

Thursday
12th August, 1948

THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE) DEBATES
(PART I—QUESTIONS AND ANSWERS)

Official Report

VOLUME VI, 1948

(9th August to 31st August, 1948)

THIRD SESSION

of the

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)
1948



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CORRIGENDA

In the Constituent Assembly of India (Legislative) Debates (Part I—
Questions and Answers), Autumn Session, 1948:—

In Volume VI—

No. 3, dated the 11th August, 1948—

Page 10, in heading to Question No. 7, for "PEHABILITATION" read
"REHABILITATION".

Page 13, transfer line 9 between lines 5 and 6.

पृष्ठ १६, पंक्ति ११, "सैनो" के स्थान पर "सेवो" पढ़ें ।

पंक्ति २१, "वाक्य" के स्थान पर "वाक्या" पढ़ें ।

अन्तिम पंक्ति, "कि" के पश्चात् "कई" पढ़ें ।

Page 58, lines 2 and 3, for the words "FROM WAR SERVICE, PROVINCIAL
SERVICE, ETC." read "SERVICE FROM CERTAIN SERVICES AND
PROFESSIONS".

Page 66, insert the following in the beginning of the page,—

"Moghaleerai.—1. Shayam Bahadur, 2. Jagat Narayan Singh, 3. Ballabha Das
Agarwal, 4. Rai Sahab H. P. Verma, 5. M. L. Surendra Prasad Singh,
6. Iftikar Ahmed Mohamed Sultan Ansari, 7. Tek Narayan Lall, 8. Bird
and Co., 9. Bery Bros. Contract was given to Ballabhadas Agarwal."

No. 1, dated the 9th August, 1948—

Page 145, last line, insert "marketing" in the beginning of the line.

Page 157, line 19, for the first word read "fees".

No. 4, dated the 12th August, 1948—

Page 176, line 28, between "this" and "of" insert "time".

Page 196, line 8, for "status" read "statue".

Page 202, line 5, for "RECONSTITUTION" read "RECONSTRUCTION".

No. 5, dated the 18th August, 1948—

Page 227, in the heading to Question No. 178, for "ORGANISATION" read
"RE-ORGANISATION".

No. 7, dated the 17th August, 1948—

Page 299, in heading to Question No. 256, for "FRANCK" read
"FRENCH".

Page 311, in line 10 from bottom, delete "have"; in line 9 from bottom,
for "lent" read "but".

Page 312, line 7, for "on" read "in" and delete word "Government".

Page 325, line 17, for "294" read "270".

No. 8, dated the 18th August, 1948—

Page 389, transfer line 16 from bottom between lines 14 and 15 from bottom.

صفحہ ۳۶۱ - نیچے سے سطر ۹ - " " کے بجائے " " کو پڑھیں -

No. 9, dated the 20th August, 1948—

Page 371, line 24 from bottom, for "†Includes" read "††Includes" in statement appended to Question No. 351, in item (a), part (2), column 5, for "Rs. †1,01,400" read "†† Rs. 1,01,400".

Page 395, line 25 from bottom, read "applications were rejected?".

Page 308, in heading to Question No. 376, transfer "per capita" between the words "INCOME" and "IN INDIA".

No. 10, dated the 23rd August, 1948—

Page 443, item 8, against "Total" for "3,61,31" read "2,69,31".

Page 446, line 11 from bottom, for "recoganisation" read "re-organisation".

Page 449, line 5 from bottom, for "Nok" read "Now".

Page 450, insert a "†" mark in the beginning of last line and insert the following foot-note: "† Not printed in the day's debate. A copy has been placed in the Library of the House. --Ed. of Debates."

Page 451, under "Equipments and their approximate Prices" in Column 3, omit the words "Floor Space required."

Page 452, under "Estimate of Photo Process Section" in Column 4, for "£300979-0-0" read "£979-0-0".

صفحہ ۳۶۸ - سطر ۷ - " " کے بجائے " " پڑھیں -

No. 13, dated the 26th August, 1948 —

Page 480, in column 4, insert "prices" between "Ponk" and "after" in last line for "rices" read "Prices".

Page 489, against item 7(iii), in column 3, insert the figure "3,01,250".

Page 494, last line, between "in" and "Germany" omit "it".

पृष्ठ ५०३, पंक्ति ९, "तमास" के स्थान पर "तमाम" पढ़ें ।

No. 12, dated the 25th August, 1948 —

Page 520, line 6, for "there" read "these".

Page 528, for the existing line 5, read "installed at the Bela Road Power House in the year 1947. Three of them".

Page 534, for line 21 from bottom, read "478. *Shri H. V. Kamath Will the Honourable the Prime Minister be".

Page 537, before "WITHDRAWN", insert the figure "483 *".

No. 11, dated the 24th August, 1948—

صفحہ ۵۵۲ - آخری سطر - " " کے بعد " " رکھا گیا تھا " پڑھیں -

Page 554, omit line 7.

Page 576, line 3, for "fact, Sir, that the Maharaja of Baroda conferred" read "fact that the Privy Council of Baroda served an"; line 20 from bottom, for "Is it a fact that the Privy Council of Baroda served an" read "Is it a fact, Sir, that the Maharaja of Baroda conferred".

Page 580, in heading to Question No. 520, for "ports" read "Posts".
No. 14, dated the 28th August, 1948—

Page 601, line 18, for "wate" read "waste".

No. 15, dated the 30th August, 1948—

Page 628, line 26, for "ooms" read "Looms".

Page 648, in heading to Question No. 608, for "OCUREMENT" read "PROCUREMENT".

No. 16, dated the 31st August, 1948—

Page 697, line 16, for "665" read "668".

Page 705, in the top-most line, insert "FOR" between "TEST" and "RECRUITMENT"; in line 5 from bottom, for "200" read "290".

Page 706, in the top-most line, between "also" and "filled" insert "be".

In Volume VII—

No. 1, dated the 1st September, 1948—

Page 714, for "lthing" read "lighting".

Page 716, line 10, for "It is" read "Is it".

Page 726, line 2, insert "there" between "hours" and "have".

पृष्ठ ७३६, पंक्ति ८ "मिलता" के स्थान पर "मिलसा" पढ़ें।

Page 742, last line of statement, for "are" read "area".

Page 761, in the heading to Question No. 8, for "STATWITH" read "STATIONS WITH".

No. 2, dated the 2nd September, 1948—

Page 794, line 13 from bottom, for "manufacturers" read "manufactories".

No. 3, dated the 3rd September, 1948—

Page 876, line 18, for "scripture" read "sculpture".

Page 879, in top-most line, omit "Participation of".

Page 884, in Chapter I of the Notification in Sub-Clause (ii) of Clause 2, between "District court" and "the court of" insert "means".

No. 4, dated the 4th September, 1948—

Page 919, in last column of statement, for "14, 47, 40" read "14, 47, 496".

Page 924, line 28, for "367" read "867".

Page 926, line 14, against "Trucks" insert "7556".

Page 949, line 22 from bottom, for "Agri" read "Agriculture be pleased to state".

CORRIGENDA

to

The Index to the Constituent Assembly of India (Legislative) Debates, Part I, Volumes VI and VII, 1948 (9th August to 7th September, 1948).

- Page 16, under "BRUSSELS—", in line 2, for "91-92" read "191-92".
- Page 19, after the last line insert new line "Strategic roads in Assam. 254".
- Page 46, last line, insert "Question re" in the beginning.
- Page 47, under "HOUSE(S)—", in line 7, for "owing" read "owning".
- Page 51, under "INTER-TERRITORIAL ORGANISATION—", in line one, for "39" read "391".
- Page 53, line 30, for "MA-E-HIND—" read "JAMIAT-UL-ULEMA-E-HIND—".
- Page 62, under "MACHINERY (IES)—", in line 3, for "71" read "718".
- Page 69, line 9, for "37-0" read "379-80" and in line 17, for "89" read "896".
- Page 71, under "NOTICE(S)—", in line one, for "52" read "252".
- Page 73, line 4, in the beginning, for "States" read "Status".
- Page 80, under "PROVINCE(S)—", in line 12, for "65" read "655".
- Page 90, under "RAO, SHRI KALLUR SUBBA—", in first line, for "Declaration" read "Declaration".
- Page 95, insert "23-24" at the end of last line.
- Page 98, under "ROBBERY(IES)—", in line 3, for "murbers" read "murders".

DOMINION LEGISLATURE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

The Speaker

The Honourable Mr. G. V. Mavalankar.

The Deputy Speaker

Shri M. Ananthasayanam Ayyangar, M.C.A.

Panel of Chairmen

Mr. Hossain Imam, M. C. A.

Pandit Thakur Das Bhargava, M. C. A.

Shri K. Santhanam, M. C. A.

Shrimati Ammu Swaminadhan, M. C. A.

Secretary

Mr. M. N. Kaul, Barrister-at-Law.

Assistants of the Secretary

Mr. A. J. M. Atkinson.

Mr. N. C. Nandi.

Mr. C. V. Narayana Rao.

Committee on Petitions

Mr. Hossain Imam, M. C. A.

Shri K. Santhanam, M. C. A.

Mr. R. K. Sidhva, M. C. A.

Shrimati Dakshayani Velayudhan, M. C. A.

Shri B. Das, M. C. A.

GOVERNMENT OF INDIA

MEMBERS OF THE CABINET

- The Honourable Pandit Jawaharlal Nehru—Prime Minister and Minister for External Affairs and Commonwealth Relations.
- The Honourable Sardar Vallabhbhai J. Patel—Deputy Prime Minister and Minister for Home, Information and Broadcasting and the States.
- The Honourable Maulana Abul Kalam Azad—Minister for Education.
- The Honourable Dr. John Matthai—Minister for Railways and Transport.
- The Honourable Sardar Baldev Singh—Minister for Defence.
- The Honourable Shri Jagjivan Ram—Minister for Labour.
- The Honourable Mr. Rafi Ahmed Kidwai—Minister for Communications.
- The Honourable Rajkumari Amrit Kaur—Minister for Health.
- The Honourable Dr. B. R. Ambedkar—Minister for Law.
- The Honourable Mr. R. K. Shanmukham Chetty—Minister for Finance.
- The Honourable Dr. Syama Prasad Mookerjee—Minister for Industry and Supply.
- The Honourable Shri N. V. Gadgil—Minister for Works, Mines and Power.
- The Honourable Shri K. C. Neogy—Minister for Commerce.
- The Honourable Shri N. Gopalaswami Ayyangar—Minister without Portfolio.
- The Honourable Shri Jairamdas Doulatram—Minister for Food and Agriculture.

MINISTER NOT IN THE CABINET

- The Honourable Shri Mohan Lal Saksena—Minister for Relief and Rehabilitation.

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

DEBATES

(PART I—QUESTIONS AND ANSWERS)

Thursday, 12th August, 1948.

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

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

GOVERNMENT OF INDIA OFFICES IN SIMLA AND BUILDINGS LENT TO EAST PUNJAB GOVERNMENT

142. *Mr. R. K. Sidhva: (a) Will the Honourable Minister of Works, Mines and Power be pleased to state how many buildings belonging to the Government of India in Simla have been lent to the Government of East Punjab for administration purposes?

(b) Are those buildings taken on rent by the Government of East Punjab?

(c) What offices of the Government of India are located in Simla?

The Honourable Shri N. V. Gadgil: (a) I place on the table a statement (No. I) containing the required information.

(b) The answer is in the affirmative.

(c) A statement (No. II) containing the information is laid on the table of the House.

Statement I

THE ACCOMMODATION PLACED AT THE DISPOSAL OF EAST PUNJAB GOVERNMENT IN SIMLA

I. RESIDENTIAL ACCOMMODATION

(a) Houses for officers drawing Rs. 600 or more per mensem	77
(b) Houses for officers drawing less than Rs. 600 per mensem	103
Total	180

II. OFFICE ACCOMMODATION

(a) In G. H. Q. buildings	82,748 s.ft.
(b) In Civil Offices buildings	21,428 s.ft.
Total	104,176 s.ft.

Statement II

CENTRAL GOVERNMENT OFFICES (CIVIL) LOCATED AT SIMLA

1. Auditor General.
2. Director General of Archaeology. (part.)
3. Director General, Posts and Telegraphs. (part.)
4. Education Ministry (Statistical Unit).
5. Home Ministry (Godown, etc.).
6. Economic Adviser. (part.)
7. Ministry of Industries and Supplies. (Director of Industrial Statistics.)
8. Finance Ministry. (part.)
9. Inspectors of Customs and Central Excise.

10. Ministry of Law. (part.)
11. National Savings Central Bureau.
12. Newprint Controller's Office.
13. Accountant General, Post and Telegraphs.
14. Ministry of Communications (Railway Inspectorate).
15. Monitoring Office. (All India Radio.)
16. District Employment Office. (Ministry of Labour.)
17. Central Electricity Commission.
18. Central Board of Irrigation.
19. Director of Labour Bureau.
20. Ministry of Information and Broadcasting. (part.)
21. Railway Board. (part.)
22. Commerce Ministry. (part.)
23. Director of Railway Audit.
24. Estate Office. (One Section.)
25. Superintendent of Insurance. (Commerce Ministry.)
26. Controller of Printing and Stationery. (part.)
27. Electrical Commissioner with the Government of India.
28. Director General Health Services. (part.)
29. Intelligence Bureau. (part.)
30. Regional Food Commissioner.
31. Regional Director of Resettlement and Employment.
32. Incometax Officer.
33. Executive Engineer, Central Public Works Department.
34. Salt Controller. (Ministry of Industry and Supply.)
35. Regional Commissioner. (East Punjab States.)

Mr. Tajamul Husain: May I know the reason why the Legislative Session is not held at Simla during this of the year?

Mr. Speaker: That question does not arise.

HOUSES AND SHOPS FOR REFUGEES IN DELHI

143. *Mr. R. K. Sidhva: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the number of houses so far built and occupied by refugees in Delhi and New Delhi;

(b) the number of plots given to refugees to build houses at their own cost;

(c) the number of *kutchha* structures used as shops in Delhi and New Delhi; and

(d) the approximate number of refugees who have no houses to live in?

The Honourable Shri Mohan Lal Saksena: (a) Nearly 500.

(b) No allotment has so far been made. The last day for receipt of applications was 31st July, 1948. The applications are being considered and allotments are expected to be made shortly.

(c) No *kutchha* structures have been set up. About 4,000 *pucca* stalls have been built in New Delhi and Old Delhi. Besides these a large number of wooden stalls have been put up.

(d) The information is being collected and will be laid on the table in due course.

Mr. R. K. Sidhva: As regards part (b), may I know whether any applications from co-operative societies have been received for building houses?

The Honourable Shri Mohan Lal Saksena: Several applications have been received from co-operative societies. But in view of the fact that there is shortage of land and there are more applicants, the decision is that allotment should be made to individual applicants.

Mr. R. K. Sidhva: What would be the terms and conditions for giving plots to the co-operative societies?

The Honourable Shri Mohan Lal Saksena: I have already said that we are not for the present giving any plots to the co-operative societies; we are giving plots to individuals.

Mr. R. K. Sidhva: When they are to be given, I want to know what will be the condition?

The Honourable Shri Mohan Lal Saksena: The question is hypothetical.

Shri B. Shiva Rao: Is the Honourable Minister aware that there are difficulties in the way of registering these co-operative societies in Delhi?

The Honourable Shri Mohan Lal Saksena: I am aware, and I have taken steps to see that registration is expedited.

Shri Mihir Lal Chattopadhyay: May I know whether houses are meant for refugees from West Punjab alone or for those from East Bengal as well?

The Honourable Shri Mohan Lal Saksena: As a matter of fact, the honourable member must have seen in the Press note that certain percentages have been fixed up for refugees from different areas. Out of them ten per cent. are reserved for allotment at the discretion of the Minister to cover those cases which do not come within the boundaries of this announcement. So, if there are any applicants from East Bengal their applications will also be considered.

Pandit Balkrishna Sharma: May I know if the plots that are being allotted to the refugees are given on a system of lease, or are they being given freehold?

The Honourable Shri Mohan Lal Saksena: They are being given on a system of lease.

Shri Mohan Lal Gautam: Will the co-operative societies get preference, or individuals?

The Honourable Shri Mohan Lal Saksena: I have already stated that the co-operative societies are not going to get any leases. Leases will be issued in the name of individuals. But when co-operative societies will be required to build, members of the same co-operative society will be allotted contiguous plots so that they may have facilities in putting up buildings.

Dr. B. Pattabhi Sitaramayya: May I know what exactly is the position of the houses built by the refugees, without permission, on Government sites in Karolbagh, and whether they are allowed to enjoy those houses?

The Honourable Shri Mohan Lal Saksena: The position of unauthorised construction is this, that they are liable to demolition because they have been put up on Improvement Trust or municipal land without permission, and without obtaining permission from the Building Committees of the Municipal Boards. But arrangement has been made that the act of demolition may be postponed for three years and in the meantime they may be allowed to remain there as lessees and the buildings will be forfeited to the Government.

Shri Ajit Prasad Jain: What is the number of houses which the Government propose to construct, and what steps are being taken to construct the remaining houses?

The Honourable Shri Mohan Lal Saksena: For the present, the Government propose to build 3,200 *pucca* houses and 2,000 *kutchha* houses. As regards other houses plots are being leased out to individuals.

Dr. B. Pattabhi Sitaramayya: Will the Honourable Minister be so good as to consider in the meantime some feasible means of retaining those houses according to terms that may be agreed upon instead of demolishing the houses built by their own hands?

The Honourable Shri Mohan Lal Saksena: I think the honourable member did not hear the answer that I gave. I said that arrangement has been made that demolition would be postponed for three years and that in the meantime these persons will be allowed to remain in these houses.

Mr. Tajamul Husain: May I know the number of refugees' houses and shops that are on the pavements, footpaths and on the main roads?

The Honourable Shri Mohan Lal Saksena: Well, it is difficult to give the number, but the honourable member must have seen himself that there are so many persons sitting on the footpaths; some of them are there for a day and leave the place; so, it is not possible to give the exact number.

Babu Ramnarayan Singh: What is the approximate time necessary to properly accommodate all the refugees in Delhi?

