you have an adequate list of people who invest in Government securities, you can always tax the income they get from Government and there is no need to deduct the tax before paying out the interest. If a man has Rs. 1,000 and invests it in Government securities; why should you deduct from the Rs. 80 or so that is due to him by way of interest the maximum rate of tax and ask him to apply for a refund thereafter. One of the factors that deters people from investing into this particular form of savings is this habit of deducting the tax at the source. I hope my Honourable friend will find some administrative way of getting over this difficulty, so that not only a small investor will be induced to invest more and more in Government loans by being saved the difficulty of having to apply for a refund of the tax deducted on the interest due to him.

Sir, one or two matters in regard to taxation I would like to mention before I sit down. In regard to the tobacco tax, I would like to ask the Honourable Minister whether it is really administratively worth while to tax the lower grades like snuff, chewing tobacco, hookah tobacco and the like and more especially uncurd tobacco and in that process have an organisation which has to reach the grower. The present scheme is framed in such a manner that you start your control from the grower. You have an army of staff. The administrative cost involved is probably out of all proportion to the earnings that you get from this class of tobacco and you are psychologically making certain types of people tax-conscious, which is perhaps not wise. In any event I would like my Honourable friend to examine this particular point.

The second point in regard to tobacco taxation which I would like to say a few words upon is this. There are manufacturers who export, who have places where tobacco is cured,—regular factories—, who have certain facilities for bonding and obtaining of quittances at various stages. There are also non-manufacturer traders. In their case, the present restrictions in regard to bonding, obtaining quittance for purposes of transport and so on are very difficult. I think the complaints made by these people to the Central Board of Revenue have not been adequately dealt with and investigation on a higher level is certainly warranted.

Sir, another new commodity on which an export tax is to be levied is manganese ore. I may tell the House that people in Madras are interested in this particular thing. The export duty is a specific duty of Rs. 20 per ton. I am sure my Honourable Friend the Finance Minister is aware that there are various grades of manganese. The ore content of manganese in various places is different and even in the same place you get various grades of manganese. What would happen as a result of the specific duty is that manganese with the higher ore content will go out of the country. The demand for export will be for the higher quality ore. The inferior quality ore will remain with us. Not that I say that an *ad valorem* duty will serve the purpose, because in that case Government will be cheated of its revenue. We do not know what will be the price that these people get from foreign countries. In any event, a gradation will perhaps be of some use in order to prevent lower quality ore sticking to this country and only the best going out.

Then, Sir, before I sit down I would like to say a few words on the Income-Tax Administration. On the question of the attitude of the Income-Tax Department towards the Joint Hindu family, my Honourable friend Pandit Thakurdas Bhargava had much to say. I am approaching the problem from a totally different angle. My Honourable friend Thakurdas Bhargava said that the Joint Hindu family has been badly hit, in that it has got to pay more than it would if the individuals comprising were treated separately and therefore it should get some relief. I shall not ask the Honourable Minister to give any relief so far as the Joint Hindu family is concerned, but I would like him to examine the law as it stands at present. Hindu law as it is at present provides that a member of a Joint Hindu family can divide very easily, but so far as his relationship to the Income-Tax Department is concerned, only an order by an Income-Tax Officer under Section 25(a) recognising that there has been a division will mean that there has been a division. How could any law, however complex, be contrary to the personal law of the people concerned. Secondly, what is the real point involved? I do not see any particularly important point involved. In fact, Sir, I have been accustomed to deal with this question in this House in previous years and my own feeling is that the somewhat vague fears of Hindu dividing and then coming back together again which worked in the minds of a former Chairman of the Central Board of Revenue was responsible for continuation of this particular inequity. It is true, Sir, that formerly the Joint Hindu family got some benefits from the Tax administration. At the present moment the only benefit that a Joint Hindu family get is that in regard to rebates on insurance premia. If all the members of the Joint Hindu family insure to such an extent that they have to pay a premium of Rs. 12,000 a year, they will get a rebate of tax for that amount as against the maximum of Rs. 6,000 in the case of an individual. That is a benefit which will perhaps accrue to a few hundred of very rich people. Otherwise, the law as it stands need not recognise a Joint Hindu family at all. If it does not so recognise it there is nothing wrong. The Government do not lose much money. All that the Government gain is undue complication of the tax Administration, more appeals and a lot of hardship to people.

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which is entirely unnecessary. My own feeling that Section 25(a) must be radically altered and in fact, I think Government need not recognise the existence of the Joint Hindu family at all so far as income-tax purposes are concerned.

One other matter in regard to the Income-Tax Administration which I would like to mention is this. We have an intermediate scheme of appellate Assistant Commissioners between the Income-Tax Officer and the Income-Tax Tribunal. I might tell my Honourable friend that it will save the assessee the trouble of having to go before two courts, it will save the Government some money, if you abolish the scheme of Appellate Assistant Commissioners altogether. What really happens is this. An Appellate Assistant Commissioner today is an Administrative Assistant Commissioner tomorrow and he looks to becoming a Commissioner of Income-Tax the day after and so has got to be in the good graces of the Central Board of Revenue and the old type of government officials who man the top ranks of the Income-Tax Department are very very chary of ruining their prospects. The net result is that the Income-Tax Officer who makes the assessment appears before the Appellate Assistant Commissioner and also indicates that before finalizing the assessment he had got the Okay on the action that he was taking, from the Administrative Assistant Commissioner or perhaps from the Commissioner himself and in the result the assessee gets no justice at all, and nothing is done in the matter by the Appellate Assistant Commissioner. In fact it would be worth while finding out the percentage of appeals decided by such courts in favour of the appellant. If you want to retain this particular link in the scheme of appeals, I suggest that the recruitment of the appellate Assistant Commissioner should be made on the same basis as the diversion in the past days of Indian Civil Service people from the Executive side to the Judicial benches. Make them judicial officers, give them a chance of promotion in the same cadre by making possible for them to be promoted to the Income-tax Tribunal and put them in charge of Law Department under which the Income-tax Tribunal now works. Then there should be some reason or justification for keeping this costly machinery going otherwise scrap it. I do not suppose the people will be worse off for it.

In regard to salt administration and which is not really the Department of the Honourable the Finance Minister, I have something to say. I cannot understand why the decision was taken to transfer salt from Finance Department to the Department of Industry and Supply. Well, possibly, if you examine the question logically, salt being an extractive industry, it should go to the Department of Works, Mines and Power. But it is not a case of logic; it is really a case of administrative convenience. In the past the Finance Department have had an administration right through India and which has been controlling to some extent the production of this particular article. And all of a sudden it is being transferred to a Department which has to create for its administration an all-India organization. My Honourable friend, the Honourable Minister for Industries and Supplies has got to learn what salt is, how it is manufactured, how the Department should be administered, what should be the profit to the producers and distributors and the net result is that in an economy that is controlled for the purpose of taxation, you take away the tax; the economy gets de-controlled; the people do not get the benefit of your abolishing the tax and the Central Government loses 9 crores of rupees and the administration goes to pieces. Why should the Government or perhaps the Honourable the Finance Minister get shy of his Department handling the salt, particularly when he said the other day that he is thinking of dividing his Department into two? Well then why not have a more efficient Revenue system which will have a country-wide administrative organization to run this

salt business? I think, Sir, it is time that this salt business comes back to this Finance Department.

Secondly, Sir, there was some investigation made in regard to the future control of salt when the taxation was eliminated. There was a proposal of supplying better salt than has been supplied today. I think Mr. Greenfield was drafting a scheme for working this particular industry. What has happened to it? Where has it gone. Why don't the Government do something about it quickly when people are suffering? With a new Department in charge where everybody from the clerk, superintendent, Assistant Secretary, Joint Secretary to the Secretary upwards and the Minister has to study the whole thing anew and the people suffering in consequence, my own feeling is that the Government should reconsider the position and transfer it to the Finance Department, particularly in view of the fact that my Honourable friend proposes to bifurcate his Ministry into two, a Finance Ministry and a Revenue Ministry and the latter will be able to carry on this work much better than any other Ministry in the Government of India.

Sir, I have one word to say about Government participation in business. In my view it is a very serious matter. I asked my Honourable friend the Minister for Communications the other day whether he has examined the position of Government in relation to the company, the Air India International, in which the Government is going to invest a crore of rupees in the first instance and several crores thereafter. I am not objecting to the scheme as it is. Let me assure the House that I have not asked that it ought to be nationalised or anything like that. I am merely objecting to the method of approach to the problem. It is this. If the Government subscribe a crore or 2 crores or 8 crores they are in the same position as any other shareholder in any company. So far as your contract with the Managing agents is concerned and special terms it might contain it is a side issue; it would not save you in the event of the company going into liquidation. I think it would be a wholesome principle to be adopted by the Government in the case of any corporation in which they are investing a substantial sum of money I think that is going to be one of the schemes by which the Government proposes to participate in industries in future—let us have a statutory corporation. We have enacted in this House two Bills in regard to two Corporations of this nature. The House is familiar with it; the draughtsmen are now familiar with the intricacies of this particular legislation; let us have a similar statutory corporation for Air India International.

Sir, another matter relating to this is question of Government participation in the capital scheme of joint stock companies. That is the proposed corporation to exploit the North Andaman's forest. I am not particularly enamoured of it and if I am asked to sanction an investment of 130 or 140 lakhs, I would perhaps refuse. But if the Government are intent on going through with it let it do it in the same way as they did for the Industrial Finance Corporation or the Rehabilitation Finance Corporation; let us have a statutory corporation; by all means give the proposition as much as they want; give them extra remuneration; let them take their own portion of the dividends; do all that you like, but let the Government be placed in a position where they will not be in the same position as a shareholder under a company registered under the Indian Companies Act.

An Honourable Member: What did you do in the Select Committee?

Shri T. T. Krishnamachari: I am not supposed to tell my Honourable friend what we have done in committee except to say that all that is necessary has been done. In my view it will be a useful after-thought even if it is such if I ask my Honourable friend to re-consider one question now.

[Shri T. T. Krishnamachari]

Another matter on which I would like to dwell for a moment is the need for Government to consider the question of social insurance. We have got the Workmen's Insurance Scheme or Employees Insurance Scheme which is going to come before the House for consideration shortly, but I do think that my Honourable friend would be doing bare justice if he could devise the scheme of old age pensions for the poor and needy. These people need assistance badly in these days of rising prices. Take notice of them and do something for them. After all, when you can balance the budget, you can impose more taxation—I personally shall not object it if you also do something to show that you are doing something to eliminate suffering amongst the needy. We have here and now to concentrate our minds in this question and discuss a scheme of comprehensive social insurance and when we do so we had better begin with the old age pensions. That is my last suggestion and I hope the Honourable the Finance Minister will give some consideration to these points and vouchsafe to us a reply which will be, if not wholly at any rate partially, satisfactory.

Pandit Hirday Nath Kunru (U. P.: General): Mr. Speaker, we meet today under the shadow of President Truman's address to the United States Congress on foreign policy. President Truman has said that the situation in Europe is critical and in order to deal with it he has recommended three measures to Congress. Two of these are the introduction of compulsory military training and conscription. The third, though not of a military character, is no less important. It refers to the recovery programme for Western Europe which is to be carried out with the help of the United States. At a time like this we cannot confine our attention to the discussion of questions relating to economy and taxation. We have to think of all those wider issues that will arise in an international crisis which it appears from the character of President Truman's address might overtake us before long. We hope that the world will not be involved soon in a catastrophe of the kind which practically destroyed civilization a few years ago; but we have to be prepared for all eventualities and we have to recognise that the ability of free nations to maintain their freedom will depend not merely on their armed forces but on the existence of well organized farms and factories capable of producing all those goods which we shall vitally need in a crisis. It is obviously necessary, therefore, that we should turn our attention to the main problem of mobilising the productive resources of the country. My Honourable friend's taxation measures are designed to produce a surplus. But what we have to see is that though financially we may be solvent our economy as a whole is a deficit economy. The most important fact which the Finance Minister's speech has disclosed is that we are spending more than we earn. This makes it a matter of urgent importance that we should make every effort to increase our production in every direction. My Honourable friend the Finance Minister referred in his speech to the cost of foodgrains imported from abroad, which amounts to about 110 crores. What we have to recognise in this connection is that the total quantity of foodgrains that we are trying to import now is practically the same as we imported from Burma before the war. It is therefore not an increase in the quantity of imported food but an increase in its price that has created difficulties for us. But that is not the whole of the problem that we have to deal with. It is necessary that we should increase our food production; but what is equally necessary is this we should increase our exports. My Honourable friend has referred to that in his budget speech, but so briefly that it does not convey to the House the information that our exports, though their value has increased considerably because of the rise in prices, have quantitatively gone down. I have with me figures relating to the export of raw cotton, raw jute, jute manufacturing, manufactured tobacco, oil-seeds and oil-cakes relating to the years 1937-38 to 1946-47

and the years 1944-45 and 1945-46. Now compared to the average of what I may call the three pre-war years, the export in the year 1945-46 was considerably less; taking the total exports they had been reduced by nearly 50 per cent by the year 1945-46. Take for instance oil-seeds. We exported before the war about a million tons, but in 1945-46 we exported only 414,000 tons. The export of jute manufactures and raw cotton also has been considerably reduced. I know that oil-seeds are being increasingly utilised in this country and that raw cotton too is needed for our textile mills. But in view of the urgent need for foreign exchange we have to consider what steps should be taken to increase the production of those raw materials which are in great demand abroad. It may be said that this will interfere with the increased production of food; it need not do so if we have a comprehensive plan for promoting balanced agricultural production, which will take account both of our internal needs and our urgent and vital need for foreign exchange. Unless we have such a plan before us we shall continue to drift as we are doing now. I pleaded for this a little over a year ago in the Council of State; my Resolution was accepted by Dr. Rajendra Prasad, but I do not know whether any steps have been taken to bring about that balanced agricultural production for which I pleaded.