The Honourable Shri Mohan Lal Saksena: Well, it is difficult to say whether it will be possible to accommodate all the refugees in Delhi because there are five lakhs of them. But about one lakh of refugees have been accommodated in houses of Muslim evacuees and other houses. We are also making provision for another lakh of people by building houses and by leasing out plots.

Seth Govind Das: Has it been decided to demolish those houses, which had been built without permission, after three years or will it be decided after three years whether those houses will be demolished or some of them which are in good condition will be kept?

The Honourable Shri Mohan Lal Saksena: As I said, those houses are liable to demolition and they should have been demolished because some of them have been built on other persons' lands. So, it is a concession that they are allowed to remain there. But after three years surely they will be demolished because we have got definite plans to build houses on those areas.

Mr. R. K. Sidhva: In answer to part (c) of the question it was stated that 4,000 shops have been built. May I know whether all have been allotted and whether there is any difficulty in asking those people to go there?

The Honourable Shri Mohan Lal Saksena: Most of these shops have been allotted. There is some difficulty in persuading the shopkeepers to go there because they feel that if they are in the Connaught Place or on the footpaths, they will attract a bigger custom than when they are shifted to the shops constructed for them.

DRAFT-BILL ON CITIZENSHIP RIGHTS OF INDIANS IN CEYLON

144. ***Mr. R. K. Sidhva:** (a) Will the Honourable the Prime Minister be pleased to state whether Government have received from the Ceylon Government a draft Bill relating to the Indian Residents' Citizenship?

(b) If so, have Government made any suggestions for improvement of the provisions of the Bill?

(c) Out of a population of seven lakhs of Indians in Ceylon how many will receive the benefit of citizenship rights under the proposed Bill?

(d) Has the Bill been circulated by the Ceylon Government to the Indian residents in Ceylon for expression of their opinion?

(e) If so, what are their recommendations?

(f) Before accepting the proposals of the Bill do Government propose to ascertain through their High Commissioner in Ceylon the views of the principal Indian Organisations in Ceylon?

The Honourable P. M. Jawaharlal Nehru: (a) Yes

(b) Yes.

(c) No estimate is available.

(d) No. The Bill has not yet been published.

(e) Does not arise.

(f) Yes. Government are aware of the views of the representative Indian organisations in Ceylon and have conferred with their representatives from time to time.

Seth Govind Das: Though the Bill has not yet been published, has the Government received any outline of this Bill from our High Commissioner in Ceylon?

The Honourable Pandit Jawaharlal Nehru: Yes, not only from our High Commissioner but from the Government of Ceylon.

Mr. Tajamul Husain: May I know whether the Indian residents in Ceylon are Indian citizens or citizens of Ceylon?

The Honourable Pandit Jawaharlal Nehru: That matter will be decided after they have had the chance to decide it.

Prof. N. G. Ranga: Do these Bills seek to make a distinction at all between those Indians whose ancestors had been in Ceylon for generations and those who have gone there as traders and workers on the plantations?

The Honourable Pandit Jawaharlal Nehru: Obviously some kind of a definition has to be laid down as to who is to be considered a Ceylonese citizen provided he wants to become so. I cannot go into those details. The honourable member referred to those whose ancestors had been there for generations. Normally there is a time-limit, whatever the time-limit may be. Presumably some such thing will be laid there too. There are some differences of opinion in regard to this matter between the Ceylon Government's approach and the approach of the Indian organisations there and we have been discussing this matter. There are in fact two Bills. One is this Indian Residents' Citizenship Bill which has not yet seen the light of day—it has not been published. The other is a Ceylon Citizenship Bill—not for Indians alone but for others as well. That has been presented to Parliament. We pointed out to the Ceylon Government that the passing of the Ceylon Citizenship Bill may affect the other Bill which has not yet been put before Parliament. And we have asked them when that is likely to be put up. The House will appreciate that when we are dealing with the Ceylon Government it is a little difficult for us to go into detail and point out what our contentions are and what our objections are.

Prof. N. G. Ranga: May I know what proportion of Ceylon's population is Indian?

The Honourable Pandit Jawaharlal Nehru: I really cannot say offhand what the proportion is, but it may be ten per cent. or something like that.

Shri B. Das: Are Government carrying on negotiations about these seven to eight lakhs of Indian labour who live as a floating population in Ceylon under nomadic conditions, having no houses; will they be enfranchised as Indians or as Ceylonese citizens?

The Honourable Pandit Jawaharlal Nehru: Will the honourable member kindly repeat the question?

Shri B. Das: What steps are being taken about these seven to eight lakhs of floating Indian population in Ceylon who live almost a nomadic life in the various plantations and whose names are not registered by the Ceylonese Government as Indian labour?

The Honourable Pandit Jawaharlal Nehru: I really do not understand who these seven to eight lakhs of people are who are not registered as Indian labour—where they live exactly and who they are.

Shri B. Das: They are the Indian labour who are living almost under nomadic conditions in the various plantations there.

The Honourable Pandit Jawaharlal Nehru: I have not heard of that. If the honourable member will kindly send the information to me I will inquire.

Shri B. Das: May I just inform the Honourable the Prime Minister.....

Mr. Speaker: He may inform him on some other occasion.

Shri B. Das: Our former High Commissioner in Ceylon, Mr. Aney, told us that there are eight lakhs of labour who are not to be found anywhere in the Register—either of Ceylon or India.....

Mr. Speaker: Order, order. Next question.

SMUGGLING OF ARMS AND AMMUNITION INTO HYDERABAD THROUGH PORTUGUESE POSSESSIONS

145. ***Mr. R. K. Sidhya:** (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that reports have been received by the Government of India that Nizam's Government is smuggling arms and ammunition from Portuguese Goa, Diu or Daman?

(b) If so, what action have Government taken to stop such smuggling? Has any protest been lodged with the Portuguese Government?

(c) If not, have Government made any attempt to investigate these reports made from time to time both in the press and by the public?

(d) Is it a fact that arms etc. are imported direct from foreign countries by the Nizam surreptitiously?

The Honourable Pandit Jawaharlal Nehru: (a) to (d). Government have been receiving reports from time to time of the smuggling of arms and ammunition into Hyderabad. They have been able to impose a close watch on smuggling across the land frontier and have detected many cases in which appropriate action has been taken. Our enquiries, however, have not confirmed the reports that these activities are being routed *via* the Portuguese territories of Goa, Damun or Diu. The Portuguese Government have also categorically denied that any arms and ammunition were to their knowledge being sent to Hyderabad. Government have however taken such diplomatic action as was possible to prevent such activities.

Mr. R. K. Sidhya: Is it not a fact that the Vigilance Department of the Government of India at the Customs barrier at Castle Rock near Goa have stated that arms are smuggled from Goa to Hyderabad?

The Honourable Pandit Jawaharlal Nehru: I do not know what their report is. Possibly the Ministry dealing with that Department might be able to give an answer to that. There is no doubt that attempts have been made of petty smuggling, and many have been caught. But the point is not whether there has been such smuggling but whether the quantity of the smuggling has been on a big scale and whether it has been supported or encouraged by the Government there.

Shri Gopikrishna Vijayavargiya: In view of the danger of these foreign settlements in India, is there any move to negotiate the incorporation of these settlements in India?

Mr. Speaker: The question does not arise out of this.

Shri H. V. Kamath: What measures have been adopted by Government to prevent aerial gun-running and similar other activities of air pirates?

The Honourable Pandit Jawaharlal Nehru: The honourable member would hardly expect me to enlighten him on this point.

Shri H. V. Kamath: Is our radar apparatus adequate and our anti-air craft defence sufficient?

The Honourable Pandit Jawaharlal Nehru: The honourable member would hardly expect me to enlighten him on this point too.

Shri M. Tirumala Rao: Have Government any information in their possession whether the port of Goa is being used by the Nizam to import arms clandestinely?

The Honourable Pandit Jawaharlal Nehru: We have no specific information.

Mr. Tajamul Husain: Do Government realize that the French, Portuguese and Dutch possessions in India are as much a danger to the Indian Union as independent Hyderabad, and if the answer is in the affirmative.....

Mr. Speaker: The question does not arise.

Mr. Tajamul Husain: Let me finish.

Mr. Speaker: Even without his finishing the question, I see that it does not arise.

Mr. Tajamul Husain: After you have heard my question.....

Mr. Speaker: I have heard sufficient. The honourable member need not argue.

REGISTRATION OF INDIAN COMPANIES IN PAKISTAN AND INTERESTS OF INDIANS THEREIN

146. ***Mr. R. K. Sidhva:** (a) Will the Honourable Minister of Commerce be pleased to state whether the Pakistan Government have called upon all branches of Companies in Pakistan registered under the Indian Companies Act and Indian Insurance Act to close down until they register themselves under the Pakistan Government Acts?

(b) If so, what will be the effect on nationals of India who have a stake in such concerns?

(c) In what respects will the interests of the Insured of the Life Insurance Cos. who subsequent to 15th August migrated to India, be safeguarded?

(d) Have the Pakistan Government asked all companies incorporated under the Indian Companies Act and Insurance Act to give a detailed statement of shares held by Non-Muslims in such companies?

(e) Is it a fact that they have issued instructions not to pay dividends accrued thereon to non-Muslims?

(f) Is it a fact that such an order is contrary to the Inter Dominion Agreement? If so, what steps have Government taken in this direction?

The Honourable Shri K. O. Neogy: (a) and (d). The requisite information has been called for from our High Commissioner in Karachi and will be laid on the table of the House when received. No representation, however, appears to have been received by Government from Companies registered under the Indian Companies Act, or the Indian Insurance Act, about directives of the nature referred to by the Hon'ble Member.

(b) This will be considered on receipt of the High Commissioner's report.

(c) No problem arises where insurance was placed with Indian Companies or Pakistan Companies having branches in India, since such Companies continue to be governed by the Indian Insurance Act. If, however, insurance was

effected with Companies whose registered offices are now situate in Pakistan and which no longer transact any business in India, the statutory deposit made under the Insurance Act of undivided India, which is now held by this Government, will afford security to the policyholders.

(e) Instructions were issued by the West Punjab Government to the effect that shares held by non-muslims in companies which had their registered offices in West Punjab were evacuee property, and that they vested in the Custodian of Evacuee Property and that any dividend accruing thereon should not be paid.

(f) The reply to the first part is in the affirmative. As regards the second part, a protest was lodged with the Pakistan Government who have replied that there was no intention of disallowing transfer of such shares and that the evacuees intending such transfer should apply to the Custodian of Evacuee Property. They have also stated that no restrictions would be placed either on the payment or the transmission of dividends on shares belonging to non-muslims in companies in Pakistan.

Shri T. T. Krishnamachari: Arising out of the answer to part (a), will the Honourable Minister please state whether any Indian insurance company has registered itself with the Pakistan Government?

The Honourable Shri K. C. Neogy: As far as I remember, none so far. As a matter of fact there are certain points in controversy between the Government of India and the Pakistan Government as regards certain provisions of the Insurance Act as it applies to insurance companies registered in India but operating in Pakistan through their branches.

Shri T. T. Krishnamachari: Is the Honourable Minister aware if the New India Insurance Company has been conducting negotiations with the Pakistan Government and has come to some arrangement?

The Honourable Shri K. C. Neogy: I understand that the New India Insurance Company takes a somewhat different view from that which is held by the other Insurance Companies as regards the fulfilment of the conditions that have been laid down by the Pakistan Government in this matter. But as far as I am aware, the New India Insurance Company is fully seized of the difficulties of the situation and they would be acting in concert with other Insurance Companies. I may add that just a week ago we had a meeting of the Insurance Advisory Committee here in Delhi, at which representatives of various Insurance Companies including the representatives of the New India Insurance Company, were present. That meeting discussed the terms that have now been offered by Pakistan Government to the Insurance Companies registered in India and as a result of these discussions the Government of India have been authorised to carry on further negotiations with Pakistan Government.

Shri M. Tirumala Rao: Are there any Insurance Companies in India registered in Pakistan and carrying on their business through their Branches in the Indian Union?

The Honourable Shri K. C. Neogy: I do not yet know, but as far as I recollect, the registered Head Office of one Insurance Company has been removed to Pakistan of late.

Shri T. T. Krishnamachari: Is it the intention of the Honourable Minister to definitely lay an embargo on any Indian Insurance Company conducting negotiations with Pakistan Government?

The Honourable Shri K. C. Neogy: I do not know to what extent we are entitled to within the law to place a formal embargo upon any informal negotiations that may be taking place, but as I said, if there is any instance in which a particular Insurance Company finds it possible to agree to the terms as offered by the Pakistan Government, it is open to it to find out informally how far it can accept those terms. This particular Insurance Company which my honourable friend has mentioned is a party to the meeting that was held a week ago and where it was decided not to accept the terms which Pakistan Government have offered but to negotiate for better terms.

MONTHLY EXPENDITURE ON AND WORK DONE BY EMPLOYMENT EXCHANGES

147. *R. B. Lala Raj Kanwar: Will the Honourable Minister of Labour be pleased to state:

(a) the names of Employment Exchanges with their location in the country;
 (b) the total number of persons who got themselves registered with the Employment Exchanges till 30th June 1948;

(c) the total number of persons out of those registered who got employment; and

(d) the total monthly expenditure of all Employment Exchanges?

The Honourable Shri Jagjivan Ram: (a) A statement showing all the fifty four Employment Exchanges in the country with the area covered by each Exchange is laid on the table.

(b) and (c). The total number of registrations effected at Employment Exchanges from the inception of the scheme of Resettlement and Employment upto the 30th June, 1948 is 16,48,445 and the total number of placements is 3,98,824.

(d) The total monthly expenditure on all Employment Exchanges is approximately Rs. 2,80,000. There has been an increase in the monthly expenditure due to work of finding employment for displaced persons from Pakistan, which our Employment Exchanges have undertaken.

Statement

Employment Exchanges have been established in the following localities.

	Area Covered	
	Administrative District	Indian State Areas
Assam—		
Jorhat.	Balipara Frontier Tract, Darang, Lakhimpur, Naga Hills, Nowgong, Sadiya Frontier Tracts, Sibsagar and Tirap Frontier Tracts.	Manipur
Shillong	Cachar, Garo Hills, Goalpara, Kamrup, Khasi and Jaintia Hills and Lushai Hills.	Tripura.
Bihar and Orissa—		
Cuttack	Orissa Province (including the Districts of Balasore, Cuttack, Ganjam, Kurapet, Puri and Sambalpur).	Athgarh, Athmalik, Bamra, Baramba, Baudh, Bona, Daspalla, Dheukanal-Gangpur, Haldol, Kalahandi, Keonjhar, Khandpura, Kharwan, Narsinghpur, Nayagarh, Nilgiri, Pal, Lohara, Patna, Raikhol, Rangpur, Sonapur, Talchar and Tigiria.

Area Covered

		Administrative District	Indian State Areas
Dhanbad		Hazaribagh, Manbhoom and Santhal Parganas.	...
Jamshedpur		Ranchi and Singhbhum.	Seraikela.
Muzaffarpur		Champanan, Darbhanga, Muzaffarpur, North Bhagalpur, Purnia and Saran.	
*Patna		Gaya, Monghyr, Palamau, Patna, Shahabad and South Bhagalpur.	
<i>Bombay—</i>			
Ahmedabad		Ahmedabd, Kaira and Pan-ohmahals;	...
*Bombay		Colaba and Ratnagiri.	...
Bombay (Dookyard)
Hubli		Belgaun, Dharwar and North Kanara.	Raindurg.
Jalgaon		East Khandesh, Nasik and West Khandesh.	
Parel (Bombay)		Bombay City and Suburbs and Thana.	
Poona		Ahmednagar, Poona and Satara	Behor, Janjira and Phaltan.
Sholapur		Bijapur and Sholapur	Akalkot
Surat		Broach and Surat	Bansda, Dharampur, Jawhar and Sachin.
<i>Central Provinces and Berar—</i>			
Amraoti		Akola, Amraoti, Buldana and Yeotmal.	
Jubbulpore		Balaghat, Hoshangabad, Jubbulpore, Mandla, Nimar and Saugor.	Makrai and Pathari.
*Nagpur		Betul, Bhandara, Chanda, Chhindwara, Nagpur and Wardha	Alirajpur, Barwani, Dewas (Senior), Dewas (Junior), Dhar, Indore, Jaora, Jhabus, Ratlam, Sailana and Sitamau.
Raipur		Baster (Comprising of areas formerly covered by Baster and Kanker States), Bilaspur, Drug (including areas formerly covered by Chhnikhadan, Kawardha, Khairagarh and Nandgaon States) Raigarh, (comprising of areas formerly covered by Jashpur, Raigarh, Sakti, Sarangarh and Udaipur States), Raipur and Surguja (comprising of areas formerly covered by Changbhakar, Kora and Surguja States).	...
<i>Delhi and Ajmer-Merwara—</i>			
Ajmer		Ajmer-Merwara Province.	Banswara, Bundi, Danta, Dangarpur, Jaisalmer, Jhalawar, Karauli, Kishengarh, Kotah, Lawa, Palanpur, Pratabgarh, Shahpura, Sirohi and Tonk.
*Delhi		Delhi Province	...
*Ambala		Ambala	Baghal, Baghat, Balson, Bashaahr, Bhajji, Bija, Bilaspur, Darkota, Dhani, Jubbal, Kalsia Keonthal, Kumarsain, Kunihar, Kuthar, Mahlog, Nabha, Nala-garh, Sangri, Sirmur (Nahan), Suket and Tharoch
Amritsar		Amritsar and portion of Kasur Tehsil included in the Province of East Punjab.	...

Area Covered

	Administrative District	Indian State Areas
Dharamsala . . .	Kangra	Chamba.
Ferozepore . . .	Ferozepore	Faridkot.
Jullundur . . .	Jullundur	Malerkotla.
Rohtak	Rohtak	Dujana, Jind, Loharu and Pataudi.