Sir, before I pass on from this subject I will only observe that I am aware that the restrictions which were placed on the export of cotton have recently been lightened. I believe that the export quota of raw cotton has been increased from about 750,000 bales in 1946-47 to about a million bales for 1947-48. But considering the fact that the purpose for which the restriction was imposed, *viz.*, the encouragement of food production, has not been achieved, is it not necessary that Government should reconsider their position and take active steps to promote the export of cotton consistently with our own needs in this country?

Now I shall say a few words with regard to increased industrial production. We know that Government look upon this problem as one of the most important problems which must be solved at an early date. We know also the serious difficulties in connection with the maintenance of law and order and the relief and rehabilitation of refugees which they have been faced with during the last 8 months. The House will undoubtedly sympathise with them in the position in which they find themselves and co-operate with them to the utmost of its capacity to enable them to devise measures for preserving internal peace and for creating those conditions which are essential to our economic development. Nevertheless, Sir, I am bound to say that the Industrial Conference, which was held in December last, has produced very disappointing results. We expected that it would place before the country a three year, or four year, or five year plan of production, laying down targets for the production of those commodities which are of a basic character. But unfortunately, it has, broadly speaking, only passed such resolutions as we have been but too familiar with during the last 10 or 15 years. I know, Sir, that the proceedings of the Industrial Conference include the reports of a large number of panels, each panel dealing with a particular interest. But I confess that the method that has been followed so far does not seem to me to promise quick or lasting results. I think, Sir, that we should, in our endeavour to provide ourselves with all the goods needed for our national existence, take a leaf out of the book of the Western European countries, many of which have been devastated by the war. They have devised a practical plan developing their economy with the help of the United States. They have not only taken steps to repair their ravaged economy but they have also plans for its development. The European recovery programme does not deal with a large number of items. It aims at increasing the output of coal, crude steel, electricity, cereals and basic foods, and developing the oil refining capacity, inland transport facilities and merchant

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fects of the countries concerned in the four years 1948-51 according to prescribed targets. If we want to develop ourselves quickly, we must take this plan as a model. If devastated Europe finds it possible to follow this programme and to increase the output of essential commodities appreciably in four years, there is no reason why we, who are in much better economic position, should not be able to achieve the same result. It may be said that the European countries have a supporter in the United States of America. But, Sir, have we ever tried to obtain the help of the United States for our needs? We shall undoubtedly need machinery, equipment, raw materials and financial resources in order to bring about our industrial expansion. But have we tried to get our requirements from abroad, and particularly from the United States of America? We can well realize that the capacity of the United States of America to help the other nations is not un-limited. But this is all the more reason why we should be able to stir ourselves immediately and ask the help of the United States for our betterment. We occupy a crucial position in Southern Asia. It is obvious therefore that our development is true to the maintenance of peace, not merely in this sector of the world but probably in a very large part of the world. I think, therefore, Sir, that we should take advantage of the Marshall Plan to ask the United States to extend its help to us as generously as it has agreed to do to the Western European countries—I mean England, France and the Eastern European countries.

Sir, I shall now turn to those questions of economy and taxation with which alone I would have dealt today had we been living in normal times. I know, Sir, that the Finance Minister has appointed an Economy Committee. But I should like to know whether the Economy Committee has held any meetings since it was appointed. The matter with which it will have to deal is an important one. We need every pip in order to increase our resources. The House is therefore vitally interested in the work of this Committee. But I understand that one of the members of this Committee has resigned. I should like to know why he has resigned, and what steps Government have taken to replace him. I am sure that my Honourable friend, the Finance Minister, knows that the House is deeply concerned about the work of this Committee, and that there is an uneasy feeling on all sides that the Committee may not be able to function actively or to submit reports quickly enough for the consideration of the Government and this House.

Another point which I should like to bring to the attention of my Honourable friend, is this: The other day he mentioned that though he expected the recommendations of the Economy Committee to be far-reaching, he had provisionally provided for a reduction of about Rs. 24 crores in expenditure. I have no doubt that my Honourable friend did this with the best of intentions but I understand that the various departments regard this sum as a target to aim at. It would be most unfortunate if a department thought that it was not called upon to deal energetically with the question of economy merely because my Honourable friend the Minister has taken the low figure of 24 crores as representing the minimum savings that he could easily look for in the year 1948-49. I hope he will make it clear that he wants to go much further and that he will not allow any department to proceed on the assumption that if superficial economies were introduced the Finance Department would be satisfied.

The next question that I should like to bring to the notice of my Honourable friend is this. We have known for years that the payment of income-tax is being evaded in no small measure by those classes from which a large yield can be expected. Some measures have been taken in the past to prevent this evasion but at a time like this when my Honourable friend has proposed a number of new taxes it is necessary that he should see what special efforts

should be made to increase our income from this source. People who are competent to judge the extent of the loss think that it amounts to several crores. If this money were to come into the coffers of the Government it would greatly increase the resources of the State at a time when we urgently require funds to develop the country in every direction.

Coming to the taxation measures I should like to refer to the reduction in the super-tax or rather the proposal of the Honourable Minister to raise the income limits which will attract the maximum rates of super-tax. He has placed earned and unearned income on the same level. He is treating them both in the same way. So far as unearned income is concerned he has, in regard to the highest rates of super-tax, placed it in the same position in which I believe it was in the year 1945-46. That shows perhaps, my Honourable friend is thinking of increasing in a year or two the maximum of earned income which will attract the highest rates of super-tax to the old figure of 5 lakhs. If this is his intention, I see no reason why at the present stage he should not continue to make some difference between treatment of earned and unearned income.

As regards the other taxes I shall again say what I said during the budget debate, namely that they are such as to fall largely on the poor man. When my Honourable friend brought forward his taxation measures we were under the impression that there would be a deficit in the budget but for these measures but he has himself admitted that he will have a surplus of 25 crores at least at the end of the year. Is there any reason for him then to keep intact his scheme of taxation? May he not consistently with the canons of prudent taxation and his legitimate desire to check inflationary tendencies revise his proposals in such a way as to reduce the burden on the poor man? I will not give any instances in this connection, because some other Honourable members have spoken about this matter. Besides I am a member of the Select Committee to which the Finance Bill has been referred. I shall place my point of view more fully before the Finance Minister and the Committee but I thought it necessary to draw his attention and the attention of the House to the change in the financial conditions since the budget was presented and the need for so arranging our taxation measures that the poor man may feel the weight of taxation as little as possible.

The Assembly then adjourned for Lunch (1) Half-Past Two of the Clock

The Assembly re-assembled after Lunch at Half-Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Shri H. V. Kamath (C. P. and Berar: General): Mr. Speaker, Sir, since the enactment of the last Finance Bill freedom has come to us but not as an unmixed blessing. It has been marred by two tragedies of calamitous proportions which have befallen us, namely, the vivisection of our motherland with all its unhappy concomitants and the assassination of Mahatma Gandhi with all its unforeseeable consequences. The Finance Bill of 1948 has been born amidst shocks and storms, amidst undeclared wars and amidst rumours and rumblings of new wars. The front page of today's papers is all plastered with preparations for a new war. I feel that unless the *atma shakti* of man triumphs over the atom bomb we will be in the thick of a new war ere long. The other day we were assured by the Honourable the Prime Minister that we adhere to the policy of an independent and neutral policy in foreign affairs. I hope and pray to God that we will be able to adhere to this independent neutral policy. But our policy will be put to the test very soon. Firstly, the other day, after the inauguration of the Western Union, Ernest Bevin, the Foreign Minister of Britain, declared that all the resources of the Commonwealth would be thrown into the Western Union against the Eastern power bloc, that is, the

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Russian power bloc. Secondly, you very well know, Sir, that India, in pursuance of the decision of the U.N.O., has nominated Czechoslovakia as our candidate for the Kashmir Commission. Now perhaps the question will arise whether we should stick to this decision or not. Either way we are heading for difficulty. If we seek to continue to have Czechoslovakia as our candidate for the Kashmir Commission we annoy the American power bloc. If we change our candidate for the Kashmir Commission from Czechoslovakia to some other country, then we anger the Eastern power bloc. Thus the day is not far off when we will have perhaps to take not an independent neutral line but some definite and positive line involving a departure from our present policy. Considering all the developments of the last few days—and every day that passes brings the war nearer—I would appeal to the Honourable the Prime Minister who, I regret, is not present in the House now, to let the House go into Committee before this session comes to a close in order to debate and reconsider our entire foreign policy, its pros and cons, and also our defence policy because at the present time these two must be co-ordinated with each other and they must go together. I urge upon the Government to allot a day before we disperse when we can meet in camera to discuss and review the entire situation and to arrive at a new policy, if necessary, for India on foreign affairs and the co-related problems of defence.

Misfortunes, as I said, have come to us and to the world not singly but in battalions and keeping these in view I consider that the performance of my gallant and Honourable friend the Finance Minister deserves very sympathetic appreciation. He began his speech with a very touching homage to Mahatma Gandhi and concluded it also with the immortal prayer 'Lead kindly Light'—which in our Sanskrit is *Tamaso ma Jyotir Gamaya*. There is a saying, Sir, attributed to Jesus Christ which is full of spiritual truth. Christ said, or is reported to have said, "Not he who sayeth Lord, Lord, but he who doeth the will of my Father which is in Heaven will enter the Kingdom of Heaven". In the light of this I would like to find out how much of these Budget proposals are devoted to the uplift of the common man—of 'daridranarayan' for whom Mahatma Gandhi lived his blessed life and whom he had always in mind every moment of his waking life.

The striking features of this Budget are firstly the relief given to the rich and the burden laid on the poor. As regards the poor, if my Honourable friend the Finance Minister would not mind the expression, I would say that he has indulged in a little bodyline-bowling against the poor while as regards the rich he has resorted to hit-and-miss methods. He has tried to hit them, but he has not really hit them but missed. I would say in short that the Budget is a Budget of expedients, of shifts and devices, a Budget that refuses to squarely face the realities of the present situation and especially the need for rigorous economy in our administration and taxation of profits of industry and of the rich. I have already said that the war is looming large on the horizon. The reasons given by the Finance Minister for reducing the level of taxation on profits of business and industry are that there is no need for them at present and that perhaps there would not be sufficient incentive to production otherwise. But with all the burden on the rich and the industrialists during war-time who can say that industry really did suffer and that maximum production was not attained? Now war is round the corner again. I do not see any reason why, just with the hope of increasing production, you should remove this taxation on industry which will bring more money to the exchequer and which will enable us to improve our defence preparations.

Then I would come to the depressing feature of the Budget, and that is the unsatisfactory state of our export trade and the colossal expenditure on imports of food. Taking the second first, I would say that if war really comes nearer

home, we would be hard put to it to import foodstuffs from abroad. It is high time therefore we made up our minds to be self-sufficient in food, and if necessary, as the Food Minister said the other day in a Conference, we should try to encourage ideas of dietetic reform. Instead of depending too much on cereals, wheat and rice, we may ask our people to have recourse more to bananas, fish and eggs. There is a story in the *Mahabharata*. There was a famine in a certain part of India. There was a venerable *Muni*—he was a young boy at the time and later on became a *Muni*, the *Saraswata Muni*. When all the *Rishis* fled from the place because of famine he lived on what his mother, *Saraswati*, provided for him—that is, plenty of fish. For twelve years he lived merely on fish. After the famine, when the other *Munis* came he became their teacher because he had courage enough to stick to the spot and had lived by eating fish and nothing else. I would therefore suggest that if necessary we must go in for dietetic reform and depend less on cereals and more on what our own country can produce.

Then, as regards the need for reduction of expenditure, my friends Mr. Santhanam and Mr. Saksena have dealt in great detail with the scope that exists for considerable economy in our expenditure. We are spending so much on the Ecclesiastical Department. We were told the other day by the Defence Minister that all these grants for this Department would be stopped at the end of March. But I find in the Budget proposals that the Ecclesiastical Department grant is still there. I do not know why it is there.