Madras and Coorg—

Anantapur . . .	Anantapur	Banganapalle and Sandur
Calicut	Coorg and Malabar
Coimbatore . . .	Coimbatore and Nilgiris
*Madras	Madras
Madras (Sub-Regional)†		
Madura	Madura
Trichinopoly . . .	Trichinopoly	Pudukottah
Vellore	North Arcot
Vijayawada . . .	Kistna
Vizagapatam . . .	Vizagapatam

United Provinces—

Agra	Agra, Aligarh, Etah, Mainpuri and Mathura.	Dholpur.
Allahabad . . .	Allahabad, Banaras, Fatehpur, Jaunpur, Mirzapur and Pratapgarh.	Ajaigadh, Baoni (Kadavra), Barundha, Banaras, Beri, Jaso, Kothi, Naihar, Negod, Panna and Sohawal.
Almora	Almora and Nainital	
Bareilly	Bareilly, Bijnor, Budaun, Moradabad, Pilibhit and Shahjahanpur.	
Gorokhpur . . .	Azamgarh, Bahraich, Ballia, Basti, Ghazipur, Gonda and Gorakhpur.	
Jhansi	Banda, Hamirpur, Jalaun and Jhansi.	Alipura, Banka Pathari, Bhaiondha, Bihat, Bijawar, Bijna, Charkhari, Chattarpur, Datia, Dhurwai, Garrauli, Gavrihar, Jigni, Kanta, Ram aua, Lugasi, Naigaon, Rebai, Orohha, (Tikamgarh), Pahro, Paldeo, Samthar, Sarila, Tarson and Tori Fatehpur, Kilchipur and Nursinghar.
*Kanpur	Etawah, Farukhabad and Kanpur.	...
Lansdowne . . .	Garhwal	Tehri Garhwal.
Lucknow	Barabanki, Faizabad, Hardoi, Khari, Lucknow, Rai Bareilly, Sitapur, Sultanpur and Unnao.	
Meerut	Bulandshahar, Dehra Dm, Meerut, Muzaffarnagar and Sharanpur.	

West Bengal—

Asansol	Bankura, Birbhoon and Burdwan.
Barrackpore . . .	Baraset, Barrackpore and Bongaon Sub-Divisions of 24 Parganas District and Murshidabad and Nabadwip Districts.

Area Covered

	Administrative District	Indian State Areas
*Calcutta	Calcutta Corporation area (including Alipore but excluding portion west of Diamond Harbour Road).	...
Darjeeling	Darjeeling, Jalpaiguri, Nalda and West Dinajpur districts also cooch-Bihar State, and Sikkam.	...
Howrah	Hoogli, Howrah and Midnapur.	...
Kidderpore	Portion of Calcutta corporation Area west of Diamond Harbour Road and 24 Parganas district (excluding the Baraset, Barrackpore and Bongaon Sub-Divisions).	...

NOTE.—*Indicates Regional Employment Exchange.

† Regional and Sub-Regional Employment Exchanges have been amalgamated as an experiment for six months.

R. B. Lala Raj Kanwar: May I enquire whether the Government have formulated any specific proposal or plan to secure employment for the unemployed, whose number is very large?

The Honourable Shri Jagjivan Ram: So far as these Employment Exchanges are concerned, they tap the existing sources of employment and forward the names of employment-seekers to the employers.

Prof. N. G. Ranga: How many of these refugees have been found employment?

The Honourable Shri Jagjivan Ram: The number of refugees registered and placed, included in the reply to part (b) and (c), is:

Registration—2,19,826,

Placements—46,621.

Prof. N. G. Ranga: Only one-fifths?

Shrimati Dakshayini Velayudhan: May I know the total number of officers and Assistants who are working in the Employment Exchanges?

The Honourable Shri Jagjivan Ram: I am not in a position to give an answer to that question off-hand, but I may refer the honourable lady member to a similar question which I replied in the last session of the Assembly.

Prof. N. G. Ranga: Has any effort been made to calculate the *per capita* expenditure on each of these people who have been found employment?

The Honourable Shri Jagjivan Ram: Well, Sir, we cannot judge the success of the Employment Exchanges only by calculating the *per capita* expenditure when this venture is a new experiment in this country and also when the Exchanges have not simply to concentrate on finding appointments but have to look to the Vocational Training, Technical Training and Apprenticeship Training, Trade testing and other works as well.

Babu Ramnarayan Singh: May I know whether this Department has branches all over the country?

The Honourable Shri Jagjivan Ram: Yes, Sir.

Prof. Shibban Lal Saksena: What steps have the Government taken to ensure that all vacancies in the Government Departments are notified to the Exchanges and are filled through them?

The Honourable Shri Jagjivan Ram: The Ministry of Home Affairs has issued a circular to all the employing Departments of the Government that they should notify their vacancies to the Employment Exchanges.

Shri Ajit Prasad Jain: Are refugees and others placed on a par in the matter of employment through Employment Exchanges or is any differentiation made between the two?

The Honourable Shri Jagjivan Ram: No differentiation is made, but in the Employment Exchanges in Delhi and East Punjab preference is given to the refugees.

Shri B. P. Jhunjhunwala: Do these Employment Exchanges get a report from the employers as to how the employees are working; if so, how many of the persons employed have been dismissed and how many are retained in service?

The Honourable Shri Jagjivan Ram: I am sorry to say that the response from the employers has not been very satisfactory in this respect. In spite of our repeated requests to them, they have not been willing to report on the working of the persons recommended by the Employment Exchanges to them.

Babu Ramnarayan Singh: May I know whether the Departments of the Provincial Government also approach Employment Exchanges for getting their vacancies filled?

The Honourable Shri Jagjivan Ram: In order to have better cooperation with the Provincial Governments, our Regional Directors of Employment Exchanges are *ex-officio* Deputy Secretaries or Joint Secretaries in the Labour Ministries of the Provincial Governments and we do expect that the Provincial Governments also notify their vacancies to the Employment Exchanges.

Pandit Balkrishna Sharma: May I know if the Government of India are thinking of bringing into existence any legislation whereby it can compel the employers to depend upon the Employment Exchanges started by the Central Government than recruit labour otherwise?

The Honourable Shri Jagjivan Ram: Sometimes I do feel that such legislation is necessary in view of the fact that we do not get so much co-operation from the employers and the industrialists as we may expect, but unless we develop our Employment Exchange Service fully, that legislation will be premature.

Babu Ramnarayan Singh: May I know whether the several Departments of the Government approach the Employment Exchanges for new recruits?

The Honourable Shri Jagjivan Ram: I have already answered that question.

Prof. Shibban Lal Saksena: Is the Honourable Minister aware that many Government Departments do not notify their vacancies to the Employment Exchange despite the Home Ministry's circular?

The Honourable Shri Jagjivan Ram: There may be certain cases like that.

Shri B. P. Jhunjhunwala: Is it a fact that most of the persons who had been employed through the Employment Exchanges had been dismissed and do these Employment Exchanges care to enquire, if they do not get any report from the employers, as to what has happened to those whom they employed?

The Honourable Shri Jagjivan Ram: The suggestion is not correct. Of course, a certain percentage of the persons placed by the Employment Exchanges have been dismissed by the employers, but the reason is not because they have been recommended by the Employment Exchanges their services were unsatisfactory, but the age-long tendency of the employing classes is also responsible for that.

Dr. P. S. Deshmukh: May I know if the expenditure on Employment Exchanges has been scrutinised by the Economy Committee?

The Honourable Shri Jagjivan Ram: It has been examined, but we have not so far received the report of the Economy Committee.

R. B. Lala Raj Kanwar: What is the position of the Federal Public Service Commission and the Provincial Service Commission *vis a vis* these Employment Exchanges?

The Honourable Shri Jagjivan Ram: Those appointments which are to be made through the Public Service Commissions are made through the Public Service Commissions. There, of course, the Employment Exchanges may advise some of the candidates whom they think are qualified and fulfil the conditions laid down by the Public Service Commission to apply to the Commission.

Shri Kallur Subba Rao: Will the Honourable Minister be pleased to state whether these employment exchanges have got any technical training centres to train these unemployed people for good service?

The Honourable Shri Jagjivan Ram: We have got a large number of vocational and technical training centres throughout the country.

RECOVERY OF INDIA'S SHARE OF REPARATIONS FROM GERMANY

148. *R. B. Lala Raj Kanwar: Will the Honourable Minister of Commerce be pleased to state with reference to the reply given to my starred question No. 228, asked on the 21st November, 1947, what further progress has been made in regard to the recovery of the share of reparations of this country from Germany?

The Honourable Shri K. O. Neogy: German plant and machinery of the total value of Reichs Marks 360,845 (about Rs. 2,67,293) were allocated to India against her category 'B' share during the period 1st October, 1947 to May, 1948. Full details of the allocations made thereafter are not yet available. The total allocations made to India upto May, 1948 amount to Reichs Marks 12,370,959 (about Rs. 91,63,227). Equipment of an aggregate value of Reichs Marks 5,645,475 (about Rs. 41,81,833) has already been received in India.

Against her category 'A' share, India has so far been allotted 1,513 tons of wheat under the U.S.S.R. Reciprocal Delivery Scheme.

Shri H. V. Kamath: Considering that in World War II India was declared a belligerent against the will of her people by an alien imperialist Government and considering further, that the Indian National Congress which is in power today was throughout opposed to or neutral as regards the war, does not Government propose to forego India's share of German reparations as a magnificent gesture to the German people?

The Honourable Shri K. O. Neogy: Sir, I am afraid I am not in a position to give any assurance to my honourable friend in this matter, but I would draw his attention to debate that took place in the Legislative Assembly on the 1st February, 1946, when my honourable friend, Mr. Ananthasayanam Ayyangar moved an adjournment motion, and he moved it as far as I recollect on behalf of the Congress Party, as it formed the Opposition in the Legislative Assembly in those days. I do not recollect his having taken up the attitude which my honourable friend has now taken up in regard to German reparations.

Shri H. V. Kamath: Will whichever Minister is competent to deal with this matter be pleased to answer my question?

Mr. Speaker: We shall pass on to the next question.

149. [WITHDRAWN]

STRENGTH OF STAFF AND ALLOTMENT OF ACCOMMODATION BY ESTATE OFFICE

150. *Shri B. Shiva Rao: Will the Honourable Minister of Works, Mines and Power be pleased to state:

- (a) the strength of the staff of the Estate Office in 1945 and 1948;
- (b) the number of bungalows and quarters under the control of the Estate Office; and
- (c) the principles upon which allotment is made and the rates of rent are computed?

The Honourable Shri N. V. Gadgil: (a) A statement containing the required information is placed on the table of the House.

(b) 18,578 in Delhi.

(c) Seniority based on the date of posting is the main criterion for allotment of accommodation. Similarly when an officer gets an increase in emoluments entitling him to a higher class of residence, his seniority for such higher class counts from the date of increase in his emoluments. A copy of the allotment rules is placed in the Library of the House for information. Rents are computed in accordance with the principles laid down in F.R. 45-A and F.R. 45-B and supplementary rules 318-335.

*Statement
showing the Strength of the Estate Office in 1945 and 1948.*

Nature of Posts	Strength of Posts as in	
	1945	1948
Officers	12	13
Ministerial posts	276	318
Class IV posts	144	161
Work charge posts	95	281

Prof. N. G. Ranga: Is it a fact that there has been considerable increases in the stream of complaints that have been coming into the Ministry against the manner in which these allotments have been made by the Estate Office in the recent past?

The Honourable Shri N. V. Gadgil: Complaints always come when a rigorous practice is enforced in compliance with the rules.

Prof. N. G. Ranga: Has any effort been made to examine whether there is anything wrong at all or whether everything is right in regard to the way in which the Estate Office has been working?

The Honourable Shri N. V. Gadgil: I do not claim infallibility, but fairly substantial compliance of the rule is observed.

Prof. N. G. Ranga: My question has not been answered. What I said was whether any effort was made to examine whether this office has been working properly in recent past.

The Honourable Shri N. V. Gadgil: Whenever a complaint is made, it is investigated by me personally.

Shri B. Shiva Rao: Is it not a fact that the Estate Officer has also under his control buildings belonging to the Government of India in places like Simla, Bombay and Calcutta?

The Honourable Shri N. V. Gadgil: It is true.

Shri B. Shiva Rao: Is the Honourable Minister satisfied that the staff is adequate for the requirements of the work?

The Honourable Shri N. V. Gadgil: The staff is fairly adequate and he will find from the information laid on the table there has been an increase in the staff from the one that was available in 1945.

Shri B. Shiva Rao: May I ask the Honourable Minister whether he has any intention of associating the Housing Committee of this Legislature with the Estate Officer as great dissatisfaction prevails at the present moment?

The Honourable Shri N. V. Gadgil: It is impossible to accept that proposition if the association is to extend to the allotment of all the houses, but so far as it concerns with the allotment of houses to the members of this Assembly, the Housing Committee is associated.

Shri L. Krishnaswami Bharathi: Are the Government aware that bungalows allotted for M.L.As. are given to non-M.L.As.?

The Honourable Shri N. V. Gadgil: On general principles that refugee officers have got a priority.

Shri L. Krishnaswami Bharathi: I am referring to the bungalows set apart for members of the Assembly being given to non-M.L.As.

The Honourable Shri N. V. Gadgil: That is done under the orders of the Government.

STAFF OF CENTRAL PUBLIC WORKS DEPARTMENT

151. ***Shri B. Shiva Rao:** Will the Honourable Minister of Works, Mines and Power be pleased to state the present strength of the staff of the Central Public Works Department and the terms and conditions of service in the Department?

The Honourable Shri N. V. Gadgil: The strength of the staff of the Central Public Works Department is as follows:

(a) Gazetted staff—205,

(b) Non-gazetted staff, including Class IV servants and work-charged staff—22,000.

The figures in respect of the non-gazetted staff are only approximate. It is not possible to furnish readily more accurate figures. Except in the case of the work-charged staff, whose terms and conditions of service are laid down in special orders issued by the Government of India, the terms and conditions of service of all other categories of staff in the Central Public Works Department are the same as those applicable generally to other Central Government employees. I shall be glad to furnish the honourable member with a copy of the orders regarding the terms and conditions of service of work-charged staff if he so desires.

Dr. P. S. Deshmukh: Has the Honourable Minister calculated the average number of hours each member of the staff works?

The Honourable Shri N. V. Gadgil: The question requires no answer.

Dr. P. S. Deshmukh: Is the Honourable Minister aware that there is a large proportion of the staff who have not a full day's work to do?

The Honourable Shri N. V. Gadgil: Well, I will take note of this question, Sir. That is all I can say at this stage.

ACTIVITIES OF INDO-PAKISTAN ISLAM LEAGUE OF LAHORE IN INDIA

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

(a) whether Government are aware of the existence of an Indo-Pakistan Islam League with its headquarters at Ferozepur Road, Lahore;

(b) whether Government are aware that the aforementioned League has as its objective "the lawful acquisition of Remaining Pakistan, the province of Delhi with Ajmer, U.P. and Behar, the City of Bombay, Berar etc.";

(c) whether it is a fact that the said League is carrying on propaganda in India and enrolling members thereto; and

(d) if so, the measures adopted by Government to combat such hostile activity?

The Honourable Pandit Jawaharlal Nehru: (a) Yes.

(b) This objective is stated on its forms.

(c) Some leaflets and enrolment forms sent by the League to India have come to Government's notice.

(d) Government have made a strong representation to the Government of Pakistan through the High Commissioner for India in Pakistan to put a stop to such propaganda and to take action against the Indo-Pakistan Islam League in terms of the Agreement reached between the Governments of India and Pakistan at Calcutta in April, 1948. Government also propose to take action in regard to any such activities in India.

Shri H. V. Kamath: Has the Prime Minister come across this particular leaflet issued by the Indo-Pakistan Islam League of Lahore, dated the 25th of April in which it says: "Most critical times are ahead of us Mussalmans in India? Hindu domination has taken the place of British domination after slavery for 200 years. Mahatma Gandhi's assassination has aggravated....."

Mr. Speaker: Does he propose to read the whole thing? The point which I wish to make out is that, if he desires that publicity should not be given to that kind of propaganda, it should not be read here.

Shri H. V. Kamath: My desire is to bring to the notice of the Prime Minister what propaganda is being carried by the Indo-Pakistan Islam League.

The Honourable Pandit Jawaharlal Nehru: I may inform the honourable member that I have seen that leaflet.

Shri H. V. Kamath: Has it come to the notice of the Prime Minister that the Home Minister of C.P. and Berar, Pandit Dwarka Prasad Mishra, in a broadcast on Monday last, said thus: "not content with the establishment of their homeland the Pakistanis were sending agents and spies to instigate Muslims in India"?

The Honourable Pandit Jawaharlal Nehru: The honourable member wants to know as to whether somebody's speech has been read by me. I do read newspapers, but I do not read them too carefully.

Shri H. V. Kamath: It is not somebody's, but some responsible Minister's speech.

GERMAN INDUSTRIAL EQUIPMENT ALLOCATED TO INDIA BY INTER-ALLIED REPARATION AGENCY, BRUSSELS

153. *Shri H. V. Kamath: Will the Honourable Minister of Commerce be pleased to refer to the answer given to my starred question No. 1806, asked on the 7th April, 1948, and state:

(a) the basis on which German reparations were allocated by the Inter-Allied Reparations Agency among the 15 member States at its Brussels Session on the 19th March, 1948; and

(b) the details of the industrial equipment which was allotted to India?

The Honourable Shri K. C. Neogy: (a) The allocations were made by the Agency on the basis of items actually 'bid' for by member countries and the allocations previously made to them. In making allocations the Agency had to take into account whether a particular country had overdrawn or underdrawn against its Category 'B' share, and also whether its need for a particular item was greater than that of any other claimant country.

(b) Industrial equipment of a total value of Reichs Marks 124,314 (about Rs. 92,084) was allocated to India. Details of the items actually allocated are not yet available.

REHABILITATION OF EAST BENGAL REFUGEES IN COOCH-BEHAR AND TRIPURA

154. *Shri Arun Chandra Guha: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the approximate number of refugees in the States of Cooch-Bihar and Tripura from East Bengal;

(b) whether these two States have been asked by the Government of India to arrange for the relief and rehabilitation of these refugees; and

(c) whether the authorities of these two States have taken any steps for the relief and rehabilitation of these refugees?

The Honourable Shri Mohan Lal Saksena: (a) (i) Cooch-Bihar—15,050.

(ii) Tripura—1,00,000.

(b) Only Provinces and important States were addressed by the Government of India to arrange for relief and rehabilitation of refugees from West Pakistan. These States have now been addressed to arrange for relief and rehabilitation of refugees from East Pakistan.