In the Budget proposals, on page 15 of the Minister's speech, we come to an item. In addition to Rs. 75 crores given to Pakistan out of the cash balances of the undivided Government which has already been agreed to, there is mention of another Rs. 6 crores to Pakistan to meet expenditure on ordnance factories. I am reminded of what America did in pre-war days. They supplied scrap iron to Japan out of which the Japanese manufactured guns, rifles and ammunition. I pray to God that our loan to Pakistan would not result in an equally dangerous or menacing consequence.

As regards our export trade I would suggest that we have not explored sufficiently the foreign markets, especially the Middle East and also South East Asia. While I am on this subject I might as well say that while we are exploring our markets in the Middle East and South East Asia we must try our hand at building this regional bloc of South East Asia and the Middle East. It is time the Indian Government entered into a non-aggression pact with all the south-east and middle-eastern countries so that we can all act together in the event of war, and keep at least Asia off the war path and away from the storm and stress of war. It is quite feasible Sir, and if our Government and the Foreign Minister take this up in right earnest and try to arrive at a mutual aid pact, at a non-aggression pact with the South-East Asian countries and the Middle Eastern countries, it will keep Asia out of the war zone and at the same time it will increase our export trade with the Asiatic countries. Asia must move as one solid unit. An Asian Conference was held last year, but so far no tangible results have come out of that conference. My friend Mr. Shiva Rao, who is one of the Secretaries of the Asian organization would perhaps tell us some day what is the up-shot of this organization, in what direction we are moving at present, and how far political, military and economic alliances among ourselves are progressing.

Then, Sir, as regards relief to the poor—of course my friends have said that the tax on tea and coffee must go. I say, Sir, that we could have raised some more revenue by taxing luxury articles such as wines and spirits. I do not know if artificial silk is taxed enough at the present time. I am told that precious gems, diamonds, coming from abroad are not taxed heavily. That is another source of revenue. All these could have raised more money and gone

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to give some relief to the poor, especially as regards tea and coffee which need not have been taxed. I would like *beedis* to be eliminated from the taxation scheme. But I would like cigars to be taxed. I hope my friend the Finance Minister will not mind his cigars being taxed more heavily than cigarettes.

The Honourable Shri B. K. Shanmukham Chetty (Minister for Finance): It is taxed.

Shri H. V. Kamath: I want it taxed more heavily. And when mildy nicotine is taxed, Bacchus also might be taxed more heavily than at present I would like our *beedis* and cycle tyres to be taken out of the taxation scheme, and snuff also should be left out, because, Sir, it is admitted on all hands—by doctors and others,—that snuff has got medicinal properties. It keeps off common cold and catarrh. I do not use snuff myself, but my friends here who do will testify to this.

Then there are two other items which my two lady friends here suggested, and coming as it does from them, they merit the earnest consideration of the Honourable the Finance Minister. One was, as Mrs. Ray suggested, a tax on cosmetics. I think cosmetics have become a veritable craze now, and to a certain extent, if my honourable women friends do not mind my saying this, they very often mar the looks of our women who are, I think, attractive enough without them. It is high time we imposed a prohibitive tax on cosmetics, rouge and lip-stick which are at times laid on so thick that the women's looks become absolutely gaudy and repulsive. (An Honourable Member: That is the opinion of a bachelor.) Then a tax on marriages, which was suggested by my friend Begum Aizaz Rasul. I would only suggest, while approving of it, that a part of it may be earmarked for the benefit of bachelors and spinsters who have been deprived by a cruel fate of the convivialities of domestic life.

In the end I would say this, that I would have liked to see a broad statesmanlike overall plan emerging out of the Budget proposals, and I hope that the Planning Commission which is mentioned would be created very soon to plan without delay not merely for peace but also for war.

I would further like that we should earmark at least a crore of rupees, if not more, for Harijan Uplift, about which we adopted a resolution in this very House, and Government accepted during the last session that we should spend some money specially for Harijan uplift. I would request the Honourable the Finance Minister to indicate how much money will be available for this.

Mr. Speaker: The Honourable Member's time is over. I have already given him 4 minutes more than the allotted time.

Shri H. V. Kamath: With these few words, I commend my suggestion to the Honourable the Finance Minister's consideration.

Shri Mihir Lal Chattopadhyay (West Bengal: General): **Mr. Speaker**, The Honourable the Finance Minister has moved for the reference of his Finance Bill to the Select Committee. The Select Committee will meet in a day or two to discuss the various financial proposals. I would like to speak a few words generally for the members of the Select Committee to bear in mind while they will have the opportunity of scrutinizing these proposals. The budget that has been presented is a balanced budget undoubtedly. Budgets are proposed and passed, but this particular budget that has been placed before us has not created much of enthusiasm in the rural areas of this country. There is an impression all over the rural areas that the rural economy of this country is being very sadly neglected. While there is an all round attempt to develop the country industrially within as short a period as possible, the intrinsic rural economy of the country is very much neglected. In the rural areas just after the war was over, we have been seeing signs of unemployment. The other day in the course of answers to questions, information was given by an Honourable Minister that there was accumulation of hand-loom cloth for which there is

demand from Pakistan and other countries, and suitable arrangements will have to be made for export purposes. In the rural areas I have been seeing that all the rural industries are gradually dying out. No serious attempt is being made to bring them to life and there is a feeling of helplessness and hopelessness, if I may say so, in the minds of people living in the rural areas.

In the Budget we see astronomical figures on the credit side and also on the expenditure side, but these big, astronomical figures do not mean much to the rural people until and unless their economic condition is up lifted. Taking for instance the question of food, for a very long time past in the city areas, particularly in a City like Calcutta, people have to depend on only four chhataks of rice or wheat per day just to keep their body alive. This state of affairs has continued for a very long time; it cannot be allowed to go on any further like this. What attempt has been made by way of the 'Grow More Food' campaign has produced little or no result. To the contrary we find that intensive production in the agricultural fields which could have been effected has been very sadly neglected. I would cite one instance. In Bengal there is a very large area where potato is grown. Bengal is deficit in food. The Province wanted to have potato seeds from the Centre; due to the want of co-ordination between the Centre and the Provinces, the cultivators, though they had their fields ready for sowing potato seeds, though they had at considerable expenditure manured their fields, they could not get the seeds for the purpose; the Central Government was approached but the Central Government could not give an adequate supply. The Provincial Government wanted to have some seeds imported from Burma, even for that purpose the import licence was not given to the Province and as a result potato that could have been grown was not grown and the conditions of the cultivators have gone from bad to worse.

We have been seeing that little or no emphasis is being placed on rural economic development. There is an atmosphere of war looming large before us; who knows when the war will break out? We do not know whether the various capital goods that we have been expecting from America and other countries would come or not and how long it will take nobody knows. This is the time when attention should be devoted very earnestly and seriously to the development of rural industries in this country. I ask what is the necessity of allowing these right royal motor cars to be imported to this country and to be used by the big capitalists? Where small motor cars can do, why should big motor cars be allowed to come in? There is an overall shortage of petrol in this country—we do not produce more than 7 per cent of the petrol that we require; but much of the petrol that we have is being consumed unnecessarily by the luxury motor cars, and particularly the big variety motor cars, that we import from outside in very large number.

In the rural areas the silk industry of this country is languishing and dying out. The Government has paid little attention to this industry in the rural areas. Permits have been given for importing artificial silk from outside countries like Italy; artificial silk from those countries is coming and competing very severely with our silk industry in the rural areas and the people who live by that industry are gradually becoming unemployed. In the rural areas artisans have not got sufficient work today; weavers are not provided with adequate quantities of yarn with which they can weave their cloth and find a living. In the rural areas the people who ply their *ghani* do not get sufficient quantity of seeds to press oil and earn a living of their own. Fortunately for us the duty on salt has been abolished but no attempt is being made to help the people in developing the business of manufacturing salt on the sea-coasts of India. How long we will be neglecting the villages we do not know; and if the village crafts and the village industries are neglected like this there is a great disaster for this country. During the last war we had our saddest experience and it is high time that that experience should make us wise.

[Shri Mihir Lal Chattopadhyay]

I do not want to speak much on other matters but about the new proposals for taxation I have got one word to say. I consider it very unhappy that the Finance Minister has taken it into his head to impose a duty on cycle tyres. Cycle is the cheapest conveyance that is used generally by the student folk and by the poor middle class people. Has the Finance Minister exhausted all other sources of taxing the people and ultimately finding no other course open forced to turn his attention towards his poor middle class people who somehow or other manage to enjoy this cheap conveyance. Every day when we come to the Assembly and go away from the Assembly we see a long line of cyclists, mostly petty clerks, coming from distant areas to attend their offices or going back. Every day we find quite a large number of students going in a procession of cycles to read in the schools and colleges. They are the set of people who, after taking a heavy meal, just to economise a few minutes of their time, take the advantage of the cheapest method of conveyance and push their way with utmost labour to their offices and schools and colleges. I would request the Honourable the Finance Minister to keep this picture in view. However good the Budget might be, however balanced it might be, if really the small conveniences of the people are taxed, it will create a very bad impression in the country.

Next, I would like to say that the Finance Minister has suggested no relief in the matter of inland postal rates. I suggest that the gap between the rate of a postcard and an envelope is too great, there should be an intermediate postage—say, one anna for envelopes not weighing more than half a tola. It might be that people want that all that they write on post-cards should not be seen by others; it might be that people would like to write a few sentences on some secret matters and the total weight of the letter will not be more than half a tola. It will be a great relief if the Finance Minister could introduce one anna envelopes in the inland postage. Really it will go a long way to create a good impression in the minds of the people. In the rural areas, the people are really very ill served by the Postal Services. There are quite a large number of villages where no postal deliveries are made at all even once a week. If the postal peon comes, he delivers the letters or if he so likes, he hands over the letters to some other intermediaries. Whether the letters reach the addressees or not he does not care. There is a good deal of darkness and ignorance in the rural areas and if we want to raise the people from the grips of darkness and ignorance, the facility of the cheap postal service is of the utmost importance.

In this matter, Sir, I would like to suggest to the Finance Minister that he should kindly consider the necessity of lowering the rate of book-post. If the book-post rate is lowered, it will help the rural people in getting printed matters cheap. It will help them in the matter of getting newspapers; it will help them in the matter of getting literatures, which will directly assist them in removing their ignorance and darkness.

With these words, Sir, I would request the Honourable the Finance Minister to apply his mind with the utmost diligence to the task of giving relief to the poor people in the rural areas, not to impose the proposed tax on cycle tyres and also give effect to the other suggestions that I have made.

Kazi Syed Karimuddin (C. P. and Berar: Muslim): Sir, I have already spoken on the General Budget and I will not take much time of the House in my discussion regarding the financial proposals. The test of the financial proposals lies in whether they are acceptable to the common man or not. In my opinion, in the whole of the financial proposals,—if read through very carefully—there is no relief given to the poor man or the common man-in-the-street. What is the difference then between the Budgets that were presented before 1945 and the Budget now presented by the Finance Minister of a National Government? There is no change in the system of taxation. There is no change in the inci-

ple of taxation. The indirect taxation crushing the poor is there. In the Budget of 1946-47 an attempt was made to take away the unearned income of the industrialists and the capitalists. In this Budget introduced as it is in the time of the National Government, an attempt is made to undo what was done in the previous Budget. And why? Has any reason been given as to why this has been done? The only reason that has been assigned in the General Budget speech of the Honourable the Finance Minister is that he wants to give an incentive to the industry. That means, without giving an incentive to the industry, in the form of a pound of flesh—they are not going to work the industries of the country to the maximum. If that is the condition of the capitalists who have amassed enormous wealth in the times of the war, then are we going to encourage them more and more to the detriment of the poor man? The Honourable the Finance Minister gave practically no reason to prove that the production has fallen owing to the last Budget proposals, except saying that the expert opinion in the country showed that the Budget proposals of 1946-47 were detrimental to the industry.

Another remark which the Honourable the Finance Minister made, Sir, was that he likes the old wife in a new sari. Well, the old wife in a new sari, to the husband, is the same. She may deceive the outsider but not the husband who knows her very well. Therefore, it will be seen that the old policy of the Government—the capitalist policy—continues. What change has been brought about in the National Government's regime? Has the system of taxation been changed?

The most important matter, Sir, is the production of food in this country. I was absent when the Minister in charge of Food and Agriculture spoke on this subject. I was very sorry to read from the papers that it was stated that we have to be optimistic. Of course, there is one parallel to it. When England was losing everywhere in the battlefields, there was V for Victory on their tongues, which really succeeded in the end. If that is the kind of optimism which the Honourable Food Minister is advocating, I can understand it. But what is the position today? Today, there is a fall in production, there are no means to grow more food, there is no mechanisation of agriculture, and yet we are asked to be very optimistic. Well, optimism cannot feed our bellies. More food will have to be produced and what are the means or resources at our disposal, that is the main point to be discussed and adopted. The Minister in charge has not laid down any policy by which we can grow more food. The Budget proposals do not disclose that any considerable amount is to be spent on agriculture in the current year. There is famine in Madras, and indeed famines are common in India. The stores of grain that the agriculturists used to possess have been taken away in times of war, and if unluckily there is war or famine in this country, there is no knowing what the hardships will be on the people of this country. It is an accepted fact that we have to beg for our supplies. In case of blockade of this country, where are we to beg our supplies from? The first and primary duty of this Government is to launch on a very large scale production of food and mobilise all our resources to that end. Except giving an incentive to industry and capital, the Finance Minister has done nothing. No heed has been paid to the production of food; nothing is being done to the improvement of the condition of the poor. Petty luxuries of the poor have been taxed. The necessities of life of the poor people have been taxed. No attempt has been made to remove the disparity regarding the standard of living of the rich and the poor. Why? We have been giving promises to the people always that the standard of life of the poor people will be raised, and the disparity between the rich and poor people will be removed. On the contrary, we find that the disparity is allowed to remain.

Sir, my admission is that with the fiscal policy the future of our country is very dark. There is neither any hope of more production of food nor there

[Kazi Syed Karimuddin]

is any hope of any expansion of industry because as one of the Honourable Members of this House has said that it is very uncertain whether the capital goods from America and other countries will come.

Some Honourable Member of the House has said that the provisions of income-tax regarding the Hindu joint family are oppressive. I do realize that it is so, but there is another aspect of those provisions which I want to bring to the notice of the Finance Minister and the Government. In the case of the Muslims, there is no joint Hindu family system. It is an accepted principle of law that they are tenants in common. They have got separate interests in the property that is inherited by them either from a mother, father or anybody else. The policy that is adopted by the Income-tax Department is that unless there is partnership limited or registered, no relief is given to the various members of the Muslim family. If they have separate interests and if they are tenants in common, there is no reason to believe that it is a joint family. Therefore, the Government should bring the necessary legislation in order to remove this.

Lastly, I make an earnest appeal to the Finance Minister that the taxes on coffee, tea, kerosene oil and vegetable products should be removed. It is no surprise that the budget is welcomed in the Press. The Press is in the hands of the capitalists in this country, there is no doubt. In all provinces there is a very great agitation among the poor classes that the budget does not help them at all; on the contrary it taxes the very necessities of life and the petty luxuries which the poor people enjoyed.

Another thing that I wish to say about is the policy regarding the post-war development schemes. The form of contribution by the Centre to the provinces is very uncertain. If the budget of the C. P. and Berar is studied, it will be seen that in connection with the post-war development scheme, only five tractors are being purchased? Because they are uncertain of the help or contribution that is to be given by the Centre, because the Honourable the Finance Minister has said in his budget speech that the contribution that is to be made from Centre is contingent upon two conditions. The result is that even in the provinces agriculture is being neglected, because they have not got sufficient funds at their disposal to have a large-scale production of food. Under these circumstances, my submission is that the future is very dark and the Government of India should look to these problems and should try to improve the situation.

The Honourable Shri N. V. Gadgil (Minister for Works, Mines and Power): Mr. Speaker, in the course of the debate yesterday the Honourable Mr. P. K. Sen referred to penal reforms. He stated that no provision has been made in this connection and he also doubted the present jail system as something unmodern, retributive and considerably backward. In the first place, the subject is a provincial subject. In the Centrally administered areas, there are no Central jails, in Delhi, there is a district jail, but for the purpose of administration, it was part and parcel of the Punjab Jail system. Now the whole political set-up had changed and the Government of India considered that it is time when this whole problem should be thought out once and for all. It has been decided that a Central Jail for the purpose of keeping prisoners convicted in the Centrally administered areas should be established. As regards the other matter that the Government of India has not been sufficiently alive to this problem, I want to bring to the notice of the House that it is not so. In the year 1919 a Committee was appointed; that Committee made certain recommendations and laid down certain principles. Those principles have been guiding the present reforms not only in the Centrally administered areas to the extent possible, but they have been guiding the jail administrations in the various provinces. The main principle laid down was this: "There is a very general agreement that crime is an anti-social act and that it is the task of the present administration

so to deal with the offender that he and others may be deterred from the commission of such acts in future. It is also generally admitted by modern authorities that the aim of the present administration should, however, be to effect such a reformation in the character of the criminal as will fit him again to take his place in society and become a good citizen. A number of recommendations have been implemented in the course of last 25 years by the various provincial administrations. Classifications of prisoners such as habitual and non-habitual, the youthful offender, the juvenile offender—all those have now a definite place in the jail administration of every province.

The three categories in to which this problem can be divided are: (a) Treatment before imprisonment (b) during imprisonment and (c) after the person is released. In so far as the first category is concerned, Sir, you will find in most of the provincial administrations provision has been made that juveniles should not be immediately imprisoned, but they should be kept in Borstal institutions and very often under the supervision of the probation officers. That is to prevent young and youthful offenders coming in contact with the habitual and be lost forever to the society. So far as the second category is concerned, that is, while the prisoner is actually undergoing imprisonment, certain reformatory influences have already been working in the administrations of the various provinces, such as education (ordinary and moral), the nature of the task, a liberal system of revision, a liberal system of interviews and facilities for correspondence with the relatives. Then, a system of releasing a person while he is actually undergoing imprisonment on parole and furlough, and in some provinces a system of what is called ticket-on-leave, that is, letting a prisoner out provisionally for the unexpired portion of his sentence on condition that he behaves well. As regards the third—after-care—treatment innumerable private bodies have been doing this useful work, and attempts are being made in the various provinces to coordinate these efforts, so that the prisoner after his release does not find himself out of tune with the general life of the community. That he should be well received, that he should be found some employment that the society should welcome him back are matters which are now well appreciated by the society at large. The general feeling in the matter is that crime has got to be treated and not to be punished; and if that is so, the punishment must be more related to the person than to the act or the crime or the nature of the crime itself. From this point of view in certain provinces psychiatrists have been appointed with a view to examine the criminal, to go carefully through his antecedents and to study the background so as to understand exactly why he committed the crime. I may inform the House that a Committee on jail reforms was appointed by the Government of Bombay very recently and I was one of the members: the recommendations made by that Committee have been of a far-reaching character and if implemented I have no doubt that prison system in the Bombay Presidency will be up to the standard which obtains in western countries. It is proposed by the Government of India that all that the provinces have done individually and as a result of coordination will be taken into consideration. Although it is a provincial subject the practice so far has been to call periodic conferences of Home Ministers and of Inspectors-General of Prisons and from time to time coordinate and secure a sort of uniformity with respect to this. That also will be done. But if it is the object of my Honourable friend that the whole thing should be centrally administered; it is not possible within the framework of the present constitution. All that I can promise at this stage is, as I have said, that it is proposed to have a central jail and to work out experiments on modern lines and—to sum up—not to punish the crime but to treat it as an antisocial act; to reclaim the citizen and re-educate him and fit him once more into the society.

Shri Khandubhai K. Desai (Bombay: General): Sir, I would judge this subject from the point whether the financial proposals as they are set out

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before us give us an indication or a gesture towards the socio-economic development of the country to which we all aspire. I should like to know from Government whether in framing the budget they have got in view the development of our country towards a stage which does not admit of any exploitation, whether social or economic; and whether these financial proposals, which are the first of their kind in the new set-up, give us an indication about the goal which I have just stated; whether Government are fulfilling the declaration which they have made from time to time that they are anxious and earnest to implement the ideal which Mahatmaji placed before this country,—the ideal of Sharvodaya which does not admit of any exploitation whatever, and gives full opportunity to the individual for his development all-round. Let us judge the financial proposals from this point of view judging the budget from this stand-point, it is not only negative, but it works the other way about. Sir, I must admit that on the day the Finance Minister presented his budget I along with others thought it was a good budget because the implications of the budget and the new taxation and the relief that has been given were all presented in such a way and against such a background that for the time being we were taken in. But when I scrutinise the budget I find that big business, industrialists and rich people have been given relief. But do they require relief? Surely they do not require any relief whatever. And in order to give that relief certain taxes have been introduced in these financial proposals which are really a burden on the poor man and the common man. His tea has been taxed, his coffee has been taxed, his life's little luxury tobacco has been taxed, in order to give relief to those who do not require it. It has been stated that in order to step up production some impetus and encouragement should be given. With crores of rupees at their disposal is an impetus still necessary? However an impetus has been given. But I think Government do realise that 5 per cent. of the people of this country who are engaged in business, industry and commerce are not going to step up production. If an impetus and encouragement is necessary for stepping up production which is the crying need of the country, 85 per cent. of the people should have been given that impetus. If it be said that they have not been ignored, I can only say—to use a mild expression—that Government cannot afford to be indifferent to this 85 per cent. of the people who are the real masters of the land. What are the proposals before us? An abatement has been allowed in the last year's budget in the case of business of 1 lakh which has been now raised to 2 lakhs; in the case of individuals it has been raised from 1 lakh and 20 thousand to 3½ lakhs. Is this a step towards bridging the wide gap that exists between the lowest and the highest income? Whatever one may have to say against the last budget proposals—and businessmen have said a lot against them—it has at least one merit that it had made an attempt to bridge the gulf between the rich people and the poor and the State has been able to share a considerable amount of money which the rich earned over and above 1 lakh and 20 thousand. This process has been reversed in this budget.

Then, Sir, it has been said that social services require to be developed and therefore some encouragement should be given to the right people to be free with charities. Let us see what the proposals are. The proposals are that if some rich men or corporations are gracious and generous enough to make a charity Government shall pay 14 annas out of every rupee that is given in charity. I suggest to the Finance Minister that if we want to develop the social services of the country he may impose a levy of only 5 per cent. for social services and it will bring him easily an income of 15 crores of rupees. A few days ago in reply to a question as to how many people are paying income-tax on incomes above a lakh of rupees, he stated that there are about 2984 income tax payers. I presume corporations are included in it and their income is

178 crores. So if a beginning is made by imposing a special levy for social purposes it will easily bring in even from these people an income of 8.5 crores of rupees. Instead of doing that some other method has been found out, that they will be exempted. Government will be paying roughly 14 annas out of every rupee given by these friends in charity, and they will be considered to be very charitable at the cost and consequence of the national treasury. The country will be obliged to them and Government will get all the criticisms. Why not take specially the 5 per cent I am suggesting and let Government take all the credit for social services which it can administer? There is one aspect which has been ignored. There is the recent tax of Rs. 4½ crores on the poor people of the country. That is the share which our friend, the Honourable the Finance Minister has shared with the railways. When the fares were increased, it was increased in view of the fact that there was going to be a deficit. But then there was a surplus. So he comes forward and says that he will share it and it is done: and Rs. 4.5 crores is also an invisible tax in the next year's budget. That point need not be ignored.

I next come to the relief that has been given to the extent of Rs. 6½ crores to the people who least deserve it. But the relief to the people who deserve it is not given with the same generosity. The exemption limit of the income-tax payer has been very gracefully increased from 1,500 to 2,500. But, Sir, taking into consideration the cost of living index today, the exemption is only up to Rs. 800, whereas before the war it was Rs. 2,000. So if at least the middleclass people are going to be really brought under exemption, the 1,500 limit should be raised to 4,500 and the tax for the next 8,500 should be six pies in the rupee instead of one anna as proposed. If that is done, I am quite sure that this will give encouragement to production.

In this connection I would like to say that three months back a resolution was unanimously passed calling for an industrial truce and we left Delhi thinking that now production would be stepped up. At that time it was stated definitely in the resolution that every man in the street should feel that the country is his and the production belongs to him and they must exert themselves to increase production, and that profits, income and dividends shall be controlled: and I thought then, as all thought that probably the next budget will bring in proposals to control all this. What have we found? We have found that instead of controlling the dividends, profits or interest, they have been increased with a view to give an impetus to the rich while the man in the street has been ignored.

There was another proposal that housing, which is a crying need of the urban population, will also get encouragement. I expected, as every one of us expected, that a housing levy would have been imposed on the industrial magnates and on the commercial magnates, so that the housing problem would become a reality and not an abstract thing and about which we have been talking for the last one year. But it has not been done. In respect of these things, Sir, I can say a large section of the working class is anxious to assist the country, and to help production. They would like to help in the production. Let them play their part. Let hindrance not come in the way of their participation in stepping up production. However nothing has been done in the budget towards this end.