(c) None of the refugees have asked for financial help from the State of Cooch-Bihar and no particular arrangements have, therefore, been made for the relief and rehabilitation of refugees in this State. Tripura State authorities have made the necessary arrangements for relief and rehabilitation of refugees.

Shri Arun Chandra Guha: Is it a fact that the Government of Cooch-Bihar has issued an ordinance which has the effect of practically refusing lands to the refugees for building houses?

The Honourable Shri Mohan Lal Saksena: I shall require notice of this question.

Dr. P. S. Deshmukh: May I know to what date the figures given refer to?

The Honourable Shri Mohan Lal Saksena: I think it must be 30th of June.

REHABILITATION OF EAST BENGAL REFUGEES IN ASSAM

155. *Shri Arun Chandra Guha: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the approximate number of refugees from East Bengal who have gone to Assam;

(b) whether the Government of India have asked the Government of Assam to arrange for their relief and rehabilitation just as the Governments of the United Provinces, Central Provinces, Bihar etc., have arranged for the refugees from West Pakistan in their respective areas; and

(c) whether the Government of Assam have made any arrangements for the relief and rehabilitation of the East Bengal refugees?

The Honourable Shri Mohan Lal Saksena: (a) and (c). The information is being collected and will be laid on the table in due course.

(b) Yes.

CHECK ON ENTRY OF EAST BENGAL REFUGEES INTO ASSAM

156. *Shri Arun Chandra Guha: Will the Honourable Minister of Without Portfolio be pleased to state:

(a) whether the Government of Assam asked the Government of India to issue orders or to take legislative measures prohibiting refugees of East Bengal from entering into Assam;

(b) whether it is a fact that the Government of India have authorised the Government of Assam to stop the entry of East Bengal refugees into Assam if they come in large numbers; and

(c) whether since then the Government of Assam have taken any step to prevent the entry of East Bengal refugees into Assam?

The Honourable Shri N. Gopaldaswami Ayyangar: (a) to (c). (i) At the Inter-Dominion Conference held in Calcutta from the 15th to 18th April, 1948, it was recommended that a separate conference should be called at an early date to discuss the question of immigration of Muslims from East Bengal into Assam and of the migration of Muslims who had been in Assam prior to partition into East Bengal. Pending the holding of this conference, it was agreed by both the Dominion Governments not to take any action to force or precipitate migration on a mass scale between the two Provinces. The Premier of Assam, who was present at the conference, desired, however, to obtain the orders of his Government as a whole.

(ii) Early in May, the Government of Assam addressed a communication to the Government of India requesting the delegation of necessary powers to enable them to prevent the influx of people, both Hindus and Muslims, from East Bengal to Assam. The Government of India did not consider it advisable to promulgate any ordinance for this purpose before the Inter-Dominion Conference was held. But it was pointed out that even in the absence of an ordinance, it would be within the rights of the Assam Government to regulate and check the influx of large numbers or groups of people into Assam for purposes of ensuring security and avoiding prejudice to internal economy. The question of what steps the Assam Government might take for this purpose is under correspondence between the Government of India and the Government of Assam.

(iii) The Pakistan Government have suggested 23rd August, for an inter-dominion conference as suggested at the previous conference held in Calcutta in April, last. This proposal is under consideration.

Shri Mahavir Tyagi: Was not the idea of having received refugees from East Bengal a part of the scheme of exchange of population and has not the Government thought it proper to demand some more space from Pakistan for these extra refugees they are receiving?

The Honourable Shri N. Gopaldaswami Ayyangar: That question has not come under the Government's consideration.

Shri Mahavir Tyagi: What is the approximate number of refugees that we have received from Bengal?

The Honourable Shri N. Gopalaswami Ayyangar: My honourable colleague has already answered that figures are being collected.

Shrimati Renuka Ray: Have the Government of India at any time declared a policy whereby East Bengal refugees are to be absorbed in Assam?

The Honourable Shri N. Gopalaswami Ayyangar: The Assam Government have strongly objected to the influx of both Muslims and Hindus from East Bengal into Assam. The powers necessary for enabling them to check this influx are under consideration and after the procedure is settled, the Assam Government will take the necessary action.

Shrimati Renuka Ray: In regard to non-Muslim refugees from Eastern Pakistan, has the Government of India at any time made any declaration in the past as to whether the Government of Assam and other parts of India should receive them apart from West Bengal?

The Honourable Shri N. Gopalaswami Ayyangar: I am not aware of any specific declaration on that subject.

Shri Mihir Lal Chattopadhyay: In view of the fact that the Assam Government is not in a mood to accept any more refugees from Eastern Pakistan and in view of the fact that Cooch-Bihar and Tipperah are unwilling, do the Government consider the desirability of finding out some space where these refugees could go and settle?

The Honourable Shri N. Gopalaswami Ayyangar: At present the idea is to prevent the refugees from East Bengal from going to Assam as much as possible. If in spite of attempts in this direction, a certain number of refugees do go outside East Bengal, arrangements will be made for accommodating them in other areas.

Shri Mihir Lal Chattopadhyay: May I know whether the Government is aware that in view of the situation that has developed in Hyderabad and Kashmir, and the introduction of the permit system for the people who come from Western Pakistan to the Indian Union, there has been a very large influx of people coming from Eastern Pakistan to the Indian Union?

The Honourable Shri N. Gopalaswami Ayyangar: We have no information on that.

Shri Mahavir Tyagi: Could the Government give us some idea in round figures of thousands and lakhs about the refugees from East Bengal?

The Honourable Shri N. Gopalaswami Ayyangar: The information is being collected and will be placed before the House.

Srijut Kuladhar Ohaliha: Are the Government aware that from Eastern Pakistan a continuous flow of emigrants are coming to Assam and flooding the country, which is incapable of receiving any more people from East Bengal?

The Honourable Shri N. Gopalaswami Ayyangar: The Government are aware of this from the reports they have received from the Government of Assam.

Shri Mahavir Tyagi: Are the Government satisfied that they have made proper arrangements for the protection, for feeding and other arrangements for the refugees from East Bengal?

Mr. Speaker: Order, order. That is a question of opinion.

Shri Arun Chandra Guha: Is the Government aware that in spite of their attempts and wishes, the influx of refugees from East Bengal is increasing?

The Honourable Shri N. Gopalaswami Ayyangar: That is what we are being told, though on account of the conditions of the weather just at present the influx is not as great as it might be.

Shri Suresh Chandra Majumdar: Have Government inquired as to whether the Government of Assam is really capable or incapable of entertaining any more non-Muslim refugees from East Bengal?

The Honourable Shri N. Gopaldaswami Ayyangar: The Assam Government have definitely said that they cannot afford to receive any more of these people from East Bengal. That is their present position.

Shri Mihir Lal Chattopadhyay: Have the Government of India placed any money at the disposal of the Assam Government for the non-Muslim refugees from East Bengal?

The Honourable Shri N. Gopaldaswami Ayyangar: The Assam Government do not so far seem to have asked for any money.

Shrimati Renuka Ray: Do the Government of India think that the capacity of the West Bengal Government is unlimited in regard to taking in refugees from East Bengal? If not, what arrangements have been or are going to be made in the matter of the influx that is going on?

The Honourable Shri N. Gopaldaswami Ayyangar: The West Bengal Government's capacity for expenditure on all refugees who have come over is certainly not unlimited. But if refugees do come over to West Bengal in spite of all the dissuasion that is being done propaganda for, and if refugees do come over to other places and they have got to be provided for, money will be found.

EVACUATION OF HINDUS AND SIKHS FROM SIND

157. ***Dr. Bakhshi Tek Chand:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the total number of refugees from Sind who have migrated to India upto the 30th of June, 1948;

(b) whether it is a fact that a large number of Hindus and Sikhs are still in Karachi, Hyderabad and other places in Sind who are anxious to come over to India, but are unable to do so for want of transport by sea or land; and

(c) if the answer to part (b) above be in the affirmative, what steps, if any, the Government of India have taken to arrange for the speedy evacuation of such person?

The Honourable Shri Mohan Lal Saksena: (a) Approximately 11,77,000.

(b) Yes.

(c) As the rail route is no longer open for the purposes of evacuation of Sind refugees, their evacuation by sea route is under active consideration.

DESIRABILITY OF TRANSFERING STATUES OF LALA LAJPAT RAI AND SIR GANGA RAM FROM LAHORE

158. ***Dr. Bakhshi Tek Chand:** Will the Honourable Minister without Portfolio be pleased to state:

(a) whether it is a fact that the statues of Lala Lajpat Rai and Sir Ganga Ram at Lahore were disfigured during the post-partition disturbances;

(b) whether it is a fact that after several months, these statues were dismantled under the orders of the West Punjab authorities on the ground that

† Answer to this question laid on the table, the questioner being absent.

their presence on the Mall afforded great provocation to the Muslim population of Lahore and whether these statues are now to be kept in the store-room of the local Museum; and

(c) if the answer to part (b) above be in the affirmative, do Government propose to take steps to have the statues of the great political leader and the great philanthropist brought from Lahore to the Indian Union, so that they may be installed at suitable places here?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Only the statue of Sir Ganga Ram was reported to have been disfigured.

(b) The fact, as far as is known to the Government of India, is that in reply to a representation made by the Government of the East Punjab for the transfer of the two statues to East Punjab, the West Punjab Government, stated that they had decided to store both the statues in the Lahore Museum. No reasons for this decision were given.

(c) The Government of India have already secured the concurrence of the Government of Pakistan to the transfer of the two statues to East Punjab and informed the Government of the East Punjab.

I may add for the information of the House that the statue of Lala Lajpat Rai has already been received in East Punjab. So far as the statue of Sir Ganga Ram is concerned, it was badly damaged and the West Punjab Government requested that they should be given some time to repair it before they handed it over. That time has been given by the East Punjab Government.

Shri Biswanath Das: Have the Government of India protested to the Pakistan Government about the outrageous act of disfigurement of statues of eminent Indians and also the decision of the said Government to take them away from their respective places and preserve them in museums?

The Honourable Shri N. Gopalaswami Ayyangar: The protest was made and all that has followed is the result of that protest.

PRIME MINISTER'S SPEECH AT MADRAS *RE* LOYALTY OF MUSLIMS

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

(a) whether his attention has been drawn to a report of the speech made by him in Madras on 25th July, 1948 appearing in the *Hindustan Times* dated the 26th July, 1948; and

(b) whether therein he has been correctly reported as saying that "it was rather silly to go about demanding the loyalty of the Indian Muslims, and conditions should be created where that loyalty could grow"?

The Honourable Pandit Jawaharlal Nehru: (a) Yes.

(b) Yes. I would refer the honourable member to the full report of my speech which appeared in the *Hindu* of Madras of the 26th July. In this report the particular passage referred to is given as follows:

"Today, in the world, let us remember that there are more Muslims in India than in any other Muslim country except Pakistan. Now that is the position. What about those Muslims in India? Sometimes people talk of demanding from them a certain loyalty. You must be loyal of course. People living in India are citizens of India and should be, or are expected to be, loyal to the country. If they are not, they isolate themselves and they no longer have any place in India. It is rather silly for anyone to go on publicly demanding loyalty from someone else. Loyalty is a thing of the mind and heart and not a mere public declaration. It reminds me of the old days when British officers talked pompously about loyalty to the country."

Shri H. V. Kamath: Is it not the policy of Government, as a Government, to demand the unconditional loyalty and allegiance of the entire Indian people, no matter to what community, caste or class they may belong?

The Honourable Pandit Jawaharlal Nehru: I would invite the honourable member's attention to what I have just stated.

Shri M. Tirumala Rao: Is it a fact that the Prime Minister in his speech at Madras gave a serious warning to the local Muslim League on its activities?

The Honourable Pandit Jawaharlal Nehru: I did say something to that effect.

Shri H. V. Kamath: Has the Honourable Prime Minister's attention been drawn to this broadcast talk of Pandit Dwarka Prasad Misra—I refer to him again—the Home Minister of C.P. and Berar, who is, I suppose, as responsible as any of the Ministers that adorn the front benches of this House, in the course of which he said that "even now the Indian Muslims had not come to disabuse themselves of the Muslim League mentality"?

The Honourable Pandit Jawaharlal Nehru: I do not understand how it profits any one to go on repeating these sentences from various speeches.

Mr. Speaker: The question need not be answered.

Mr. Z. H. Lari: Is it not a fact that the Muslims of India have already given a pledge of loyalty?

Mr. Speaker: It is not necessary to answer that.

STEPS TO IMPROVE FOREIGN PUBLICITY SERVICE

160. *Shri V. C. Kesava Rao: Will the Honourable the Prime Minister be pleased to state what action Government have taken to improve the Foreign Publicity Service?

The Honourable Pandit Jawaharlal Nehru: External publicity was formally transferred to External Affairs and Commonwealth Relations Ministry last June. The actual process of transfer, however, took nearly a month. It is now being reorganized. Appointments are being made to centres where there was no publicity staff. The daily cable service to publicity staff abroad which was not wholly unsatisfactory, for reasons of expense and delays in transmission, has been replaced by wireless service. Publicity through broadcasts, paraphlets and magazines is being reorganized to meet regional requirements.

Seth Govind Das: Is it a fact that even now in America and in various other countries anti-Indian propaganda is going on and nothing has so far been done to counteract that propaganda?

The Honourable Pandit Jawaharlal Nehru: It is a fact that (i) in some of these foreign countries like the United States of America there is a tremendous degree of ignorance about India and very little in the shape of news reaches there; (ii) there is some anti-Indian propaganda; and (iii) the normal channels of propaganda, that is to say, possibly those which the honourable member has in mind, have little effect on dealing with such a situation of abysmal ignorance.

STEPS TO PREVENT FORCED LABOUR

161. *Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Labour be pleased to state whether Government have collected information about the extent of Forced Labour prevalent in the country and the areas in which this is more prevalent?

(b) what steps do Government propose to take to stop this?

The Honourable Shri Jagjivan Ram: (a) Government have not collected information about the extent of forced labour prevalent in the country or the areas in which it is highly prevalent but as they realise that forced labour is prevalent to varying degrees in several parts of the country, they have appointed an Officer on Special Duty to study the existing legislation and literature on the subject and to submit a report recommending such further legislative and administrative measures as may be required for eradicating the evil wherever it is existing. With a view to assisting that officer in his work Government have asked all Provincial Governments, Chief Commissioners and States to supply copies of all Provincial Acts and other literature relating to forced labour. In a questionnaire proposed to be issued shortly in connection with an enquiry into agricultural labour, questions have been included to secure information pertaining to forced labour prevalent in villages.

(b) Government will decide what further steps they should take in the matter after receiving the report of the Officer on Special Duty. It is expected that this report will be available within six months.

Mr. Speaker: The Question Hour is over.

(b) WRITTEN ANSWERS

QUARTERS FOR GOVERNMENT SERVANTS IN DELHI

162. *Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Works, Mines and Power be pleased to state the total number of Government servants, all categories, who are to be provided with Government quarters in the city of Delhi and New Delhi?

(b) Are any constructions being undertaken for providing the servants of the Government of India with quarters?

The Honourable Shri N. V. Gadgil: (a) A statement showing the required information is placed on the table of the House.

(b) Yes. Government have sanctioned the following housing schemes:

(i) 200 officers' flats in New Delhi; (ii) 1,000 clerks' quarters in New Delhi; (iii) 1,000 peons' quarters in New Delhi; (iv) 1,000 clerks' quarters in Timarpur, Old Delhi; (v) 36 clerks' quarters at Karolbagh, Old Delhi; (vi) 250 peons' quarters at Timarpur, Old Delhi; and (vii) 665 quarters for the workcharged staff of the Central Public Works Department.

Statement showing the number of Government servants in different categories who are to be provided with Government quarters.

Class of officers	Number of officers to be provided with quarters	Number of officers already provided accommodation
1. Officers whose emoluments are Rs. 600 and over per mensem	330	1,060
2. Officers whose emoluments are less than Rs. 600 p.m.	16,450	7,197
3. Class IV servants	16,640	2,333

VALUE OF PROPERTY LEFT IN PAKISTAN BY REFUGEES

163. *Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state whether an estimate of the property left by the Refugees from Pakistan has been made?

(b) If the answer to part (a) above be in the affirmative, what is the value of the property under the headings land, buildings and furniture, cattle, gold and silver etc.?

(c) If the answer to part (a) above be in the negative, how long will it take to make a correct estimate?

(d) What is the procedure adopted to make these estimates?

The Honourable Shri Mohan Lal Saksena: (a) No.

(b) Does not arise.

(c) As a result of Inter-Dominion Discussions held at Lahore on the 22nd July it has been decided to set up a Joint machinery for the assessment of values of immovable property. It is difficult to state the period which the Agency will take in arriving at a correct estimate.

(d) The procedure for making these estimates will be evolved by the Joint Assessment Board as agreed to by the two Dominions.

LICENCES FOR IMPORT OF BETEL-NUT.

164. *Shri S. V. Krishnamurthy Rao: (a) Will the Honourable Minister of Commerce be pleased to state the basis on which licences for import of betel-nut are issued?

(b) Are Government aware that betel-nut crop in Singapore, Malaya and other East Indies countries is a wild crop unlike India where it requires intensive cultivation?

(c) Do Government propose to consider the advisability of restricting the imports to the actual deficiency on a quantitative basis instead of on a monetary basis?

(d) Do Government propose to consult the Indian interests in fixing the import quota for the year?

The Honourable Shri K. C. Neogy: (a) Licences for import of betel-nuts are granted against monetary ceilings on the basis of a certain percentage of past imports by an applicant.

(b) No, Sir. The areca palm requires an ample supply of moisture in the soil and from the information available it appears that the only sense in which it can be said that arecanut is grown wild in Malaya and the East Indies is that the crop there is grown without cultural practices such as irrigation, manuring, etc., as it is mostly rain-fed, while in India it requires systematic cultivation, manuring, water spraying, etc.

(c) No, Sir. Control over imports is exercised with a view to limiting exchange liabilities, and for this reason all licences are granted on a monetary basis. It is not proposed to make an exception in the case of betel-nuts by licensing them on a quantitative basis. I would add for the honourable member's information however, that the restriction he has in mind is achieved in practice as the total amount for which licences are issued is much below the c.i.f. value of the estimated deficit.