There is one other thing which I would like respectfully to bring to the notice of this House. The excise duty now appears to have been taken as a fruitful source of revenue to the Central Government and it will go on increasing. The excise duty is really an indirect tax on the consumer, who is generally the poor man, and I should think that the excise duty should be left to the provinces, or if for simplification the excise duty is going to be a part of Central revenue, a large amount from the excise duty should be given

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to the provinces as a subvention and I say this not without reason. During the last year, I find that in the Bombay Province, the Bombay Municipal Corporation had a deficit budget and the Provincial Government gave a subvention of Rs. 50 lakhs to enable the Corporation to balance their budget. Now, where is that Government to get money from? It is going to take it from the funds which may be available for rural development and other social purposes of nation building. This is going to be the condition of every municipality in every province in the near future. So I would suggest that the Honourable Finance Minister must reserve all the income from excise revenue for purposes of giving larger subvention to the provincial governments who can use it for rural development or any other social development that they have in view.

Sir, I would make a further suggestion. I suggested that if social services are to be developed a levy of 5 per cent. should be imposed. If that did not appeal to the Finance Minister I would make an alternative appeal. Let us judge the rich people at least in this Budget. Let the Finance Bill be so amended that the amount given in charities will get an exemption of one-third of the tax which they are liable to pay. Let us see in the course of the year whether we are going to get two-thirds from the rich people. If we do not get the expected amount, I am quite sure the Minister will be perfectly justified and would have reason to impose the levy which I have suggested in the next year's budget.

There is one more point which I would like to urge before the Government. We are all earnest about industrial truce and increased production. A resolution has been passed with a view to step up production. I have before me an example where production has gone down for lack of coal. In the district of Purnea in Katihar where there are some jute mills, one of the mills has been closed because coal could not be supplied rendering about 500 persons unemployed. The other two mills are on the verge of closing down. If the Government is anxious about production (and I am sure it is anxious about production) they must appoint a tribunal to look into every case of stoppage of production. They must inquire into every case of loss of production and make their report, so that production may not go on decreasing every day as it has happened in this instance which I have quoted. I can cite dozens of such examples but the time at my disposal is very short. With these words I would appeal to the Honourable the Finance Minister and the Select Committee to take into consideration some of the suggestions which I have made in the course of my short speech.

شہری اچات رام : مانلیہ سھکر صاحب : مہن آہک دھلواد کرنا ہوں کہ آپ نے
مجھ سے اس وقت، چند باتوں کہائے کہائے مانلیہ دیا ہے۔ مجھے ایک دو باتوں کہلی
ہوں۔ پہلی بات بھرت کے متعلق ہے۔ جب میں نے انریبل فائننس منسٹر صاحب
کی بھرت سھجج پڑھی تو ایک بات مہری آنکھوں کے سامنے آئی۔ منسٹر صاحب
نے ایک فقرہ استعمال کیا ہے۔ یہ ہے۔

"I rise today under a shadow, but I know it is the shadow of his Cross, and so I feel confident that our nation will be prepared to meet the great challenge of the situation. In the faith that looks through death we shall shape the destiny of our nation on the pattern which he cherished and lead it from the dark abyss of hatred and despair to the sunlight pastures of eternal life."

سھکر صاحب! میں نے ان فقروں کی روشنی کے اندر ان تمام ایک سو چار قیادتوں
(Demand) کو پڑھنے کی کوشش کی اور یہ جاننے کی کوشش کی کہ کہاں

ایک سو چار قیمانڈز میں کوئی ایسا قیمانڈ (Demand) بھی ہے جو کہ ان شہدوں کے ساتھ یا ان کے مطابق جانا ہو۔ اس کے علاوہ مجھے یہاں آنے ہوئے سات دن ہوئے اور تقریباً ایک سو یا ایک سو پچاس ممبر میرے سامنے بجٹ پر ہول چکے ہیں۔ اور میں بڑے غور سے دیکھتا رہا کہ آیا کوئی تقریر ان الفاظ کے مطابق ہوتی ہے یا نہیں۔ میرے دل میں خیال ہوا کہ شاید میں irrelevant بولونگا۔ میری سوجھ میں نہیں آیا کہ فائنلس مینسٹر صاحب نے اس کے مطابق کوئی بات کہی ہو۔

جب مجھے بولنے کھلئے کہا گیا تو میں نے کہا کہ مجھے بولنے کی کوئی ضرورت نہیں ہے۔ پھر انہوں نے دوسری بار مجھ سے بولنے کے لئے کہا تو میں نے بولنے کی ضرورت محسوس نہیں کی۔ لیکن جب انہوں نے مجھے تیسری بار بولنے کو کہا تو میرے خیال میں یہ آیا کہ شاید میں irrelevant باتیں بولونگا۔ کیونکہ میرے سے پہلے سب آدمی بول گئے تھے لیکن میں سوچتا ہوں کہ مجھ سے خود فائنلس مینسٹر نے کہا ہے کہ اگر آج مہانا گاندھی فائنلس مینسٹر ہونے تو وہ کوسا بجٹ form کرتے۔ کہا ان قیمانڈز (Demands) میں سے کوئی قیمانڈ (Demand) ایسا ہے جو کہ مہانا گاندھی کے خیالات کے مطابق ہو۔ یہاں پر مہانا گاندھی اور بڑے بڑے آدمی ہوئے ہیں جنہوں نے ملک کو آزاد کرنے کھلئے لینا اپنا Contribution دیا ہے۔ مہانا گاندھی کا Contribution non-violence تھا۔ لیکن کیا یہاں اس بجٹ کے ان ایک سو چار قیمانڈز میں کوئی قیمانڈ non-violence کے متعلق بھی رکھا گیا ہے۔ یہاں پر تو انہوں نے آدھے بجٹ Violence اور Defence کے لئے رکھی ہے۔ اس بجٹ میں ۱۵۷ کروڑ روپیہ Country کی Defence اور Violence کے لئے رکھا گیا ہے۔ میں تو یہ سمجھتا ہوں کہ حالات کے مطابق اس بات کی ضرورت ہے کہ non-violence کے لئے بھی روپیہ اس بجٹ میں رکھا جانا ہے۔ مہانا گاندھی نے ۲۵ برس non-violence کی تحریک چلائی اور اس non-violence کے ذریعہ سے ملک کو آزادی دلائی۔ لیکن اس بجٹ میں تیس روپیہ بھی اس non-violence کے لئے نہیں رکھا گیا ہے۔ تاکہ non-violence کے طریقہ پر ملک کا defence ہو۔ شاید ملک کے موجودہ حالات کے اندر اس بجٹ میں اس بارے میں کوئی رقم رکھنی مناسب خیال نہیں کہا گیا ہے۔ لیکن آپ کو چاہئے تھا کہ آپ اسکا تجربہ کرتے۔ کہ non-violence کے طریقہ پر ملک کا defence کے لئے روپیہ بجٹ میں رکھتے تو یہ رقم فضول خرچ نہ ہوتی۔

اسوقت ملک میں کیا ہو رہا ہے۔ کشمیر کے اندر آپ نے فوج بھیج دی ہے۔ اور وہ وہاں پر لڑ رہے ہیں۔ لیکن آپ دیکھتے ہیں کہ مقابلہ کس کس کا ہے۔ ایک طرف تیس کروڑ ہندوستانی ہیں کی فوج ہے۔ اور دوسری طرف ہمس لاکھ آفریدیوں کی فوج ہے لیکن آج پانچ ماہ اس لڑائی کو ہوئے ہیں اور نہجہ کچھ بھی نہیں نکلا ہے۔ ایک طرف

[شری اجمل رام]

ہاتھی ہے اور دوسری طرف چونگی ہے۔ اور آٹکا مقابلہ ہو رہا ہے۔ میں جانتا ہوں کہ کہ ہار ہری چوڑ ہے۔ لیکن جو جہت دہری سے ہو وہ بھی ہار کے برابر ہوتی ہے۔ کہا جاتا ہے کہ سرنی کی وجہ سے ہم فاتح حاصل نہیں کر سکے۔ تو میں کہتا ہوں کہ آفریدیوں کے لئے بھی تو سرنی ہے۔ ان کے پاس ہوائی جہاز نہیں ہیں۔ لیکن آپ کے پاس تو ہوائی جہاز بھی ہیں۔ میں یہ مانتا ہوں کہ ان تمام باتوں کے ہونے ہوئے بھی ہم ہی کامیاب ہونگے اور جیسا کہ آرہیل ٹیمپلس منسٹر نے کہا ہے میں ان سے اتفاق کرتا ہوں۔ کہ ہم raiders کو مار بھگائیں اور خود ضرور کامیاب ہونگے۔ جہاں پر آپ نے اس بھت میں کروڑوں روپے دیگر اخراجات کے لئے رکھا ہے وہاں پر اگر آپ قریباً تیسہ کروڑ روپے مالک کے non-violence طریقہ پر ٹیمپلس کے لئے رکھے تو بہتر ہوتا۔ جب کہ امریکہ اور دوسرے ممالک میں ایٹامک انرجی کی دہسچ کھائے بھت میں بہاری Provision ہو سکتا ہے تو کہا آپ اس ملک میں non-violence کی دہسچ کھائے کچھ provision نہیں کرسکتے۔ جب مہاتما گاندھی نے ۲۵ برس پہلے اپنی لڑائی non-violent lines پر چلائی تو کون جانتا تھا کہ آج ہم کامیاب ہونگے۔ اسوقت بہت سے لوگ ہنس اڑاتے تھے۔ اسہن شک نہیں کہ مہاتما گاندھی کی اس لڑائی میں اور بھی ہستیاں شامل تھیں مثلاً شہیت گوکھلے اور مہاتما تاک وھیرہ۔ لیکن مہاتما جی نے ثابت کر دیا کہ وہ اپنی اس لڑائی میں non-violent طریقہ کو اختیار کرکے کامیاب ہوئے۔ یہ ٹھیک ہے کہ آپ باہر کے defence کے لئے اس طریقہ کو استعمال نہیں کر سکتے ہیں۔ لیکن آپ ملک کے اندر جو حالات پیدا ہو رہے ہیں اس کے لئے تو آپ اسکو استعمال کر سکتے ہیں۔ جب کہ ہمارے ملک میں ہندو۔ مسلمان۔ جات اور non-Jat۔ سکھ اور مسلمان۔ راجپوت اور non-Rajput کا جھگڑا ہوا ہے۔ تو اتنا ہونے ہوئے بھی آپ نے non-violence کو کئی جگہ نہیں دی ہے۔ میں سمجھتا ہوں کہ ان حالات پر قابو پانے کھائے non violence ہی کامیاب رہ سکتی ہے۔ اور اسی وجہ سے میں ملک کے اندرونی defence کے لئے non-violence کی تجویز کرنا ہوں۔ اور یہ تجویز کرتا ہوں کہ اہلسک رکھشا دل (non-violent defence force) اور اہلسا کویج اٹھ (non-violent Research Institute) کا Provision بھت میں ضروری ہونا چاہئے۔ اور میں اس Provision کرنا آپ پر ہی چھوڑتا ہوں۔ میں سمجھتا تھا کہ مجھے تجویز پھس کرنی چاہئے۔ اب آپ کے ہاتھ میں ہے کہ آپ یہ Provision بھت میں کر لیں۔ اب یہ آپ کو دیکھتا ہے کہ آیا اس کے لئے روپے ہم ہو سکتا ہے یا نہیں۔