(d) Government are always prepared to consider any representation in this regard from the various interests concerned. I would also invite the attention of the honourable member to the reply given to starred question No. 139 on the 11th August, by my Honourable colleague, the Minister for Food and Agriculture that an Arecanut Committee will be set up shortly. When this Committee is established, Government will be prepared to consult them in the matter.

LICENCES FOR IMPORT OF BETEL-NUT

165. *Shri S. V. Krishnamurthy Rao: Will the Honourable Minister of Commerce be pleased to state:

(a) the quantity of betel-nut for import of which licences were issued during the half years January—June 1947, June—December 1947, and January—June 1948 and June—December 1948;

(b) the actual quantity imported during the said periods so far as figures are available;

(c) whether any of these licences were re-validated and if so, to what extent; and

(d) whether Government have received representations from the All-India Supari Federation not to re-validate the licences, as there is a large stock of Indian Betel-nut in the Indian Market and this together with the coming October crop would meet more than the demands of the Indian market?

The Honourable Shri K. O. Neogy: (a) As the licences are issued on the basis of c.i.f. value it is not possible to give the exact quantity of betel-nuts licensed. A statement (No. I) showing the c.i.f. values and the approximate quantity covered by the licences is, however, laid on the table of the House.

(b) I lay on the table of the House a statement (No. II) containing the requisite information.

(c) Of the licences issued before 30th June, 1947, 59 licences were re-validated for shipment upto 31st December, 1947. The value covered by these licences was Rs. 59,84,000 (approximately 6,650 tons). The licences issued during July—December, 1947 and January—June, 1948 were valid for six months from the date of issue and in no case were these licences re-validated beyond the period of six months.

(d) A telegram was received from the All-India Betel-nut Federation, Mysore Branch, on 25th June, 1948 requesting that licences for betel-nuts should not be re-validated for July—December, 1948 and that no licences for import of betel-nuts from Straits Settlements should be issued till the end of December, 1948. A reply was sent to the Federation on 7th July, 1948 explaining that no licences issued before the 30th June, 1947 which expired on the 31st December, 1947 have been re-validated nor were any licences issued for shipment during July—December, 1947 and January—June, 1948 valid for more than six months from the date of issue. The question of stopping licensing during July—December, 1948 was considered but it was decided that the import should not be totally prohibited.

Statement I

Period	C.I.F. value of licences issued in thousands of rupees	Approximate quantity (in Tons)
January-June, 1947	74,135	82,361
July-December, 1947	4,922	5,468
January-June, 1948	5,807	6,448

STATEMENT II

Showing the quantity and value of 'Betel nuts' imported by sea into India from abroad during the periods (i) January to June 1947 (ii) July to December 1947 and (iii) January to June 1948.

Period	Weight Tons.	Value Rs.
January to June 1947	21,195	1,93,67,168
July to December 1947	21,433	1,52,16,099
January to June 1948	14,737	68,54,613

Note.— Figures for the six months January to June 1947 and July 1947 relate to British India before partition. Figures from August 1947 onwards relate to Indian Dominion only except that the August figures include the trade of the port of Chittagong for the period 1st to 14th. Those from March 1948 onwards include the imports from Pakistan also. Figures for the months of April to June 1948 are inclusive of Government stores which have been merged with private merchandise with effect from 1st April 1948.

NEGOTIATIONS RE INTEGRATION OF FRENCH AND PORTUGUESE SETTLEMENTS WITH INDIA

166. *Shri Kishorimohan Tripathi: (a) Will the Honourable the Prime Minister be pleased to state as to how far the negotiations regarding the integration of French Settlements in India with the Indian Union have proceeded?

(b) Has there been any such negotiation going on with the Portuguese Government? If so, what have been the results so far?

The Honourable Pandit Jawaharlal Nehru: (a) In pursuance of the French Government's declaration of the 8th June, 1948 that the people of French India will themselves determine their own future, arrangements are being made to hold fresh Municipal Elections in the French Establishments. Thereafter, a referendum will be held to decide the future of these Establishments.

(b) There have been no direct negotiations with the Portuguese Government chiefly because the Government of India have thus far had no diplomatic relations with them. Our High Commissioner in London has met the Portuguese Foreign Minister and has discussed this question of establishing diplomatic relations with Portugal.

CO-ORDINATION OF ACTIVITIES OF CENTRAL AND PROVINCIAL DEVELOPMENT BOARDS.

167. *Shri Kishorimohan Tripathi: (a) Will the Honourable the Prime Minister be pleased to state as to how the Central Development Board and the Provincial Development Boards co-ordinate their activities?

(b) Has the Central Development Board drawn up any scheme for the improvement of rural economy in India? If not, do Government propose to do so now?

The Honourable Pandit Jawaharlal Nehru: (a) Each Provincial Government has nominated an officer to correspond with the Development Board, Government of India, on all matters pertaining to development schemes. The Secretary, Development Board, Government of India, is the co-ordinating link in the Central Government and is authorised to correspond with Provincial Governments regarding their development schemes.

(b) The preparation of schemes for the improvement of rural economy in India is primarily the responsibility of Provincial Governments. A brief summary of their plans is given in Part I of the Appendix to the Report of the Advisory Planning Board, which was published in 1947.

LONG TERM PLAN FOR NATIONAL RECONSTITUTION.

168. *Shri Kishorimohan Tripathi: (a) Will the Honourable the Prime Minister be pleased to state whether the Government of India have taken any steps to draw up a long term plan for national reconstruction in all its aspects? If so, what are the salient features of such a plan?

(b) If the answer to part (a) above be in the negative, do Government propose to take up the work early through the agency of the Central Development Board?

The Honourable Pandit Jawaharlal Nehru: (a) and (b). I would refer the honourable member to the Statement of Industrial Policy which was announced in the House on the 6th April, last, in which it was indicated that Government proposed to set up a Central Planning Commission to formulate programmes of development and to secure their execution. The formation of the Commission is under consideration.

NON-IMPLEMENTATION OF TERMS OF 'INDUSTRIAL TRUCE BY INDUSTRIALISTS

169. *Shri Kishorimohan Tripathi: (a) Will the Honourable Minister of Labour be pleased to state whether it is a fact that Industrialists who have been a party to the 'Industrial Truce' are not implementing its terms?

(b) If so, what steps do Government propose to take in this connection?

The Honourable Shri Jagjivan Ram: (a) and (b). The ways and means of achieving the objectives stated in the Industrial Truce resolution are now under discussion. Government hope very shortly to set up a Central Advisory Council and other Committees to deal with various matters connected with the maintenance of industrial truce in the country. In the circumstances Government consider that, in the public interest, it is desirable for the present to avoid as far as possible any form of recrimination either of employers or workers.

DESIRABILITY OF SHIFTING FEDERAL COURT FROM DELHI

170. *Mr. Z. H. Lari: (a) Will the Honourable the Prime Minister be pleased to state whether there is any adequate building at Delhi to house an enlarged Federal Court?

(b) If not, do Government propose to consider the desirability of shifting the Federal Court to some other suitable place?

The Honourable Pandit Jawaharlal Nehru: (a) There are many buildings in Delhi which are suitable and might be used for an enlarged Federal Court. It is true that all these buildings are being otherwise utilised at present.

(b) No. Government think that the Federal Court should be at the seat of the Central Government.

Thursday
12th August, 1948

CONSTITUENT ASSEMBLY OF INDIA

(LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

Volume VI, 1948

(9th August to 31st August, 1948)

THIRD SESSION

OF THE

CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE)

1948



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CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE) DEBATES
(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS.)

Thursday, 12th August, 1948.

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

QUESTIONS AND ANSWERS
(See Part I)

11-45 A.M.

ELECTION TO EMPLOYEES' STATE INSURANCE CORPORATION

The Honourable Shri Jagjivan Ram (Minister for Labour): Sir, I move:

"That in pursuance of clause (i) of section 4 of the Employees' State Insurance Act, 1948, the Members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, two members from among themselves to be members of the Employees' State Insurance Corporation."

Mr. Speaker: The question is:

"That in pursuance of clause (i) of section 4 of the Employees' State Insurance Act, 1948, the Members of this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, two members from among themselves to be members of the Employees' State Insurance Corporation."

The motion was adopted.

ELECTION TO COMMITTEE ON PUBLIC ACCOUNTS

The Honourable Shri B. K. Shanmukham Chetty (Minister for Finance): Sir, I move:

"That the Members of the Assembly do proceed to elect, in the manner required by sub-rule (3) of rule 51 of the Constituent Assembly (Legislative) Rules, one Member to be a Member of the Committee on Public Accounts in place of the Honourable Shri Mohan Lal Saksena who has resigned his seat on the Committee."

Mr. Speaker: The question is:

"That the Members of the Assembly do proceed to elect, in the manner required by sub-rule (3) of rule 51 of the Constituent Assembly (Legislative) Rules, one Member to be a Member of the Committee on Public Accounts in place of the Honourable Shri Mohan Lal Saksena who has resigned his seat on the Committee."

The motion was adopted.

ELECTION TO STANDING FINANCE COMMITTEE

The Honourable Shri E. K. Shanmukham Chetty (Minister for Finance): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, a Member to serve on the Standing Finance Committee, until the end of the financial year 1948-49, *vice* Haji Abdus Sattar Haji Ishaq Seth who has ceased to be a member of the Constituent Assembly."

Mr. Speaker: The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, a Member to serve on the Standing Finance Committee, until the end of the financial year 1948-49, *vice* Haji Abdus Sattar Haji Ishaq Seth who has ceased to be a member of the Constituent Assembly."

The motion was adopted.

Mr. Speaker: I have to inform honourable members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely:

	Date for nomination	Date for election
Employees' State Insurance Corporation.	16-8-48	18-8-48.
Committee on Public Accounts		
Standing Finance Committee.		

The nomination for these Committees will be received in the Notice Office upto 12 Noon, on the date mentioned for the purpose. The elections, which will be conducted by means of the single transferable vote, will be held in the Assistant Secretary's Room (No. 21) in the Council House between the hours 10-30 A.M. and 1 P.M.

ELECTION TO STANDING COMMITTEE FOR EXTERNAL AFFAIRS AND COMMONWEALTH RELATIONS

Mr. Speaker: I have to inform the Assembly that Shri M. Thirumala Rao has been elected to serve on the Standing Committee to advise on subjects concerning the Ministry of External Affairs and Commonwealth Relations until the end of financial year 1948-49, *ve* Diwan Chaman Lal resigned.

HINDU CODE

PRESENTATION OF REPORT OF SELECT COMMITTEE

The Honourable Dr. B. R. Ambedkar (Minister of Law): Sir, I beg to present the Report of the Select Committee on the Bill to amend and codify certain Branches of the Hindu Law.

Pandit Hirday Nath Kunzru (U. P.: General): May I enquire when this Report of the Select Committee will come into the consideration of the House?

The Honourable Dr. B. R. Ambedkar: I cannot say. That will depend upon the nature of the Government business.

Pandit Hirday Nath Kunzru: Is there any assurance that it will be discussed during this Session?

The Honourable Dr. B. R. Ambedkar: It should be so in the ordinary course.

Pandit Hirday Nath Kunru: Will it be or not? Is the course now ordinary or extraordinary?

GANDHI NATIONAL MEMORIAL FUND DONATIONS (COMPANIES)

BILL

The Honourable Shri K. C. Neogy (Minister for Commerce): Sir, I move: "That the Bill to enable companies to make donations to the Gandhi National Memorial Fund, be taken into consideration."

This Bill is the result of a request made by the Industrial Committee of the Gandhi Memorial Fund as transmitted to us by the President of the Indian National Congress, that certain handicaps that stand in the way of companies making donations to the fund should be removed by legislation. The Committee mentioned the analogy of a legislation that was undertaken in 1940 to facilitate the making of donations to the war funds.

In drafting the Bill, we have closely followed the model of the Act of 1940, and I have therefore very little to add to what is contained in the statement of objects and reasons. It is entirely an enabling measure. If in any particular instance the vast majority of the shareholders of a company intend that a donation should be made on behalf of the company to this fund, no legal disability should stand in the way of that desire of theirs being carried out. This is the sole object of the Bill.

Mr. Speaker: Motion moved:

"That the Bill to enable companies to make donations to the Gandhi National Memorial Fund, be taken into consideration."

Pandit Thakur Das Bhargava (East Punjab: General): Sir, the Mover of the Bill has just pointed out that he has introduced this measure with a view to offer facilities to certain companies who are not competent to give their donations on account of the absence of any provision to that effect in the Memorandum of Association of those companies. This desire is very laudable and I congratulate the Honourable the Minister in charge of this Bill for introducing such a measure.

All that I wish to submit in this regard is that his desire, however laudable, will not be given effect to if even a small minority of persons who do not desire that a donation be given raise objections in that regard. He has himself stated that it is an enabling measure. In my humble opinion it is a restrictive measure also. The word "special" resolution in clause 2 put such a restriction on the right of the majority of the shareholders that the minority will have practically the right to rule the majority in the matter of giving donations to the Gandhi National Memorial Fund. When the company expresses its will by way of resolution it either passes an ordinary resolution, or an extraordinary resolution or a special resolution. Section 81 of the Companies Act runs thus:

"A resolution shall be an extraordinary resolution when it has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given."

This is about the extraordinary resolution. But this Section further speaks of a special resolution. According to para. 2 of section 81—

"A resolution shall be a special resolution when it has been passed by such a majority as is required for the passing of an extraordinary resolution and at a general meeting of which not less than twenty-one days' notice specifying the intention to propose the resolution as a special resolution has been duly given."

Other provisions follow.

[Pandit Thakur Das Bhargava]

All that I beg to point out is that unless three-fourths of the members vote for this resolution being passed, it cannot be passed as a special or extraordinary resolution. What I maintain is that if one-fourth of the members do not agree to the donation being made, they would by their votes make the wishes of three fourths of the majority infructuous. Thus one fourth of the shareholders will be able to veto the wishes of the rest three fourths. It is illogical that one fourth of the shareholders may overrule the wishes of three fourths and more than half may not be able to overrule the wishes of less than half. It is a democratic principle that the majority should have the right to pass any resolution that it likes and my submission is that in regard to this Bill also we should delete the word "special" and enable the majority of the shareholders to give as much donation as they like. This disabling provision will practically arm those reactionary persons who do not want to give any donations. In a measure of this importance we should stick to the ordinary rule of the majority over-riding the minority and we should not place a restriction of this sort in a measure of this kind. The word "special" should be taken away. Further I beg to propose that the meeting of the Directors should also be allowed to give donations on behalf of the company. If the Board of Directors is not willing to give a donation then the final word must remain with the meeting of the shareholders. The word "special" would take away the right of the majority to pass a resolution of this kind—a right which is theirs in every democratic body in respect of all kinds of resolutions. I do not see why there should be a special restriction of this nature in regard to this measure. I therefore submit that this aspect of the case may be considered and when the final motion is made for the passing of the Bill this amendment may be carried out.

Shri Prabhu Dayal Himatsingka (West Bengal: General): Mr. Speaker, I have sent in an amendment that for the word "special" the word "ordinary" be substituted. That will serve the purpose of my honourable friend.

Mr. Speaker: We are not considering any amendments now. The question before the House is as to whether the Bill should be taken into consideration or not. The honourable member may speak on the general motion.

Shri Prabhu Dayal Himatsingka: Sir, the Bill is necessary, because in the Memorandum and Articles of Association of various companies there is no power to make donations and unless those companies which do not provide in their memoranda to give to charities are enabled by this Bill, they cannot make donations, even if all the shareholders and Directors desire to do so. Therefore we must pass some such legislation like this and in that connection I submit that it ought to be by an ordinary resolution.

The Honourable Shri K. C. Neogy: Sir, I should like to say a few words in reply to my honourable friends. I have already pointed out that this Bill is the result of a request from the Industrial Committee of the Gandhi Memorial Fund. I have got the printed proceedings of a meeting held by that Committee on the 8th July, 1948, and the request made by that Committee was specifically to the effect that a law on the lines of the legislation that was passed in 1940 in connection with the war donations should be passed, to facilitate the making of donations to the Gandhi Memorial Fund. As I have already said we have closely followed the wording of the Act of 1940 in drafting this measure. As regards the points which my honourable friends have raised, I do not think that the fears which they have in view at all weighed with the industrialists who composed that particular committee. I should not like to read all the names. There were 26 of them present, including some very prominent captains of industry, Indian as well as European. I am afraid I am not in a

position to relax the procedure beyond what I propose to do in this Bill. It is true that a special resolution would be needed, which certainly requires a somewhat protracted procedure to be followed. But it has to be remembered that if the memorandum of a company does not contain as one of its objects the making of such donations, it is not open even to the High Court to enable an amendment to be made in that memorandum in order to make payments of donations to such funds legal. Therefore I submit that what I am proposing on the present occasion goes far enough and I am not in a position to agree to further relaxation of the law as proposed by my honourable friends.

Mr. Speaker: The question is:

"That the Bill to enable companies to make donations to the Gandhi National Memorial Fund, be taken into consideration."

The motion was adopted.

Pandit Thakur Das Bhargava: Sir, I want to move my amendments.

The Honourable Shri K. C. Neogy: Sir, I have to take exception to the moving of the honourable member's amendments, at such short notice. I was not aware of them till about half an hour ago.

Pandit Thakur Das Bhargava: Sir, I got the papers of the Assembly only this morning. I did not get the papers for the 9th, 10th and 11th and as soon as the papers came to me this morning I gave notice of my amendments. The rules provide that the members of the Assembly should be provided with the papers in time. I submit, Sir, that as a special case permission should be granted to me to move the amendments.

Mr. Speaker: As regards the supply of the Assembly papers, there seems to have been an unfortunate slip on the part of the honourable member in that he did not keep the office informed of his address in the interim period, with the result that the notices went to some other address while he was moving about. That is what has happened.

Pandit Thakur Das Bhargava: So far as I am concerned I am occupying a Government M.L.A. Bungalow in New Delhi for the last one year and my address is known to the Assembly office. The papers could have been sent to me at least yesterday night, so that in the night I could have read them but I did not get them in time.

Mr. Speaker: Anyway, fortunately or unfortunately, the office was not in possession of the information as to whether the honourable member was present in Delhi or not.

In addition to what the Honourable Minister has said about the desirability of having a special resolution, though it is not the function of the Chair to explain, honourable members will realise that this legislation seeks to give authority to the company to do something beyond its original memorandum. Therefore, practically, it is giving them some power under which they can act, as if they were going to change the memorandum of the constitution of the company for that purpose and hence a special resolution is necessary. To make donations to such funds is not the ordinary business of a company and if the company wants to do something which is not within the scope of the ordinary business of a company, it is but fair that some kind of special majority should agree if that donation is to be made. A mere majority will not protect the rights of every shareholder. A shareholder is entitled to see that the funds of the company are applied to no purpose other than the purposes for which the company was floated. This seems to me a very sound reason. It all depends upon the honourable member whether or not to move his amendments. Personally, I am not inclined to give him permission on the ground

[Mr. Speaker.]

that he has asked for. If at all I grant it, it is only on account of the nervousness, on my part, that holding the view that the amendment is uncalled for I am, perhaps, taking advantage of a technicality and refusing permission. That will be the only ground upon which I am prepared to consider the question of permission for the amendment, if he is still keen, without promising that I will allow it.

I take it that the honourable member does not desire to move his amendment.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): Sir, there is a spelling mistake in clause 2. The word "authorise" is spelt with a "z", whereas the usual practice is to spell it with an "s".

Mr. Speaker: One cannot be sure of the printer doing the needful when the Bill is printed again. The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Shri K. C. Neogy: I move:

"That the Bill be passed."

Mr. Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

ELECTRICITY (SUPPLY) BILL—contd.

Mr. Speaker: We will now proceed with the further consideration of the Bill to provide for the rationalisation of the production and supply of electricity, and generally for taking measures conducive to the electrical development of the Provinces of India, as reported by the Select Committee.

We were debating clause 44. Amendment No. 95 in the Consolidated List had been moved, and has already been put before the House.

The Honourable Shri N. V. Gadgil (Minister for Works, Mines, and Power): I am accepting it as it is.

Mr. Speaker: The question is:

"That in sub-clause (1) of clause 44 of the Bill, after the word 'Government', the following be inserted:

'or any Corporation created by legislation enacted by the Central Legislature.'"

The motion was adopted.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): I beg to move:

"That the Proviso to sub-clause (1) of clause 44 of the Bill be omitted."

I make this amendment not because I am convinced that the Proviso is unnecessary but the proviso is so unintelligible to me. It is difficult to say what the proviso really intends to achieve and what it has succeeded in achieving. In order to find the scope of the Proviso we should for a moment go to the main clause. I should draw the attention of the House to one or two important portions. It begins with "Notwithstanding" something; later

on there is a passage "but subject to" something; still later on there is a negative "it shall not be lawful" and then again "except with the previous consent". There are so many anti-theses already sufficiently confusing. Then the beginning of the Proviso is like this: "Provided that such consent shall not, except in relation to" something, and "unless" something is done. I respectfully defy any lawyer to explain the meaning of this.

Shri B. Das (Orissa: General): Is it a parliamentary expression?

Mr. Speaker: Let him proceed.

Mr. Naziruddin Ahmad: I mean that I will ask any lawyer to explain the meaning. I do not mean any disrespect to the House. I beg to submit that I could not understand the meaning and the real effect of the proviso. I only want to draw the attention of the House to the anomalous state of affairs. I would ask the Honourable Minister to explain the meaning, and if it is sufficiently clear to him and to others I shall then be only too glad to withdraw my amendment. But the wording should be carefully and clearly drafted. I tried my best to understand it but I failed.

Shri K. Santhanam (Madras: General): Sir, I fully sympathise with the honourable member. But the Bill is a very complicated Bill. It is not the drafting, the subject is certainly a difficult one and it will take some time to understand it. But the draft itself is quite accurate. It brings out the intentions of the framers of the Bill and the Select Committee scrutinized it very carefully. So far as the Proviso is concerned I do not think there is any difficulty in understanding it. The Proviso only makes it certain that the Board shall not refuse consent to a new generating station unless it can itself supply the required electricity. That is the purpose. Of course it is to be under various conditions. All the conditions have to be put in by words like "Unless" or "notwithstanding" or by some such words. Otherwise it will be too wide or too narrow. The whole purpose has to be exactly and precisely defined. I therefore think so long as the Honourable Member does not have any objection on a matter of substance or principle, that he ought to allow it to stand as it is.

Mr. Naziruddin Ahmad: I would ask whether it was not possible to simplify it. Everything is capable of simplification. It is not enough that the draftsman understands it. Certainly it is intelligible to him. The question is whether a man in the street will be able to understand it.

Mr. Speaker: After listening to the Honourable Member, does he wish to press his amendment?

Mr. Naziruddin Ahmad: I do not press it.

Shri K. Santhanam: Sir, I move:

"That in the Proviso to sub-clause (1) of clause 44 of the Bill, for the words 'equivalent to that required by him,' wherever they occur, the words 'sufficient for his requirements' be substituted."

This amendment is only intended to give the Board discretion to discuss with the applicant as to the actual quantity which will be sufficient for his requirements.

The Honourable Shri N. V. Gadgil: I accept it.

Mr. Speaker: The question is:

"That in the Proviso to sub-clause (1) of clause 44 of the Bill, for the words 'equivalent to that required by him,' wherever they occur, the words 'sufficient for his requirements' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: I move.

"That for sub-clause (2) of clause 44 of the Bill, the following be substituted :

(2) The applicant shall state in his application such particulars of the station, plant or works in respect of which it is made as the Board may reasonably require, and when consent has been given by the Board to the application, the applicant shall not without further consent of the Board make any material variation to the particulars given."

Mr. Speaker: Amendment moved:

"That for sub-clause (2) of clause 44 of the Bill, the following be substituted :

(2) The applicant shall state in his application such particulars of the station, plant or works in respect of which it is made as the Board may reasonably require, and when consent has been given by the Board to the application, the applicant shall not without further consent of the Board make any material variation to the particulars given."

Shri H. V. Kamath (C. P. and Berar: General): I support the amendment because in my judgment the construction of the clause as it stands is extremely clumsy and that proposed by my friend is more direct and simple. I hope the Honourable Minister will not stand on prestige, and on that ground reject the amendment.

The Honourable Shri N. V. Gadgil: I do not accept it.

Mr. Speaker: Then I will have to put it to the House.

The question is:

"That for sub-clause (2) of clause 44 of the Bill, the following be substituted :

(2) The applicant shall state in his application such particulars of the station, plant or works in respect of which it is made as the Board may reasonably require, and when consent has been given by the Board to the application, the applicant shall not without further consent of the Board make any material variation to the particulars given."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 44, as amended, stand part of the Bill."

The motion was adopted.

Clause 44, as amended, was added to the Bill.

* Clauses 45 to 56 were added to the Bill.

Shri K. Santhanam: Sir, I beg to move:

"That in part (c) of sub-clause (2) of clause 57 of the Bill, for the word, brackets and letter 'clause (c)', the word, brackets and letter 'clause (b)' be substituted."

Sir, this is purely to correct a mistake in printing.

Mr. Speaker: The question is:

"That in part (c) of sub-clause (2) of clause 57 of the Bill, for the word, brackets and letter 'clause (c)' the word, brackets and letter 'clause (b)' be substituted."

The motion was adopted.

Shri K. Santhanam: I beg to move:

"That in sub-clause (1) of clause 57 of the Bill, the words 'After the issue of the notification under sub-section (3) of section 1,' be omitted."

Sir, this also is purely a drafting correction.

Mr. Speaker: The question is:

"That in sub-clause (1) of clause 57 of the Bill, the words 'After the issue of the notification under sub-section (3) of section 1,' be omitted."

The motion was adopted.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in sub-clause (1) of clause 57 of the Bill, for the words beginning with the words 'shall be deemed' and ending with the words 'year of account,' the following be substituted:

'shall, from the date of commencement of the licensee's next succeeding year of account, be deemed to be incorporated in the licence of every licensee, not being a local authority'."

This is only a drafting correction of a certain portion of the text.

The Honourable Shri N. V. Gadgil: I do not accept it.

Mr. Speaker: The question is:

"That in sub-clause (1) of clause 57 of the Bill, for the words beginning with the words 'shall be deemed' and ending with the words 'year of account,' the following be substituted:

'shall, from the date of commencement of the licensee's next succeeding year of account, be deemed to be incorporated in the licence of every licensee, not being a local authority'."

The motion was negatived.

The Honourable Shri N. V. Gadgil: Sir, I am prepared to accept his amendment No. 20 on Supp. List No. 2.

Mr. Naziruddin Ahmad: Yes, Sir. Amendments Nos. 20, 21, 22, 25 and 28 deal with the same subject. They can be attended to by the draftsman. I move amendment No. 23. I beg to move:

"That in part (b) of sub-clause (2) of clause 57 of the Bill, for the words 'earning clear profits', the words 'earning a clear profit' be substituted."

Sir, "profit" is a singular idea. Though it might consist of a large number of incomes minus expenditure, the total result is singular, not plural. In fact, the singular is indicated in the text. There may be cases where there may be profits for different years and different periods, but for a particular accounting period there is only one profit, if there is any. That is why the singular is preferred.

The Honourable Shri N. V. Gadgil: I do not accept it. It is not profitable either!

Mr. Speaker: The question is:

"That in part (b) of sub-clause (2) of clause 57 of the Bill, for the words 'earning clear profits', the words 'earning a clear profit' be substituted."

The motion was negatived.

Shri K. Santhanam: Sir, I beg to move:

"That in part (b) of sub-clause (2) of clause 57 of the Bill, for the words 'if the efficiency of operation and management and the potentialities of the undertaking of the licensee so permit', the following be substituted:

'if the potentialities of the undertaking of the licensee, with efficient operation and management, so permit'."

Obviously, it will clarify the idea behind the sub-clause

The Honourable Shri N. V. Gadgil: Sir, I accept it.

Mr. Speaker: The question is:

"That in part (b) of sub-clause (2) of clause 57 of the Bill, for the words 'if the efficiency of operation and management and the potentialities of the undertaking of the licensee so permit', the following be substituted:

'if the potentialities of the undertaking of the licensee, with efficient operation and management, so permit'."

The motion was adopted.

Mr. Speaker: Mr. Naziruddin Ahmad has, I believe, certain amendments. Does he wish to move them?

Mr. Naziruddin Ahmad: I simply wish to draw the attention of the draftsman to amendment No. 24 in supplementary list No. 2. For reference, I wish to invite attention to Section 3, item 37(a) of the General Clauses Act. That gives the text. The first word should also begin with a capital letter.

Mr. Speaker: So that disposes of that amendment. Now, the question is

"That clause 57, as amended, stand part of the Bill."

The motion was adopted.

Clause 57, as amended, was added to the Bill.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in clause 58 of the Bill, for the words 'being a local authority', where they occur for the first time, the words 'which is a local authority' be substituted."

The participle is indefinite and is always a bad thing. A more specific thing is the present tense. So "which is a local authority" is more specific.

Mr. Speaker: What difference does it make, whether we say "being a local authority" or "which is a local authority"? It makes no difference at all.

Shri T. T. Krishnamachari (Madras: General): Actually if it is an individual, the amendment will not fit in.

Mr. Naziruddin Ahmad: I do not press it. I shall go on to my next amendment.

Sir, I beg to move:

"That in clause 58 of the Bill, for the words 'his licensed undertaking' the words 'its licensed undertakings' be substituted."

The objection is to the word "his". It applies to local authority. It is treated as if it is in masculine gender. I think it is neutral gender. Therefore, it should be "its".

Shri K. Santhanam: The word in respect of which "his" is used is the word "licensee".

Mr. Naziruddin Ahmad: Then I do not press.

Mr. Speaker: The question is:

"That clause 58 stand part of the Bill."

The motion was adopted.

Clause 58 was added to the Bill.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That for clause 59 of the Bill, the following be substituted:

59. General principles for Board's finance.—The Board shall credit to its account the subventions from the Provincial Government, if any, and shall so carry on its operations under this Act as not to incur any loss in the working:

Provided that if any loss actually results in carrying on its operations in any year, the amounts due for meeting the operating, maintenance and management expenses may, to the extent of the loss, with the sanction of the Provincial Government, be paid out of the capital."

This is a re-arrangement of an otherwise imperfectly expressed clause. A mere comparison between the two will show that the amendment is shorter, simpler and more direct.

The Honourable Shri N. V. Gadgil: I do not accept.

Mr. Speaker: The question is:

"That for clause 59 of the Bill, the following be substituted :

'59. General principles for Board's finance.—The Board shall credit to its account the subventions from the Provincial Government, if any, and shall so carry on its operations under this Act as not to incur any loss in the working :

Provided that if any loss actually results in carrying on its operations in any year, the amounts due for meeting the operating, maintenance and management expenses may, to the extent of the loss, with the sanction of the Provincial Government, be paid out of the capital.'"

The motion was negatived.

Mr. Speaker: The question is:

"That clause 59 stand part of the Bill."

The motion was adopted.

Clause 59 was added to the Bill.

Mr. Nasiruddin Ahmad: Sir, I beg to move:

"That for sub-clause (2) of clause 60 of the Bill, the following be substituted :

(2) The Provincial Government shall, within two months after the first constitution of the Board, declare what expenditure was incurred by it before the issue of the notification under sub-section (4) of section 1 on capital account in connection with the purposes of the Act; and such amount shall be deemed to be a loan advanced by the Provincial Government to the Board under section 64 on the date of the said notification; and all assets acquired by such expenditure and all assets and profits which may have accrued therefrom shall, as from the date of the notification, thereupon vest in the Board.'"

Sir, I beg to submit that the sub-clause in the Bill is round about and indirect. The amendment is simple and precise.

The Honourable Shri N. V. Gadgil: I do not agree.

Mr. Speaker: The question is: "

"That for sub-clause (2) of clause 60 of the Bill, the following be substituted :

(2) The Provincial Government shall, within two months after the first constitution of the Board, declare what expenditure was incurred by it before the issue of the notification under sub-section (4) of section 1 on capital account in connection with the purposes of the Act; and such amount shall be deemed to be a loan advanced by the Provincial Government to the Board under section 64 on the date of the said notification; and all assets acquired by such expenditure and all assets and profits which may have accrued therefrom shall, as from the date of the notification, thereupon vest in the Board.'"

The motion was negatived.

Mr. Nasiruddin Ahmad: Sir, I beg to move:

"That, in sub-clause (2) of clause 60 of the Bill, for the word 'declaration', the word 'notification' be substituted."

That word appears in last but one line and again three lines earlier, the word "notification" appears. Of course there is a declaration in the notification, but instead of the word "declaration" reference should be specifically to the notification whatever it may contain. That is why I have suggested a change of the word "declaration" to "notification".

Shri K. Santhanam: The declaration has to be made before the notification. If we put the notification, it will create confusion.

The Honourable Shri N. V. Gadgil: I do not agree.

Mr. Naziruddin Ahmad: I do not press.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in sub-clause (2) of clause 60 of the Bill, after the words 'such expenditure', the words 'and all assets and profits which may have accrued therefrom' be inserted."

These words do not appear in the text but perhaps they are called for in the context.

Mr. Speaker: The question is:

"That in sub-clause (2) of clause 60 of the Bill, after the words 'such expenditure', the words 'and all assets and profits which may have accrued therefrom' be inserted."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 60 stand part of the Bill."

The motion was adopted.

Clause 60 was added to the Bill.

Clauses 61 and 62 were added to the Bill

Prof. Shibban Lal Saksena (U.P.: General): Sir, I beg to move:

"That in clause 63 of the Bill, the following be added at the end:

'where the scheme is of a vital character and essential to complete the all out national plan of development of power and electrical energy, the Provincial Government may approach the Authority to grant to the Board sufficient funds to enable it to complete the scheme.'

I have while making a speech on the Bill said that this Bill did not give sufficient power to the authority to carry out the work with drive and initiative. I also point out power has not been taken by the authority to get sufficient funds. I think it is most necessary that provinces which are not rich enough to carry out big schemes should be given sufficient funds, and this is essential for the development of a scheme of an all out national plan. I think the Honourable Minister will accept this and will take power to carry out his all out plan which may soon come to fruition.

The Honourable Shri N. V. Gadgil: I cannot accept it. The technical body is not a financing agency.

Mr. Speaker: The question is:

"That in clause 63 of the Bill, the following be added at the end:

'where the scheme is of a vital character and essential to complete the all out national plan of development of power and electrical energy, the Provincial Government may approach the Authority to grant to the Board sufficient funds to enable it to complete the scheme.'

The motion was negatived.

Mr. Speaker: The question is:

"That clause 63 stand part of the Bill."

The motion was adopted.

Clause 63 was added to the Bill.

Clauses 64 to 75 were added to the Bill.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in sub-clause (3) of clause 76 of the Bill, for the word 'Section', the word 'Act' be substituted."

Sir, the sub-clause says, "Subject to the provisions of this section, the provisions of the Arbitration Act, (X of 1940) shall apply to arbitrations under this Act." I have tried to put it subject to the provisions of this Act, which is more comprehensive. If we say, subject to the provisions of this section only, then it ignores the other possible sections which may affect it.

Shri T. T. Krishnamachari: The position may be explained. This is the section for arbitration and only the provisions of this section are excluded. The amendment would exclude the other sections of the Act.

Mr. Naziruddin Ahmad: Then, I do not press this amendment.

Sir, I beg to move:

"That after sub-clause (5) of clause 76 of the Bill, the following new sub-clause be inserted and the subsequent clause be re-numbered accordingly :

(6) If the arbitrators appointed under clause (b) of sub-section (2) are unable to agree on any matter, the same shall be referred to the Authority, whose decisions thereon shall be final and conclusive."

Sir, I understand that there will be two arbitrators appointed to deal with the subject. It is obvious that the two arbitrators may not agree on a particular matter and an impasse will be reached. The amendment will remove the difficulty.

Mr. Speaker: If I am not mistaken, provision for all these is made in the Arbitration Act. If the Arbitration Act is followed, all these difficulties will not arise.

Mr. Naziruddin Ahmad: I am not quite clear at the moment about what they would follow. Supposing the two arbitrators differ, we should have a clear picture of what should be done in that case. The Arbitration Act may contain something of which I have no clear idea now. We should have a clear picture of what should happen in case the two arbitrators differ. There should be a third man who should be the umpire. There is on the one hand the Board, and on the other hand the licensee and on the other hand the umpire. The Authority which is the Central Authority would be the most impartial authority and this, in my opinion, would obviously be the better one. In these circumstances, I should submit that the matter should be clarified and should not be left to some possible provisions of the Arbitration Act.