اس کے علاوہ میں یہ کہہ دینا چاہتا ہوں کہ آپ جو کچھ ملک کی حفاظت کے لئے کر رہے ہیں اس کے ساتھ ہی آپ اس بات کا بھی خیال رکھیں کہ اگر آپ نے اس بارے میں تیسرے لرب روپیہ اپنی بھرت میں رکھا ہے وہاں دوسرے ملکوں نے لرب ما روپیہ رکھا ہوگا۔ آپ کا یہ تیسرے لرب روپیہ کیا کریگا۔ آج ایک صاحب نے یہ کہا ہے کہ آجکل تمام دنیا میں لڑائی کے بادل چھا رہے ہیں۔ تو آپ خود اندازہ لگا سکتے ہیں کہ دیگر ممالک نے اپنے ڈیفینس کے لئے کتنا روپیہ اپنی بھرتوں میں رکھا ہوگا۔ آپ کا یہ تیسرے لرب روپیہ آپ کو کامیاب نہیں بنا سکتا۔ آپ کو صرف اپنی پالیسی ہی کامیاب بنا سکتی ہے اور یہ اصل بات ہے۔ جس پالیسی نے پچھلی لڑائی میں ترکی اور آئرلینڈ کو کامیاب بنا دیا اسی پالیسی سے آپ بھی کامیاب ہو سکتے ہیں۔ اور یہ جو رقم آپ نے Defence کے لئے رکھی ہے یہ شاید آپ کے کام نہیں آئیگی۔ بلکہ آپ کو صرف اپنی Policy ہی بچانیگی۔ میں یہ کہہ دینا چاہتا ہوں کہ اگر آج World War ہو تو کیا اس وقت آپ اس بات کا اعلان کریں گے کہ آپ لڑنا نہیں چاہتے ہیں۔ اب میں اس مسنون کو ختم کرتے ہوئے دو تین الفاظ Refugees کے متعلق کہہ دینا چاہتا ہوں۔ اس بھرت میں آپ نے Refugees کی بولائی کے لئے نہیں کروڑ روپیہ رکھ دیا ہے۔ میں آئرلینڈ فائننس ماسٹر صاحب سے یہ کہنا چاہتا ہوں کہ انہوں نے بہت ہی سہولتوں سے تھائی لرب میں سے نہیں کروڑ روپیہ Refugees کے لئے رکھا ہے۔ لیکن میں یہ کہونگا کہ یہ رقم بہت ہی تیزی سے۔ آپ کو معلوم ہوگا کہ صرف لہور سے جو آدمی آئے ہیں انہوں نے اپنی لڑائی کی جائداد وہاں پر چھوڑ دی ہے۔ اب آپ کہیں گے کہ ان کے لئے اتنا زیادہ روپیہ کہاں سے آئے گا۔ تو اس کے متعلق میں یہ کہونگا کہ جس طاقت نے ملک کو تقسیم کر دیا۔ اور چالیس لاکھ آدمیوں اور انکی عورتوں اور بچوں کو وہاں سے یہاں بھگا دیا وہی طاقت یہ روپیہ بھی بہم کر سکتی ہے۔ یہاں پر جن کے پاس زیادہ وسائل ہیں اور تیسرے سو لاکھ سے زیادہ زمین ہے۔ اور جو کارخانہ دار ہیں اور جگہ پاس کوٹھیاں ہیں۔ ان سے یہ کسی پوری کی جا سکتی ہے۔ آپ کہتے ہیں کہ refugees کو پانچ ہزار یا ایسی ہی رقم دی جائیگی میں نہیں سمجھتا کہ اس کا مطلب ہے 'What does this mean?' یہ میں سمجھتا ہوں کہ اگر انکی عورتوں کی بے عزتی ہوئی ہے تو وہ تھک نہیں ہو سکتا۔ یا اگر ان کے آدمی مارے گئے ہیں تو وہ پھر سے واپس نہیں آسکتے۔ لیکن آپ ان کے relief کے لئے اور زیادہ رقم بہم کر سکتے ہیں۔ اور لیکو پانچ لرب روپیہ refugees cess لگا کر Refugees کی مدد دینے کے لئے اگلا کرنا چاہئے۔

(English translation of the above speech)

Shri Achint Ram: (East Punjab: General): Honourable Speaker, I thank you for affording me an opportunity to say something. I have to tell you one or two things. The first matter relates to the Budget. When I read the Honourable the Finance Minister's speech on the Budget, an idea came to my mind. The Honourable Minister said:

"I rise today under a shadow, but I know it is the shadow of his Cross, and so I feel confident that our nation will be prepared to meet the great challenge of the situation. In the faith that looks through death we shall shape the destiny of our nation on the pattern which he cherished and lead it from the dark abyss of hatred and despair to the sunlit pastures of eternal life."

Sir, I tried to read all the 104 demands in the light of the above sentences, and tried to discover whether there was any of these 104 demands which are in consonance with these words. Besides this, I came here only seven days ago and about 100 or 150 members have spoken on the Budget. I was watching whether any speech was delivered which was in keeping with those words or not. I was afraid I may not speak irrelevant. I could not find any thing in what the Honourable Minister himself said which was in consonance with what he said above. When I was asked to speak I said I had no desire to do so. I was again asked to speak but I felt no necessity even then. But when I was asked a third time to speak I thought I may not speak irrelevant, because what was to be said has already been said by members who have already spoken before me. The Finance Minister himself has said and I also ask what kind of Budget would Mahatma Gandhi have prepared had he been the Finance Minister himself today? Is there any such demand among these demands which may be in accord with the ideas of Mahatma Gandhi? In India, we had Mahatma Gandhi and other great personalities each of whom has contributed his share for the liberation of the country. Mahatma Gandhi's contribution was 'Non-violence'. But does any demand out of these 104 demands provide for non-violence? Half of the Budget provisions are for violence and defence. Rs. 157 crores are provided in the Budget for violent defence of the country. In view of the circumstances, I think it was necessary that there ought to have been provision for non-violence also in the Budget. Mahatma Gandhi carried on non-violent movement for 25 years; and by means of the same non-violence he set the country free. But in this Budget not even a penny has been provided for non-violence, i.e., to defend the country on non-violent lines. In the present circumstances of the country, perhaps it was not considered proper to provide any amount for this purpose in the Budget. But it ought to have been tried as an experiment to see that, had it been provided for non-violent defence of the country, it would not have been a useless expenditure.

What is happening in the country at present? Troops have been sent to Kashmir, and they are fighting there. Do you see who are the fighting parties? On one side there is army of 80 crores Indians, and on the other there is an army of 20 lakh Afridis. Though this fight has been going on for the last five months, yet without result so far. It is like the fight between an elephant, and an ant. Though I know that defeat is bad, yet a belated victory is as bad as a defeat. It is stated that we could not finish the war due to cold. But the cold should affect the Afridis as well. They have no aeroplanes which you have. I know that in spite of these difficulties we will succeed and I agree with the Honourable Minister for Defence who has stated that we will push back the raiders, and that we shall surely win. Crores of rupees have been provided for other expenses and you could have as well provided at least 1½ crores rupees for country's defence on non-violent lines. If in America,

and other countries a large provision of money for research in Atomic Energy is possible to be made in the Budget, can you not provide anything for research in non-violence in this country also?

When 25 years ago, Mahatma Gandhi started his fight on non-violent lines, who knew that we will succeed? At that time many people treated this matter as a joke. There is no doubt that in this fight started by Mahatma Gandhi other personages also, such as, Shriut Gokhale, Mahatma Tilak and others also took part. But, Mahatmaji proved that he succeeded in this fight through his non-violent methods. It is true, that you cannot adopt this method for outside defence. But, you can adopt this method to meet the situations arising inside the country. In our country, we have differences between Hindus and Sikhs, Jats and non-Jats, Sikhs and Muslims, Rainuts and non-Rainuts, still you have not provided for non-violence, in the Budget. I am sure that to keep these elements under control, non-violence alone will succeed, and that is why I suggest the policy of non-violence to be followed for the internal defence of the country, and propose that provision must be made in the Budget for the establishment of non-violence defence Force and non-violence Research Institute. I leave it to you to make provision for this. I thought that I should move the proposal. It is up to you now to provide for this in the Budget, and to see whether funds can be made available for it. Besides this I would like to state that whatever you are doing for the country's defence you should bear in mind also that you have provided only Rs. 150 crores for this in your Budget, whereas other countries might allot millions of rupees for the same. Rs. 150 crores will not do. It has been stated today that clouds of war are hanging over the whole world. You may, therefore yourself estimate what amount of money other countries may have provided for their defence. 150 crores cannot bring you victory. Your policy alone can make you successful. It is a fact that the policy which made Turkey and Ireland successful during the First World War the same policy can make you also successful. The amount that you have provided for defence would not serve your purpose, but your policy alone would save you. I would like to say that if today a world war is declared, would you then announce that you would not like to fight? Now, in closing this subject I want to say a few words about refugees.

Rs. 30 crores has been provided for the well-being of refugees, and I want to tell the Honourable the Finance Minister that he has very kindly allotted Rs. 30 crores out of Rs. 250 crores for refugees. But, I would say that this amount is very insufficient. You might be aware that people who have come from Lahore have left there property worth several crores. You will ask from what source such a huge amount should be provided for them? I would say in reply that the power which divided the country and which drove out 40 lakhs of men, women and children from that place, the same power alone will provide this sum. Those people who have a number of houses and have more than 150 acres of land, and who are factory owners, and have bungalows should make up this shortage. You have stated that Rs. 5,000 should be given to the refugees but I do not understand what it means? I know that if their women have been insulted it cannot be set right, or if their men folks have been killed they cannot be brought back to life, but you can provide more money for their relief, and you should levy a refugee cess of fifty crores to help the refugees.

[At this stage, Mr. Speaker vacated the Chair, which was then occupied by Shri K. Santhanam (one of the Panel of Chairmen).]

Shri N. Madhava Rau (Eastern States Group D): Mr. Chairman, Sir, this Bill as usual refers to tax reliefs on the one hand and tax burdens on the other. To my mind the tax reliefs appear to be of a more or less routine character and certainly did not deserve the very serious criticisms to which they were subjected on the ground that they were favourable to the capitalist and there-

[Shri N. Madhava Rau]

are necessarily burdensome to the poor. Looking into the matter in an objective way I feel that they are generally the kind of reliefs that had to be given, not for the benefit of the industrialist or of the capitalist, but for the purpose of helping the economic recovery of the country and encouraging the flow of investment funds into business and industry. It is well known that during the last few years numerous applications for capital issues have been sanctioned. But very few of them have been really availed of. Many schemes which were promoted or at least advertised, and for which capital was sanctioned, have never proceeded beyond the stage of issuing prospectuses. Some of the ventures were so speculative that in any case they had no chance of materialising. Those which were more promising could not proceed for the reason that capital was shy. The same thing has happened with regard to existing industries. Some of the prudent managements had accumulated considerable amounts as reserve funds, but owing to the uncertainties with regard to income-tax and taxation policy generally these reserve funds have not been readily utilised for the purpose of replacements and expansion. It is therefore a very necessary first step that confidence should be restored among the industrialists so that the more reputable among them who now feel shy of new ventures may be induced to undertake the industrial development of the country which has now had something like a paralysis. It is a matter for unmixed gratification that the excise duty on betelnuts has been withdrawn. This was a duty which should never have been levied. The difficulties in collecting this duty and the fact that its incidence would fall on a vulnerable class of skilled agriculturists were all pointed out at the beginning by the Governments in Southern India. But *a priori* ideas of taxation and a false analogy between betelnuts on the one hand and coffee and tea on the other accounted for the imposition of an uncalled for duty. The removal of this duty will, I am sure, be welcomed as an act of justice not too long delayed.

In dealing with this Bill Members of the Assembly have naturally devoted greater attention to the method of spending revenues than the method of raising revenues. Here the complaint has been made that an unduly large proportion of the revenue is devoted to defence or to services which do not directly benefit the poor either in the rural or in the urban areas. I am afraid this criticism is not altogether just. It has got to be remembered that the Central Government are not the only government functioning in the land. Their functions are defined. There are the Provincial Governments. It is the function of the Provincial Governments to look after most of the nation-building departments, and they are in a position to develop these departments much more economically and much more efficiently than the Central Government. It would not be an exaggeration to say that to produce a given result, where a Provincial Government would spend Rs. 5 or a State Government would spend Rs. 8 the Government of India would easily spend Rs. 10. That is because their ideas of doing things are big. They cannot proceed without large and expensive secretariats. Their machinery is ponderous. They are not in touch with realities in many cases. Therefore it often happens that in this field, and in several other fields of governmental activity, the Provincial Governments are in a far better position to undertake tasks which we now expect the Central Government to undertake. Naturally the Provinces would expect a strengthening of their financial resources and this is a matter which has got to be given very serious attention.

Like the rest of our planning, our taxation policy too has been something of an improvisation. At present nobody knows what are going to be the future duties or functions and the future resources of the Centre as against the provinces. For the time being it is a matter only, as I said, of improvisation. The gap between revenue and expenditure, the deficit,

is not really so small as it was made out to be. A sum of 15 crores to be spent on the acquisition of lands and construction of buildings by the Defence Department is charged to the Capital Budget. Civil works amounting to 11 crores are another item in the Capital Budget. Then again 80 crores, to be given as provincial subvention for development, also figures in the Capital Budget. To get a full measure of the gap between revenue receipts and expenditure, we should turn to the figures on page 38 of the Memorandum which show that the total interest bearing obligations not covered by assets will stand at 775.19 crores at the end of 1947/48 and 864.29 crores at the end of 1948/49—In other words the un-productive or dead weight debt will have increased by some 89 crores in the course of the budget year. It is therefore clear that there is not a very large amount that the Finance Minister could give for social services and nation-building activities. On the other hand it is very necessary for the future financial stability of the country and the economic progress of the nation that every care should be taken that budgetary equilibrium should be restored as far as possible. The small amount of 5 crores that is being devoted for the retirement or avoidance of public debt has got to be increased several fold. To some extent the difficulties of the country are due to the war: in other respects they have perhaps avoidably been enhanced by domestic upheavals. Regarding the division of assets and liabilities between India and Pakistan, the facts and figures disclosed in the budget are by no means reassuring. Seeing that the assets, as they depend on the cashing in of sterling balances, may have to be written down, perhaps drastically, one wonders whether the arrangement has been altogether fair to the Indian people. When the public mind was agitated some time ago over the much discussed affair of 55 crores which Pakistan claimed, one of the Ministers of India was reported—I do not know how far accurately or otherwise—to have said 'We are spending money like water, let Pakistan have the 55 crores'. Well, Pakistan did have the 55 crores without uttering a word of thanks. But it was not good business. In concluding my remarks I would say that the difficulties that are facing us are still very great, much greater than would appear from the Budget, and one thing that has got to be done is to avoid the temptation that leads to over-centralization, over-government and over-spending.