Shri K. Santhanam: I merely wanted to point out that the Arbitration Act makes a specific provision for this contingency. In certain cases, the High Court is there. The Electricity Authority is an official body. Here, we are dealing with provincial Boards and licensees. In certain matters they were willing to accept the final arbitration of the Electricity Authority and in other others they wanted to have the normal arbitration procedure.

Mr. Speaker: I can point out to the honourable member that sub-clause (3) says that the provisions of the Arbitration Act, X of 1940 shall apply to the arbitrations under this Act. The Arbitration Act is a Code or body of provisions which makes provisions for all kinds of difficulties and contingencies in arbitration proceedings. One of the provisions is that in case the two arbitrators differ, the matter goes to an umpire, or it goes to the Court. That is what is provided in the Arbitration Act.

Pandit Thakur Das Bhargava (East Punjab: General): Sir, sub-clause (6) speaks of an umpire and the position is clear.

Mr. Speaker: Sub-clause (6) makes the position clear.

Shri Prabhu Dayal Himatsingka (West Bengal: General): That sub-clause shows that there is provision for an umpire. The Arbitration Act is clear and it provides for a reference to an umpire agreed upon by the parties and if they do not agree, they may go to the court, which will appoint an umpire.

Mr. Naziruddin Ahmad: Courts are the things which we are going to avoid.

Mr. Speaker: Appointment of an arbitrator is not going to the court on the merits of the case. Whatever that may be, the point which he has in view will not be served by the amendment. The position seems to be clarified by the clause as it stands.

Mr. Naziruddin Ahmad: I do not press the amendment.

Mr. Speaker: The question is:

"That clause 76 stand part of the Bill."

The motion was adopted.

Clause 76 was added to the Bill.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in sub-clause (1) of clause 77 of the Bill, for all the words beginning with the words 'If any licensee or other person' and ending with the words and figures 'of section 75', the following be substituted:

'If any licensee or other person upon whom any direction, order or requirement is made under section 55 or under clause (c) of sub-section (2) of section 57 or under section 58 or under sub-section (3) of section 75, fails without reasonable excuse to comply with or give effect to the direction, order or requirement.'

Sir, This is only a re-arrangement of the words.

Honourable Shri N. V. Gadgil: I am not accepting the amendment.

Mr. Speaker: The question is:

"That in sub-clause (1) of clause 77 of the Bill, for all the words beginning with the words 'If any licensee or other person' and ending with the words and figures 'of section 75', the following be substituted:

'If any licensee or other person upon whom any direction, order or requirement is made under section 55 or under clause (c) of sub-section (2) of section 57 or under section 58 or under sub-section (3) of section 75, fails without reasonable excuse to comply with or give effect to the direction, order or requirement.'

The motion was negatived.

Mr. Naziruddin Ahmad: Sir, I move:

"That in sub-clause (2) of clause 77 of the Bill, for the words 'this section', the word, figure and brackets 'sub-section (1)', be substituted."

Clause 77 has three sub-clauses of which the first only creates offences. Sub-clause (2) provides exception in case of particular persons; sub-clause (3) deals with the jurisdiction of the court. Therefore as the offence is entirely confined to sub-clause (1), I think it would be more specific to use the words "sub-section (1)" in sub-clause (2) instead of the words "this section".

The Honourable Shri N. V. Gadgil: Sir, I do not accept it.

Mr. Speaker: The question is:

"That in sub-clause (2) of clause 77 of the Bill, for the words 'this section', the word, figure and brackets 'sub-section (1)' be substituted."

The motion was negatived.

Prof. Shibban Lal Saksena: Sir, I move:

"That in sub-clause (1) of clause 77 of the Bill, for the words 'punishable with fine which may extend to five hundred rupees', the following be substituted:

'punishable with imprisonment which may extend to one year and fine'."

In this clause the penalty provided for infringement of the Act is a fine of Rs. 500 and thereafter Rs. 50 for every day the offence is continued. Clause 77(1) refers to clause (c) of clause 57(2) under which the provincial Government gives an order that the licensee shall fix a particular rate for electricity. If he does not obey and charges a higher price and thus makes a profit of thousands of rupees per day his only punishment is a fine of Rs. 500 and then Rs. 50 per day so long as the offence continues. I think the licensee will find it much better to continue the offence and pay Rs. 50 a day, which will mean nothing to him as he would be making such huge profits. I think this provision should be modified and licensees must not be allowed to transgress the law. Therefore the minimum punishment must be imprisonment for one year and a fine which should extend to the amount of profit that he makes. Although the Honourable Minister seems to be dead set against all amendments I hope he will accept this amendment. Otherwise there will be many infringements and no one will care for the Act.

The Honourable Shri N. V. Gadgil: Sir, I do not accept it. The greatest punishment that can be inflicted is revoking or cancelling the license and an additional punishment of more than what is provided in the clause is not necessary. I oppose it.

Mr. Speaker: The question is:

"That in sub-clause (1) of clause 77 of the Bill, for the words 'punishable with fine which may extend to five hundred rupees', the following be substituted:

'punishable with imprisonment which may extend to one year and fine'."

The motion was negatived.

Mr. Speaker: The question is:

"That clause 77 stand part of the Bill."

The motion was adopted.

Clause 77 was added to the Bill.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

*The Assembly then adjourned for Lunch till Half Past Two of the Clock.
Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

DEMANDS FOR SUPPLEMENTARY GRANTS 1948-49.

DEMAND NO. 99A—CAPITAL OUTLAY ON STERLING PENSIONS

The Honourable Shri R. K. Shanmukham Chetty (Minister for Finance): Sir, I move:

"That a supplementary sum not exceeding Rs. 2,16,27,18,000 be granted to the Governor General to defray the charges which will come in course of payment during the year ending 31st March, 1949, in respect of 'Capital Outlay on Sterling Pensions'."

[Shri R. K. Shanmukham Chetty]

May I move the second motion also?

Mr. Speaker: Yes.

DEMAND NO. 101—DEFENCE CAPITAL OUTLAY

The Honourable Shri R. K. Shanmukham Chetty: Sir, I move:

"That a supplementary sum not exceeding Rs. 65,33,33,000 be granted to the Governor General to defray the charges which will come in course of payment during the year ending 31st March, 1949, in respect of 'Defence Capital Outlay'."

The two supplementary demands that I am now placing before this House arise out of the result of the recent agreement that was concluded with the British Government regarding the sterling balances. In presenting the White Paper to the House the other day, I mentioned that Government would be prepared for a discussion on the terms of the agreement when I moved the supplementary votes, and I take it that with your permission, Mr. Speaker, I might be permitted, in moving these motions, to give a brief account of these negotiations and the agreement that we arrived at.

The whole question of sterling balances has been before the country for quite a long time and honourable members generally familiar with the outstanding problems arising out of the accumulation of these balances in London. I do not think it is necessary for me to go into great detail about the genesis of these sterling balances. For the convenience of the debate, it would however be helpful to refresh the minds of honourable members if I recapitulate very briefly the genesis of the sterling balances.

These balances were accumulated in England during the war time. Even before the war, the Government of India and the Reserve Bank later on, held some balances in London as a part of the currency reserve of the country. Just before the war these balances stood approximately at £64 millions or Rs. 88 crores. During the war period these balances accumulated to an enormous extent. This accumulation was brought about not merely by the surplus exports that were sent out of the country but as a result of the peculiar manner in which the then Government of India financed the supply of stores and other equipment to the British Government and to the Governments of the Allied Nations. India, as honourable members will remember, was a great base of supply—supply not merely of raw materials but of semi-manufactured and also of manufactured goods. Over and above the expenditure incurred by the Government of India directly on our own account in prosecution of the war, we supplied vast quantities of raw materials and manufactured goods for the British Government and the Allied Nations. Normally, the financing of these projects and supplies would have been made by the British Government and other Governments, finding the rupee finance either by raising rupee loans in India or by some arrangement with the Government of India. This normal procedure was not resorted to. On the other hand, a section of the Reserve Bank of India Act was utilised for this purpose. The Reserve Bank of India under the Act was under an obligation to supply the rupees against a tender of sterling in London. This obligation of the Reserve Bank was invoked for the purpose of financing these operations. The British Government and the Allied Governments placed at the disposal of the Reserve Bank of India sterling in London in payment of these purchases. As against this sterling the Reserve Bank printed notes and this rupee finance thus created was utilised for the payment of those who supplied these materials.

It would therefore be observed that the sterling balance, as I have repeatedly stated, is not a war debt given by the Government of India to the British Government but merely a currency reserve which the Reserve Bank of India holds as deposit in the Bank of England and also in the form of various British Government securities both long-term and short-term.

I have also frankly expressed my opinion that this method of financing the supplies to the British and Allied Governments was really an abuse of the provisions of the Reserve Bank of India Act. Unfortunately, in the subordinate political status of our country during that period, the voice of public opinion was not heard and we had no remedy against this. The result has been that at the end of the war we find a very large accumulation of this balance, which, as I said, represents the property, the assets of the Reserve Bank of India, both in the issue and in the banking departments of that Bank. The Government of India really do not come into the picture. The Government of the United Kingdom does not come into the picture. Normally it would be perfectly open to the Reserve Bank of India to issue cheques on the Bank of England for the payment of sterling as against rupees that might be tendered to the Reserve Bank of India in this country. In view, however, of the difficult economic situation of England, which is a common feature in the economy of the postwar world, by mutual agreement we have imposed a voluntary limitation on our power to withdraw these balances. In other words, we have refrained voluntarily from exercising the power of drawing on these balances in any manner that we liked. The pace and the method of the withdrawal formed the subject of negotiations between the two governments and honourable members might remember that during the last one year we concluded two agreements, under which the rate of withdrawal and the amount of withdrawal were specified for two half-yearly periods. The last agreement terminated on the 30th June and we had to examine the question of entering into further negotiations for the purpose of future withdrawals.

We realised, as a result of the experience of the 12 preceding months, that the practice of having half-yearly settlements was very inconvenient and under that arrangement it was not possible for the Government of India to go ahead confidently with any plan of industrial or agricultural development in this country. At the same time we realised that it would not be wise in our own interest to press for a long term settlement of the sterling balance question with the British Government. Taking all factors into consideration we came to the conclusion that we must come to some arrangement, under which we must know at least for a period of three years what amount would be available to us for our developmental purposes. We therefore had in view a settlement to cover a period of three years, during which period it will be determined what will be the maximum amount of sterling that we might utilise.

On the 25th June, 1948, the total sterling balance standing to the credit of the Reserve Bank of India was £1,152 million or Rs. 1,536 crores. When Government decided to send a delegation to London to settle the arrangement for the next three years, it was also thought that we must avail ourselves of this opportunity to settle some of the other outstanding problems.

When the war terminated it was found that the British Government had in India an enormous quantity of war material. They had also built at their own cost various air fields, training centres and other installations. In April 1947 the then Government of India took over the entire war assets of the British Government left in this country. The actual price to be paid for these was left for future negotiation. The Delegation was therefore instructed to settle

[Shri R. K. Shanmukham Chetty]

with the United Kingdom Government the price to be paid for these installations and stores.

There was one other problem which the Delegation was asked to tackle and, if possible, to settle. The Government of India have to remit every year to England large sums of money to pay the pensions of persons who had served in the civil and military departments of the Government of India and who have now retired. Every year we had to find exchange resources to meet this obligation. It was thought that if suitable terms could be secured we might capitalise the whole liability for pensions. The three problems with which the Delegation was therefore charged were the capitalisation of the pensions, the payment for the stores and installations and the settlement for the release of the sterling balance for the next three years. I shall first take up the question of pensions.

As honourable members would have seen in the White Paper we have paid a lump sum of £147½ million to the British Government as a capitalised payment to enable us to meet these pensionary charges of the then Central Government of India. We have also paid them £20½ million as capitalised value of the pensions which are payable by the provincial governments which are now in the Indian Union. We are not responsible for the pensions payable by the provincial Governments which are now in Pakistan and it was open to the Pakistan Government to settle this matter with the British Government. We thought it necessary to come to some settlement regarding these pensions by the payment of a capitalised amount, because though this was a joint liability between the Indian and the Pakistan Governments under the Partition arrangements, the Government of India had undertaken the full responsibility for the payment and to recover the share of Pakistan from time to time. If we had not made this capitalisation arrangement, what would have resulted is that from year to year we would have had to find from our own exchange resources the wherewithal to pay this joint liability. If, on the other hand, we could succeed in coming to some settlement with the British Government, we could pay the capitalised amount from the common pool of the sterling balance before dividing that balance between the Government of India and the Government of Pakistan. For this practical reason it was agreed both by the Pakistan Government and by ourselves that we should strive to come to a settlement with the British Government on this point. £147½ million which represents the capitalised value approximately of the pensionary liability of the two Governments will be found from the joint pool of the sterling belonging to the two Governments. The balance of £20½ million which we have agreed to pay in lieu of the pensionary liability of the provinces in the Indian Union will come from our share of the sterling balance. Under the Agreement that we have made, in return for this capitalised amount the British Government will make available to us a tapering annuity extending over a period of 60 years. The amounts that the British Government are bound to place at our disposal for this purpose will be found on page 48 of the White Paper. It will be found there that in 1948-49 they are to give us £6,800,000; in 1949-50 6,223,000; and it goes on reducing like that till at last in the year 2007-08—that means, 60 years hence—the amount that they will have to pay will be only £72. This annuity will be placed at our disposal by the British Government every year. If we find that in a particular year the actual disbursements to be made exceed the annuity paid for that year, then we will find the excess. If, on the other hand, it is found that the annuity is in excess of the actual payment during a particular year—we will appropriate that excess. Even though we have capitalised the pensionary liability in a sort of limited sense we have not divested ourselves of

our responsibility to our pensioners. I was rather surprised, Sir, when I read in certain newspaper articles that the Delegation must have once and for all got rid of this pensionary liability in return for the payment of a capital amount. This is exactly the thing that Sir Stafford Cripps wanted, which we resisted. Until almost the last moment the Chancellor of the Exchequer pressed upon us the advisability of completely transferring our liabilities to the British Government so far as pensioners were concerned, in return for a 'lump sum' payment. We resisted that demand and we maintained that we must keep this responsibility ourselves. And we had very good reasons for doing so. For one thing, to ask us to pay a capitalised amount and transfer the responsibility to the British Government means want of confidence in our integrity, in our desire to pay our pensioners the pension that they have earned. We were not prepared to accept that position.

Shri Mahavir Tyagi (U. P.: General): It means you acted on sentimental grounds.

The Honourable Shri R. K. Shanmukham Chetty: The honourable member will have a full opportunity of expressing his views. Again it must be remembered that pensions are payable to pensioners only during good conduct. I am sure every member of this House will agree with me when I say that we must retain the power of telling any of the pensioners later on that we will not pay them their pension because they have not proved by their conduct their loyalty to the country which they served. Sir, for these two very good reasons we thought that it would not be in the interests of our country to transfer the entire responsibility to the British Government.

As Minister for Finance I had one other very valid and solid reason which is not sentimental. Today we do not charge income-tax on these pensions. These pensions are paid free of income-tax, because under the Act that prevailed until recently we were precluded from levying income-tax on these pensions. Now we have amended the Act, taking power to levy income-tax if at any time we thought fit to do so. I put it to the House whether this is not a solid reason which should outweigh any sentimental reason to the contrary. I do not know what the position might be hereafter regarding taxation of these pensions in respect of income-tax. But if we decide at any time to charge income-tax against these pension payments, we have agreed with the British Government that we will give notice to the British Government and come to some arrangement with them under which unnecessary and needless inconvenience may not be caused to individual pensioners. This undertaking only means this that under that arrangement the British Government will pay us in lump the tax due to us and make any arrangements they like with the pensioners. But our legal right of levying any income-tax has been preserved under this arrangement.

Prof. N. G. Ranga (Madras: General): What about the international agreement to avoid double taxation?

The Honourable Shri R. K. Shanmukham Chetty: Even after avoiding double taxation we will get a substantial amount as contribution from the British Government.

Shri K. Santhanam (Madras: General): May I ask whether these annuities will be subject to British income-tax?

The Honourable Shri R. K. Shanmukham Chetty: It is almost a staggering question. But in these days one should not be staggered at this. I would not be surprised if Winston Churchill later on forwards that claim. But I am hoping that a hundred Winston Churchills cannot argue that the repayment

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of a debt is also liable to income-tax by the debtor who repays it. I am sure that such a question will not be raised.

I have given three very good reasons why we refused, in spite of the persistence of the Chancellor of the Exchequer, to agree to the proposition that we should transfer the entire pensionary liability to the British Government. Under the arrangement that we have now made the administrative arrangements will be continued as they are at present, which means that our High Commissioner in London will be disbursing the civil pensions and the Commonwealth Relations Office of the British Government in London will be administering the payment of the military pensions. This standstill agreement is to remain in force for three years and before the conclusion of that period it will be open to us to come to some new arrangements. Whatever arrangements might be come to in the future, whoever might be responsible for future negotiations on this subject, I sincerely hope that the right that we have over the pensioners will be retained by us and not transferred.

So much for the capitalisation of the sterling pensions. I will now come to the question of the payment for the stores and installations. These stores and installations cover a vast multitude of articles running into thousands and tens of thousands. The British Government themselves have no account about these stores and installations. Some months before we went to London our officers were asked to estimate the approximate value of all these stores and installations. It will not be possible for me, nor is it necessary, to describe in detail the method that they adopted in making a valuation of all these stores and installations. Our experts and our Accounts officers estimated that the book value of these will be approximately Rs. 500 crores, or about £875 millions. On a previous occasion when there was a British mission here in this country, headed by Sir Wilfred Edie, some negotiations took place between the officials of the two Governments. At that time the British delegation wanted a round and lump sum payment of £200 millions for these stores. We were not prepared to pay so much. After a great deal of hard bargaining between ourselves and Pakistan representatives on the one hand and the British representatives on the other we finally agreed to pay £100 million as a lump sum for all these stores and installations. I consider that the payment of £100 million for installations and stores worth approximately £875 millions is certainly a very good bargain. In fact, one feature that I might mention to the House is that the British representatives were very much impressed by the very thorough manner in which our officials had prepared statistics relating to the book value of all these stores and installations. They were so much impressed with the facts, the figures and the formulæ that we suggested that finally they agreed to the figure of £100 million.