श्री वृद्धिधर शर्मा (Eastern States Group D): Mr. Chairman, Sir, I had tabled a cut motion to discuss the policy of the Government of India with regard to the administration of the Orissa and Chhatisgarh States, but due to lack of time, I had not the opportunity to speak on that cut motion. I take this opportunity to make a few observations regarding the present administration of the Orissa and Chhatisgarh States. Sir, the Orissa and Chhatisgarh group of States have joined the contiguous provinces of Orissa and the C.P., and the administrative responsibility of these states has been assumed by the respective governments. Now, Sir, it has been declared by the States Minister that the states policy of the Indian Government has almost reached fulfilment by a process of bloodless revolution, but, Sir, I would submit that it has brought about no change whatsoever as far as the condition of the people is concerned. We wanted feudal aristocracy to go; but we did not welcome provincial civil servants aristocracy. Sir, we wanted the Rulers to go lock, stock and barrel, but in the name of bloodless revolution the Rulers have been allowed to enjoy privileges and they have transferred state properties and squandered the treasury, and granted untimely pensions to various officers before handing over charge to the respective provinces. Now, Sir, at the same time the voices of the people have been choked. The other day, Dr. Pattabhi Sitaramayya observed that the opinion of the people has not been taken when the merger was done. On the day the agreement was executed by the Rulers of the Orissa states at Cuttack in the month of December, the members of the Regional Council and also the

[Shri Yudhisthir Misra]

workers were present in large numbers, but they were never consulted and their view on the merger question was not taken. Rather they were dubbed as dacoits. Now, Sir, at present instead of Rulers' raj, there is the raj of administrators; the lower grade services are not secure, and in some respects civil liberties have been suppressed. A few days ago—in the last month—a colleague of mine in the Orissa state was arrested on the allegation that he was implicated in R.S.S. activities. But, Sir, from my own experience I know that he had taken no part in any such activities, but in the name of anti-communal drive, the active elements of the different fighting organisations have been arrested. But while this is going on in the states, the princes and the palace cliques and the loyalist politicians have retained their share of power, and the condition of the people has not been raised to any appreciable extent. Now, Sir, on behalf of the people of the states, we want the withdrawal of all measures which go to suppress their civil liberties, and at the same time want to safeguard the interests of the people of the states and also establish local autonomy and self-government for the people of the states.

Sir, certain Advisory Committees have been set up in every state and an Advisory Assembly has also been set up—with no power; they will consider and advise on such matters as will be referred to them by the various Administrators or by the respective Provincial Governments. I would like to submit that full responsibility to the greatest extent possible should be invested in the States Assembly.

Now, Sir, about the General Budget I want to say a few words before I resume my seat. As I studied the Budget proposals, the impression that was produced on me was that we are being gradually and firmly drawn into the grip of Anglo-American imperialism in the economic sphere. Also, in the name of relief to the industries the pockets of big business have been made heavy and there is an increasing burden on the lower classes in the shape of various taxes. On the other hand there is a tendency on the part of big business to depend more and more on British and American capital. Sir, British Imperialism has prevented the import of any new machinery to start new industries. Britain and America possess the monopoly of capital goods but the Indian big business are now hemmed in on all sides by the back-waters and colonial limitations. They were counting on our Sterling Balances for the large scale import of capital goods without any difficulty about securing foreign exchange, but the British and American imperialists have joined hands to repudiate the major part of this Sterling debt and forced India to agree to it for the sake of parity-concessions, or the release of a small part of the debt. Sir, the British of course never intend to pay back the Sterling Balances in full but are now releasing a part of it as a weapon to secure a new economic bargain. As was pointed out yesterday by Prof. K. T. Shah, we have to take a bold stand on this question.

Sir, to come out of this vicious circle, it is necessary for India that the monopolists must be deprived of their unlimited control and the main and basic industries must be nationalised. Conditions must be created to enable the workers to participate in the management of industries. It will lead to an increase in the production of consumer goods. Further, the grip of the monopolists on land and food must be broken; it is the monopoly on land and food that enables the land lords to control the food market. Therefore, this land-lordism must be abolished on an all-India basis. It may be said that this is a question for the Provinces to solve; but I would request the Government of India and draw their attention to the fact that there should be an all-India plan to abolish this land-lordism and save the people from the

tyranny. It is only then that State aid to agriculture will ensure an increase in agricultural production and food-grains will become available. If we are self-sufficient in other respects, we can make trade agreements with other countries and import capital goods.

The Honourable Shri B. K. Shanmukham Chetty: Mr. Chairman, Sir, the debate during the last two days has naturally covered a very wide field and I might, if I may, congratulate the House on the level of the debate. A good deal of impatience was in evidence at the fact that Honourable Members did not find the main structure of this Budget very different from the Budget of the previous years. It was asked: How has independence brought a change in the life of the common man? How has this Budget benefited the rural masses? Where is the socio-economic programme in this Budget?

I fully sympathise with this point of view, but, Sir, when I was listening to criticism of this kind I was reminded of a story prevalent in my part of the country. In almost every village there is a banyan tree under the shade of which is installed the elephant-headed God Ganesha, the God of Wisdom. And there is a belief amongst the women-folk in my part of the country that a barren woman would beget a child if she went round this banyan tree every morning and worshipped the God. An innocent woman who was barren for many years went round three times the tree once and then touched her belly to see if there was a child. Sir, we got our freedom on the 15th of August, 1947, and I might be pardoned if on the 15th of February 1948 I was not able to conceive and much less bring forth a child to the liking of all of us.

Shri M. Ananthasayanam Ayyangar (Madras: General): But the capitalist woman became *enceinte* even in the first round!

The Honourable Shri B. K. Shanmukham Chetty: The capitalist woman in this case, Sir, thought that she had a child, but it ended in an abortion!

I think my Honourable friend Dr. Pattabhi really struck the right note when he said that in this Budget he saw evidence of the nervousness of the crew on the first voyage of a ship. I think that sums up beautifully the position of this Government. This great ship of State was handed over to us on the 15th of August in mid-ocean. The Captain that took charge of the ship is one trusted and beloved of the Nation; he can be relied upon to steer this ship safely to the next port at any rate in spite of the storm that overtook the ship within the first few days. He entrusted to me the task of looking after the worn-out engine of the ship and he had commanded me to keep it in good order and use the limited fuel at my disposal with prudence and care until the ship reached the next port and we had some time to look round about, overhaul the ship and re-fuel it. I think, Sir, I have, to the best of my ability, carried out this responsibility in this sense.

I frankly admit that I was not attempting to present a Budget which will embody all those great ambitions and dreams that every one of us cherishes. I had to make my proposals on the basis of the existing economic structure. What the future of that structure will be, I am not in a position to say. Some Honourable Members very rightly demanded that it is high time that the Government should, in clear language, enunciate its economic and industrial policy. That matter is now engaging the most earnest attention of the Cabinet and I am hoping that within the next few weeks the Government will publish a considered statement on industrial and economic policy. When we have that picture clear in our mind, it will then be for the Government as a whole and the Finance Minister in particular so to adjust his Budget, his whole financial structure, that the objective will be achieved, and achieved without bringing about any violent shake-up of the existing system.

[Shri K. K. Shanmukham Chetty].

I take it for granted, Sir, that there are not many in this House who would like to build a new economic order by completely demolishing the existing structure of society. If there are those who believe in that method of approach, then I can respectfully say that I am not equal to the task. But I think I am right in assuming that whatever might be the objective of our economic policy, our implementation of that policy should be in gradual stages, suited to the needs of the country, so that the change-over to the new order may be brought about by peaceful and non-violent methods. After all, the greater part of the world is even today functioning on a system of economy which really took concrete shape since the Industrial Revolution of the early 19th century. Excepting the Soviet, I am not aware of any Government in either of the hemispheres which has built up the new economic order by completely demolishing the old. In England, with a socialist Government not merely in office but in power, it has not yet been found possible to bring about any radical changes in the economic system of that country.

Now, Sir, explanation is not far too seek. The Soviet system is the result of the teachings of Karl Marx and Engels. When Karl Marx initiated his philosophy of the economic society and social justice, he saw around him an industrial age just in its birth, full of exploitation of the weaker sections of society. He naturally came to the conclusion that social justice can be established only by demolishing that class. But we have made considerable progress in the technique and mechanism of economics since the days of Karl Marx. Karl Marx and his followers were not aware of the mechanism of control; they were not aware of the technique of taxation; they had not the slightest conception of the operation of anti-trust laws and labour legislation. And with our advanced knowledge of these four fields, socialist countries like the United Kingdom have come to realise that it is possible to build the new order of economics on the existing basis, with suitable adjustments.

After all, what is it that was fundamentally wrong with that economy which we always call the capitalist economy? That economy was based on free enterprise with freedom to exploit the masses. The economic doctrine prevalent in Europe in those days was the doctrine of *laissez faire*. The State considered itself purely as a Police State, not concerned with the economic welfare of the people at large and the fond hope was entertained by the economists and statesmen of that age that if only you allowed the free laws of competition, supply and demand to operate, all economic and social forces will naturally find their adjustment. But that policy did not succeed.

The inheritance that we have from the British is really a Police State. In the last 150 years, the main pre-occupation of the British rulers in India was to keep internal peace and to protect the country, as far as possible, from external danger and to exploit the economic resources of the country only in so far as it was a complement to their own economy. It was within the last twenty years that, due to considerable pressure of public opinion in the country, the Government of India applied their mind to the problem of the State taking a hand in the economic and social development of the people of this country. In essence, therefore, we inherited on the 15th of August a predominantly Police State, with the economic system based more or less on the outdated capitalistic notions of economy.

Sir, I very respectfully submit that a change in such a system, a change in the mechanism of such a State cannot be brought about within a few months by a new Government. As I said, Honourable Members must really, to do justice themselves and to this Government, give some little time, so that we might have a clearer conception of what the goal of our economic and social policy is going to be and how we are going to achieve that goal.

My Honourable friend, Prof. Shah, very rightly remarked that he does not find in this Budget any evidence of all those great schemes of social insurance. He is perfectly right. This Bill does not contain any such evidence. I will not be satisfied, Sir, with any Budget of the National Government of this country in the future unless I find in it ample provision for social insurance, unemployment insurance, health insurance and old age pension. I am free to confess that I am not in a position even to make a beginning in this direction in this year and I doubt very much whether we would be in a position to begin even in the next two or three years. The entire resources of the Central Government were devised in the Constitution Act of 1935 on the basis of a certain conception of the functions of the Central Government and those functions were still understood to be more or less Police functions. It was on that basis that certain definite sources of revenue were allocated to the Centre and certain other sources were allocated to the provinces. If a radical change is to be brought about in the sphere of activity of the Central Government, then the whole system of the allocation of sources of revenue between the Centre and the provinces will have to be re-examined and re-studied; we are likely to commit a great blunder in this quest for a Central Government strong enough to shoulder directly the responsibility for the welfare of the masses of this country. After all, it should not be forgotten that our Constitution is not a unitary Constitution and from the proceedings of the Constituent Assembly, I find it is not the intention of the Constitution-makers to frame a unitary constitution for this country. We are aiming at a federal system of constitution and in such a federal constitution it is an inevitable corollary that direct schemes of welfare must necessarily be undertaken by the units and not by the Centre. The Centre must be strong and my Honourable friend, Mr. Sidhva rightly asked: "what is the meaning of your being a strong Central Government, if you are not in a position to help the rural masses". Sir, the strength of the Central Government is not to be judged by the ability of that Government to directly influence the every-day life of the rural masses. The Central Government should be strong in the sense that it should be able to defend the country, that it should have ample resources to discharge that obligation. The Central Government must be strong in the sense that it should have an overall control in planning the economy of the country. These are the two matters in which the Central Government should be strong. The Central Government should again be strong in the sense that it must have the real and effective voice in controlling the financial structure of the country, so that the provinces directly or through the Centre get adequate resources for meeting their obligations. According to my conception of a strong Central Government, these are the methods in which the strength of the Centre must lie. I therefore with this conception of the functions and duties of the Central Government naturally thought that in the first National Budget, I must create those conditions which will keep up the economy of the country unimpaired, which will practically keep up the present system of economy until it is substituted by something different. A number of Honourable Members levelled a charge against me that I have given relief in an undue measure to the richer classes. Sir, my proposals for reducing the limits of super-tax and the various other measures for reducing the burden of indirect tax are not to be considered as measures of taxation relief at all. My proposals in these matters were intended to redress the great mistake that was done in the last annual budget. I have no hesitation in saying that whatever might be the motive of my predecessor, who presented that budget, its result has been most disastrous on the economy of our country and until I was sure in my own mind that I had undone that mischief and restored the confidence in the markets, I would not have laid the foundations on a proper footing our future economy. I think I have; and the evidence is already in sight, the share markets went down as soon as my

[Shri R. K. Shanmukham Chetty]

budget proposals were published and since then people have begun to have a better appreciation of the implications of my proposals and the market has now rallied and has now become steady. In fact, I am not in the least sorry that I did not create a bullish tendency in the share market on the eve of my budget. I consider a spectacular budget as an evil; a budget should not be spectacular; it should be prosaic; it should be solid; it should be cold; and I for my part was not in the least worried at the news I received on the 29th night that the share market reacted very unfavourably on my budget. Every spectacular fall or rise in the share market means suffering and loss to the thousands and tens of thousands of the poor and middle-class investors. Until we remove this cancer of speculation in our country, we are not going to create conditions of safety for the middle-class investors. In fact the next task to which I am going to apply my mind is to present to this House a comprehensive Bill which will put a stop to this evil. My taxation proposals, therefore, should be studied from this angle; there is no use applying to it a standard which I frankly confess I did not have in my mind.

With regard to my proposals for indirect taxation, there again, I plead that the proposals that I have made cannot be considered to be an undue burden on any class in the context of the existing state of affairs. After all it is a hard fact that for a long time to come, until the whole nature of our economy changes, the Central Government will have to depend a great deal on Excises. Whether we like it or not, it is a hard fact. As our industrial development advances, as we increase our import duties step by step, the revenue from Customs must decrease year after year and the only source from which we can make good that loss is by levy of Excise duties on home-made articles. Honourable Members seem to be under the impression that indirect taxation is a peculiar device of a capitalistic mentality. But may I remind them, Sir, that in Soviet Russia practically the whole scheme of taxation is indirect. The greatest source of revenue to the Soviet Government is what they call the turn-over tax, a tax directly levied on the sale of commodities.

Prof. N. G. Ranga (Madras: General): But the workers there have complete control over production and distribution and there is no private enterprise.

The Honourable Shri R. K. Shanmukham Chetty: The workers in India also might have complete control over production and distribution. But it does not take away the essential fact that in Soviet Russia the system of taxation is predominantly an indirect system of taxation. So far as the function of workers in our economy is concerned, there cannot be any difference between Professor Ranga and myself. I am prepared to go the whole hog of it.

Prof. N. G. Ranga: Let us have economic self-government.

The Honourable Shri R. K. Shanmukham Chetty: I put it to him, Sir, are the labour troubles today due to the fact that labour is asked to work in an economy of private enterprise? Well, if this is so, how do you explain the attitude of the labour in this country?

Prof. Shibban Lal Saksena (U. P.: General): Because the State is capitalist-controlled.

The Honourable Shri R. K. Shanmukham Chetty: In any case today the labour trouble in India is not predominantly due to the fact that they are asked to work in a capitalistic economy. In fact the demand made on the employer is at its maximum in the case of those enterprises which are owned and controlled by the State. It is not therefore fair to infer from the

existing state of affairs that if only you transfer private enterprise to State ownership and State enterprise all these labour troubles will vanish. I submit, Sir, that we must do everything that lies in our power to make labour realise that it is an effective partner in the productive and distributive system of this country. At the same time so long as we are working on the basis of the present economic structure we must also ensure that free flow of money into investments that can come only by creating a surplus and therefore a surplus of capital in industry. And my justification for the changes in the super-tax structure and the reduction in the business profits tax is that I feel that but for these measures you will not have that free flow of investment which will create capital that will produce the surplus. I do not think it is necessary for me to say anything more on this general aspect of the question.

My Honourable friend Pandit Kunzru did a great service in calling our attention to the fact that today we meet under the shadow of the message of President Truman in the American Congress. I hope Honourable Members will realise the implications of that message. It might mean that we might have to have a re-orientation of our entire outlook in economics, in politics and in international relationship. We were banking on receiving capital goods specially from the United States for our reconstruction programme. What are going to be the implications of the President's message? If the United States of America has to switch over to a semi-wartime economy all hopes of our getting the capital goods is gone. At such a time for us to rush on, without being clear in our own mind as to what the future is going to be and what should be the steps that must lead us to that future, will be a matter of the deepest and gravest concern.

Sir a great many individual points were made in the course of the debate. I will first take the joint Hindu family so that I might not miss it at the end of my time. A joint Hindu family is recognised as an entity for the purpose of our income-tax law. It is inevitable so long as the Joint Hindu family is not merely a social but a legal entity in our country. I fully concede that the joint Hindu family should be treated somewhat differently from the individual. In fact this is one of the problems that I am remitting to the Income-tax, Investigation Commission for their examination. That Commission—Honourable Members might remember—has been constituted not merely for the purpose of making investigations about tax-evaders but for advising us on the revision of our income-tax law. There are a great many ways in which effective relief might be given to the joint Hindu family. For instance, in the case of an individual or an undivided family the exemption allowed is only for Rs. 1,500. I think it will be perfectly justifiable to argue that an exemption of Rs. 1,500 in the case of a joint Hindu family should be given for every adult coparcener. I am also prepared to concede that the limit of the super-tax exemption should be higher for the Hindu undivided family than for the individual. These are matters which we will certainly take up for examination. My Honourable friend Mr. Krishnamachari drew my attention to the difficulties that the Hindu family has to encounter with the income-tax authorities in cases of partition. He is perfectly right in his complaint; such complaints have been brought to my notice even as a private citizen. I myself in my Hindu family narrowly escaped the teasings of the income-tax officers in that way. The point of the complaint is this. When a Hindu undivided family produces evidence before the income-tax Officer that the members have become divided in status, the Income-Tax Officer again goes into the question whether actually the fact of partition has been established. I have now asked the Central Board of Revenue to give clear instructions to the Income-tax Officers that if a Hindu family produces any evidence about separation in status

[Shri B. K. Shanmukham Chetty] which will be admissible in a law-court, the Income-Tax Officers also must admit that evidence without any further consideration. The way in which section 25 has been applied to the great harassment of members of the Hindu family will, I hope, not occur in future.

My Honourable friend Mr. Krishnamachari again asked why the Salt Department should have been transferred to the Industry and Supply Ministry. The Department of Salt was part of the Central Board of Revenue because the main interest of Government in salt was only the revenue; Government did not in the least care whether really salt in sufficient quantities was available to the people or not. Now that the salt duty has been abolished it will be an anomaly to retain the Salt Department in a section of the Finance Ministry which is purely concerned with the task of collecting revenue. The problem of salt supply in our country has now become rather serious on account of the loss of some of our resources in Pakistan. Government have now taken on hand the question of the manufacture of salt on a large scale. In fact; if you compare the *per capita* consumption of salt in this country with other countries you will find that it is a very small quantity indeed. We have to increase our output of salt enormously, and in connection with our heavy chemical industries again the question of the manufacture of salt will assume very important proportions. Obviously if it is conceded that there is need for building up a gigantic salt industry in this country, that should be looked after by a department which interests itself in industrial development. It is with that object in view that we have transferred the administration of the Salt Department to the Ministry of Industry and Supply. In fact even before that transfer was made the question of setting up a semi-autonomous Salt Board, somewhat on the lines of the Railway Board, was under the consideration of Government; and a member of the Central Board of Revenue was specially deputed to give a report on that question. We have passed on that report to the Ministry of Industry and Supply; and I am hoping that before long that Ministry will set up a really effective salt board which will build up our salt industry on a really worthy and adequate scale.

Some observations were made on the question of economy, and more specially my lump-sum out of 2½ crores which I indicated in my budget speech. My Honourable friend Pandit Kunzru asked whether this 2½ crores was intended to be a target. I had explained even in my budget speech that it was not intended in any manner to be a target at all. Why I imposed that lump-sum out was because I wanted the problem of economy to be tackled immediately by each department before the report of the Economy Committee is available. I am hoping that the Economy Committee's report will be available to us at a very early date; and it is my earnest desire that economies on a very substantial scale should be effected in the departments of the Government of India. Here again I have got serious difficulties. One of the problems of economy and retrenchment is the retrenchment of the surplus staff in various departments. In some of the departments thousands of people were recruited purely for war-time work. That work has now ceased and there is not the slightest justification for this Government to pay these men the money of the taxpayer as salaries. And yet, when I am engaged in this unpleasant, but inevitable task, I get deputations led by Honourable Members of this House, threatening me with dire consequences if I do not listen to them.

Prof. Shibban Lal Sakseena: Then, why go on increasing unemployment?

The Honourable Shri B. K. Shanmukham Chetty: That is the indication of the various conflicting problems we have to deal with. Today is the 18th. It is the dead-line date on which something disastrous may happen to us

if I do not stop all this retrenchment. I do not want to mention the very threatening letters that I get anonymously on this subject.

There was a reference in the discussions in the last two days about the sterling balances. My Honourable friend, Prof. K. T. Shah was quite vehement on this subject. In fact, Sir, I share that spirit to some extent myself. It is certainly very annoying to say the least that you should be told by your debtor that you should act according to his dictation: that you should receive payment according to his convenience. He wants you to feel that he is really doing you an obligation when he thinks of repayment. But unfortunately that is the position in which we find ourselves. But I may give this categorical assurance, that I will not be a party to any scaling down of the sterling balances.

As I mentioned in a press conference soon after the first agreement was made, the sterling balances are not an inter-governmental debt. It is not a debt which the U. K. Government owes to the Government of India. The sterling balance represents the deposit which the Reserve Bank of India has made with the Bank of England, and we have been told, Sir, and the world has been taught to believe that the Bank of England is an eternal rock, and if there is any default in the payment of these sterling balances, it means the bankruptcy of the Bank of England. In fact, the bankruptcy of the Bank of England, I think, would be a greater ignominy than the bankruptcy of the British Government itself. I feel confident that those in charge of the Bank of England, with all their sensitiveness about their reputation for solidity and solvency, will ever think of asking us to scale down these sterling balances.

Prof. N. G. Ranga: The economist has done it!

The Honourable Shri E. K. Shanmukham Chetty: That does not matter. The economist is not the Bank of England. Therefore, I would suggest to Honourable Members that we need not import any idea of scaling down in our discussions with representatives of the British Government. I have taken it for granted that no question of scaling down arises at all.

Shri B. Das (Orissa: General): What about scaling up!

The Honourable Shri E. K. Shanmukham Chetty: My Honourable friend, Mr. T. T. Krishnamachari also asked me to say what was my view with regard to the small savings schemes. It is true that the small savings scheme is now moribund. To some extent it is an inevitable aftermath of the post-war conditions. I am trying, however, to put life into it. I am now devising a scheme of saving certificates which, I hope will be more attractive to the small investor than the certificates that have so far been issued. I am recognizing the entire machinery of the small savings scheme and I am hoping that within the next three or four weeks I will be able to announce that scheme. The success of that scheme will depend entirely on the Co-operation of the Provincial Governments, and I might remind Honourable Members that each of us in his own way can contribute very substantially to the success of that scheme.

Speaking of small savings schemes, I must remind the House that all our schemes of development and expansion very largely depend upon the success of our future loan programmes. The budget of a modern Government, as I mentioned the other day, is not to be judged purely from the revenue and expenditure budget, but from the capital budget. It is comparatively easy to balance your budget or to produce a surplus. But as my Honourable friend, Pandit Kunru said, it is only when your economy is balanced that you can get satisfaction in the balanced nature of your budget. In fact we attach so much importance to produce a balanced budget because in its turn

[Shri R. K. Shanmukham Chetty]

It is an instrument to create a balanced economy and to cure a deficit economy. It was because I was so anxious to prepare the ground for rectifying the unbalance in our economy that I was so anxious to balance the budget. Having done that, I am hoping that the investor in this country will respond. In future the Indian investor must realize that in subscribing for Government loans, he is not merely investing his money with a view to earn some interest but he is doing a patriotic duty to his own National Government.

Only our middle-class investors take this view of Government loans, I. Si will not in the least be worried about any bullying or black-mailing attitude of any operators in the share market. After all, when you raise 150 or 200 crores, the greater part of it must come from people who are not professional speculators, but who are interested in investing their money in some safe security. And if only our people will realize their duties and responsibilities in this matter and co-operate in the Government borrowing programme, look forward to a period when we might have laid the foundations on which we can build the economy about which we dream.

Mr. Chairman: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the first day of April, 1948, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri K. Santhanam, Prof. N. G. Ranga, Shri Surendra Mohan Ghosh, Pandit Thakur Das Bhargava, Shri Roh Kumar Chaudhuri, Pandit Hriday Nath Kanuru, Mr. Hossain Imam, Shri Bihram Lal Sondhi, Shri Kharshed Lal, Shri Biswanath Das, Shrimati Amma Swaminadh, Mr. R. K. Sidha, Shri Mohan Lal Sukhona and the Mover, with instructions to report or before the 22nd March, 1948, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Friday the 20th March, 1948.