Shri Ajit Prasad Jain (U. P.: General): How do you arrive at this figure?

The Honourable Shri R. K. Shanmukham Chetty: As a matter of fact we made very detailed calculations as to how much percentage of the original value of the various categories of stores and installations we can pay, and the actual value that we have paid will vary from 6 per cent. of the book value to 50 per cent. of the book value. On an average it works out to about 3 P. M. 27 per cent. of the book value. I am satisfied, Sir, that it is a very fair bargain, in fact quite a good bargain, so far as ourselves and Pakistan are concerned.

Mr. E. K. Sidhva (C.P. and Berar: General): May I know whether these stores include serviceable goods imported during the war, and also aerodromes constructed during war?

The Honourable Shri E. K. Shanmukham Chetty: I said that these stores and installations include everything that was the property of the British Government that was left here. But in deciding what we should give, we have taken into consideration these factors: for example, for certain types of stores and certain types of installations we have refused to pay anything because they are not of any value to us at all; therefore, that fact was kept in mind very much. Unfortunately, it is not possible, Sir, in the course of a debate on the floor of the House to give full details of how the book value was arrived at or how we arrived at what we considered to be a fair valuation that we might offer to them on the various categories of stores.

Now, this payment of £100 million again comes from the common pool of sterling between us and Pakistan. The total value of the assets physically in Pakistan would be approximately worth about Rs. 8 crores. But under the partition arrangements we are bound to supply them various categories of stores. It is not possible now to estimate very accurately how much Pakistan would be bound to pay to us on this account. But our rough estimate of what Pakistan would owe us on this account is approximately Rs. 25 crores, and this amount Pakistan will pay us in the form of sterling. So, out of the amount of £100 million, or Rs. 188 and odd crores, that we have paid to the British Government, Rs. 25 crores approximately will be recovered from the Government of Pakistan.

Shri M. Ananthasayanam Ayyangar (Madras: General): How?

The Honourable Shri E. K. Shanmukham Chetty: They are bound to pay us in sterling and in the agreement that I concluded with the Pakistan Government at Karachi before we left for England, we have detailed the manner and the time at which all these payments have to be made to us by Pakistan. The arrangement that was made at Karachi on these points will be found in the arrangement that was made at Karachi on these points will be found in the text of that agreement which is included in the White Paper.

That concluded the payment for pensions and the payment for stores.

What remained was an arrangement for the release of sterling for the next three years. This proved to be a very difficult matter. The British Government took the view that the release of sterling must necessarily depend on the capacity of England to export to us unrequited exports, which means exports which are not paid for by current imports. We found that at the time that we were conducting these negotiations, we had already to our credit in No. 1 Account about £80 million, and it was agreed after further prolonged negotiation that the British Government will release to us a further sum of £80 million during the next three years, making available to us altogether £160 million. This £160 million no doubt includes a working balance of £80 million but it has been clearly understood during the negotiations that the working balance is not supposed to be a deadweight stone but is intended to be used if it is wanted and that we are at liberty to use the working balance. It has also been arranged that the transfer to No. 1 Account will not be rigid but will be somewhat flexible and that it will be open to us to ask for a larger transfer than £40 million during any particular year if we found that there was really need for it.

Prof. N. G. Ranga: And it depends on their capacity also.

The Honourable Shri R. K. Shanmukham Chetty: I will come to that.

While the problem of the amount of sterling to be released for the next three years proved difficult enough, the problem of the multilateral convertibility of a part of this sterling proved to be even more difficult. Some portion of the sterling we should be at liberty to use in any country that we like, and for that purpose there must be multilateral convertibility attached to it. The Chancellor of the Exchequer presented to us his side of the case and showed us how the gold and dollar reserves of the sterling area was at a dangerously low minimum, how they have to depend upon the Marshall Aid for them to carry on for the next twelve months, and that under these circumstances they would not be in a position to give any portion of this sterling as multilaterally convertible. We however appreciated that it would not be reasonable to ask for a three-year settlement regarding the multilateral convertibility. In the changing economic conditions of the world it would not have been wise on our part to press for such an understanding, nor would it have been possible for the United Kingdom Government to agree to any figure for three years. We therefore agreed at the very outset that any provision for multilateral convertibility will be only for the first twelve months, multilateral convertibility for the succeeding two years to be settled by future negotiations. It was officially agreed that out of the sterling released £15 million or approximately sixty million dollars would be available to us in hard currencies if we chose during the twelve months.

In addition to this straightforward release of £15 million, it has also been agreed that in our trade with Japan we would be entitled to convert £3½ million of our exportable surplus into dollars or any other hard currency. The provision for multilateral convertibility should therefore be assumed to be £18½ million.

In addition to these two arrangements we have also made certain other arrangements under which the scope of multilateral convertibility for us is very much wider than what may be represented by the figure of £18½ million. The British Government have agreed to make available to us within the sterling area, or in return for sterling payment, certain essential goods like cotton, non-ferrous metals, petrol, oil and lubricants.

Mr. R. K. Sidhva: You have stated that they have not agreed.

The Honourable Shri R. K. Shanmukham Chetty: You don't believe what I say but believe.....

Mr. R. K. Sidhva: The document is here.

The Honourable Shri R. K. Shanmukham Chetty: I supplement that document and I make the statement on the floor of the House and I take the fullest responsibility for it. We have made an arrangement, I repeat, under which the British Government will help us to meet our requirements of these commodities either in the sterling area or in return for sterling payment. Until now we have been paying for our petrol and oil supplies in the form of sterling and recently we have been asked by the oil companies to pay for a certain portion of these supplies in dollars and this was specifically brought to the notice of the Chancellor of the Exchequer and he has definitely undertaken that we will not be called upon to make payments in dollars for the supplies of oils and petrol made to us.

It has also been arranged that with a view to enable us to get the best out of all these Agreements we will set up a machinery which will be in constant consultation with a corresponding machinery to be set up by the British Government, so that in the matter of making available to us capital goods

during the next three years we might not meet with any insurmountable difficulties.

My honourable friend Mr. Ranga very rightly drew the attention of the House to the fact whether any assurance has been obtained regarding the supply of goods in return for sterling. Well, it is not possible to secure a very definite and unequivocal understanding on such a point. After all, the release of this sterling has no meaning unless it is translated in terms of goods. Whether the sterling that has been released to us will be thus utilised depends not merely on the capacity of the British manufacturer to supply to us capital goods but our readiness and our capacity to absorb these goods. It has been pointed out that in the previous twelve months, out of £88 million that have been released we were able to use only £9 million. Now, what does that indicate? It indicates that we have not utilised to the fullest possible extent or anywhere near even a reasonable extent the amount of sterling that has been made available.

Prof. N. G. Ranga: But whose fault was it?

The Honourable Shri E. K. Shanmukham Chetty: "Whose fault is it?" is a question to be asked, and the echo says "Whose fault is it?"

Prof. N. G. Ranga: Government's.

The Honourable Shri E. K. Shanmukham Chetty: No doubt, it is difficult to obtain capital goods, but let us be frank with ourselves. Let us not hide our own defects and our own shortcomings. In my discussions with certain business interests in London it was pointed out to me that there are a number of cases in which inquiries were made for the supply of capital goods and machinery by Indian businessmen, that the British manufacturers were ready to supply, and yet the orders did not materialise. And whose fault is it? It is our fault. It is a fault not merely of our private individual industrialists, but partly of the Government as well. There is no use of shirking this fact.

But in condemning the Government, I would ask the House to remember certain extenuating circumstances. We were beginning during these twelve months this experiment of having a limited quantity of sterling released to us. We were told that unless we utilised our foreign exchange resources very carefully we would be landed in serious difficulty regarding foreign exchange. The logical corollary of this position is that we have to put more stringent limits on our imports. Our import licences were strengthened. They were made very rigid and even where import licences were granted during this period, naturally it takes time for orders to materialise. During this period of twelve months, orders for machinery, for instance, capital goods or consumer goods even to the extent of £10 million may have been placed but all those goods might not have been delivered during that period of twelve months. But in any case the fact remains that the Government did not have a clear out plan of industrial development to utilise all these releases of sterling. (*Prof. N. G. Ranga:* "Hear, hear"). We are very much alive to this shortcoming and we are hoping that we would learn a lesson from this. Private enterprise has been very shy.

Seth Govind Das (C.P. and Berar: General): It is shy even now.

The Honourable Shri E. K. Shanmukham Chetty: Companies that were floated have not attracted sufficient share capital.

Seth Govind Das: None at all.

The Honourable Shri E. K. Shanmukham Chetty: In fact, certain companies which were floated with the participation of the Central Government

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and certain provincial Governments have not met with better success. Under these circumstances, it is for this House and for the Government to make their mind once and for all whether they would create those circumstances which will foster private enterprise or whether Government, notwithstanding what private enterprise may or may not do, will go ahead with their own programme of capital development in India.

Seth Govind Das: That is what Government ought to do without caring for private industrialists.

Mr. R. K. Sidhva: Have you not done so by passing the Industrial Resolution the other day?

Prof. N. G. Ranga: A Resolution passed four months ago!

The Honourable Shri R. K. Shanmukham Chetty: If my honourable friend reads that Industrial Resolution by which I stand, he will find that we have thrown up a very large sector of industry for private enterprise. There is no getting away from that fact, but the fact remains that in spite of our throwing that large sector of industry to private enterprise, private capital has not been forthcoming.

Seth Govind Das: It is the blame of the industrialists. We must not care for it.

The Honourable Shri R. K. Shanmukham Chetty: You may not care for it but here is the phenomenon, for which you have to find a remedy and I am hoping that in our examination of the present economic crisis we will devise some effective means to put an end to this state of affairs.

Prof. N. G. Ranga: May I ask one bit of information, whether my honourable friend had been consulted or had agreed to the speech made by the Commerce Minister the other day at the Exporters' Conference and whether he agreed with the Resolutions passed by that Conference where it was stated that export should be encouraged and import should be discouraged?

The Honourable Shri K. C. Neogy (Minister of Commerce): Import should be discouraged—I never said anything of the kind. We were concerned in the Export Advisory Committee with only the export trade of the country. I said nothing about imports on that occasion.

The Honourable Shri R. K. Shanmukham Chetty: I am prepared to give a *carte blanche* to my colleague Mr. Neogy and abide by whatever policy he follows. I have read that statement of his about export policy and I certainly agree with what he has said. He has stated that we must increase our exports to the extent we increase our exports we extend our capacity for purchasing capital goods from abroad and it is up to us to create those conditions under which we would actually purchase those goods from abroad.

Seth Govind Das: I would like to ask the Honourable the Finance Minister one question. The private industry is not forthcoming and we have seen it for so many months. Under those circumstances, are we still going to care for them, or without caring for them we shall go on with our industrial planning and our development?

The Honourable Shri R. K. Shanmukham Chetty: Exactly. I do not think, Sir, that this is the appropriate occasion to have a debate on that particular point, but that will be one of the most vital points that we will have to consider when we discuss the whole question of the economic condition of the country at present. (Interruption).

I was talking, Sir, about the multilateral convertibility and I mentioned the amount of £15 million straightforward release and £3½ million available in our surplus with Japan, the benefit that we get in payments for sterling for certain commodities and I must also mention the fact that we have now got the benefit of paying in sterling for our purchases from certain other countries in Europe and America. For example, we can pay in sterling hereafter to Switzerland; we can pay in sterling to Czechoslovakia; in fact, except Belgium and Portugal, practically the whole of the European continent becomes for us a soft currency area. Some countries of the Western hemisphere also have come soft currency areas, which only goes to show that the area in which we can purchase has been widened and if we do not make use of it to the fullest extent we have nobody to blame but ourselves.

Seth Govind Das: That depends upon our own Government.

The Honourable Shri E. K. Shanmukham Chetty: Before I gave my assent to the final authority regarding the release of the further £80 million I had serious doubts in my mind whether this would be sufficient to meet our needs for the next three years.

Finally I agreed because I came to the conclusion that this was the best that we could do under the circumstances. In fact whether we would be in a position to use the whole of this 160 million pounds or whether we would find a need for more will ultimately depend upon our capacity to absorb capital goods. In fact with a view to a better realization or to more effective utilization of our foreign exchange resources, we have also recently relaxed our import very considerably. I have always taken the view that we should not fritter away our foreign exchange resources on merely consumer goods, but faced with the problem of inflation and the scarcity of consumer goods, I think, Sir, it is on the whole to our advantage to allow some consumer goods to come into this country, so that we might not merely utilise the balances released, but that we might decrease the inflationary pressure on our economy.

This in substance is the agreement that we have concluded. I have been asked whether I have taken any undertaking from the British Government that the question of scaling down will not be re-opened. I stated at the Press Conference that the ghost of sterling balances has now been laid. The very next day some interesting statement was made in the House of Commons. The redoubtable Winston Churchill made a statement.

Dr. B. Pattabhi Sitaramayya (Madras General): Sir Stafford Cripps was the cause for it. The culprit is Cripps.

The Honourable Shri E. K. Shanmukham Chetty: The answer given by Sir Stafford Cripps is for a question put by Mr. Winston Churchill, which is in this form.

"I suppose the Right Honourable and Learned Gentleman would I suppose agree that at the close of war we would still owe India approximately 1,200 million sterling as a result of our defending her from invasion and conquest by Japan. It had always been kept open as I think he will agree that we should have the right to put in a counter-claim for the immense services which we rendered in saving those 400 million people from being ravaged, pillaged and slaughtered as they would otherwise to a large extent have been."

And the answer of Sir Stafford Cripps was:

"I have already said that any arrangement that we have made does not in any way prejudice the eventual settlement. Everything is open on both sides."

Sir, I want the House to judge whether my statement in the Press Conference is warranted or not and I am prepared to produce documentary evidence in support of what I said.

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The answer of Sir Stafford Cripps is it a question relating to Defence expenditure. The British Government under the leadership of the redoubtable Mr. Winston Churchill was supposed to have saved us from great disaster and therefore he says he had always kept that question open. The allocation of Defence expenditure between the British Government and the Government of India was decided by a financial settlement made some years back and in the midst of the war, the British Government made a formal proposal to the then Government of India that there should be a revision of that arrangement, and Sir Jeremy Raisman said on the floor of the Legislative Assembly in those days that the Government of India has completely turned down any such proposal and that the financial arrangement then made holds good. That is one point that I want you to remember and therefore the statement of Mr. Winston Churchill that it has always been kept open is not correct. Mr. Churchill tried to open it and twice the door was banged against him, and yet he does not seem to realize it. But I have got more substantial facts than that. The answer relates, as I said, to the question of any future claim that the British Government might make with regard to our bearing an additional burden in Defence. I would refer honourable members to a letter on page 62 of the white paper, a letter written by Sir Henry Wilson Smith to Mr. A. K. Chanda. Now this letter contains the terms of the final settlement of the amount between the British Government and ourselves. Far from giving up any of the balance that we hold while we had 1,152 million pounds there standing, we in London presented another bill for 55 million pounds as Defence expenditure owed to us by the British Government. It was certified by our Auditor General and under the terms of the financial settlement the British Government was to pay us 55 million pounds. I ask the honourable House to remember this if in a debt settlement there is any question of the creditor being called upon to give up a part of the debt would the debtor during such a settlement pay some more money to the creditor? Yet they paid them on that occasion 55 million pounds and not merely that. In paying that 55 million pounds this is what has been put on record.

"The demand mentioned above will be in full and final settlement between the Government of the United Kingdom on the one hand and the Government of India and Pakistan on the other of all matters arising out of the operation of the defence expenditure except in respect of the adjustment of the terminal benefits."

This is a small detail under which they still owe us a little more money.

I would ask the House to read this paragraph and tell me whether they agree with my conclusion that this paragraph if it has got any meaning at all has got only this meaning that so far as the expenditure relating to the Defence of India is concerned, the matter has been completely settled and the payment of that 55 million pounds is the last and final settlement on this side.

An Honourable Member: Did you have the confirmation asked for?

The Honourable Shri R. K. Shanmukham Chetty: This is a letter written by Sir Henry Wilson Smith which has been confirmed by Mr. Chanda in the following letter.

An Honourable Member: May I ask if the Honourable the Finance Minister asked Sir Stafford Cripps to give an explanation on that?

The Honourable Shri R. K. Shanmukham Chetty: Why should I ask him to explain when my case is so strong.

Dr. B. Pattabhi Sitaramayya: Let us be conscious of our strength.

The Honourable Shri R. K. Shanmukham Chetty: I wish we were more conscious of our strength.

Dr. B. Pattabi Sitaramayya: It is better to be conscious of our enemies' strength.

The Honourable Shri E. K. Shanmukham Chetty: If in a future occasion this question is re-opened, it will then be for the Indian negotiator to throw this at the face of Cripps or Winston Churchill or whoever it may be. We are all familiar with the language used by Mr. Winston Churchill, especially with reference to India. He talks about his having saved us from pillage and slaughter by the Japanese. Well, if Mr. Churchill put such a query, I have an answer for him and I would tell him but for the help that India rendered in the prosecution of this war, not only would England be a dependency of Germany but that Mr. Winston Churchill would be kept a captive in Berlin today. I think Hitler would have had enough sense of humour not to hang Mr. Winston Churchill. Why should you be worried about that? Let us be conscious of our strength and I have no doubt in my mind—not an iota of doubt—that so far as the settlement of the War burden is concerned, the last word has been said and in fact some small amount is still due by the British Government under the terminal charges referred to in that paragraph.

Sir, I am afraid I have taken a fairly long time and I expect that the honourable members will have their own points of view. With these words, Sir, I commend my two motions to the House.

Shri Ajit Prasad Jain: May I ask a question, Sir?

Mr. Speaker: After I put the motions formally to the House.

Motions moved:

"That a supplementary sum not exceeding Rs. 2,16,27,18,000 be granted to the Governor General to defray the charges which will come in course of payment during the year ending 31st March, 1949, in respect of 'Capital Outlay on Sterling Pensions'."

"That a supplementary sum not exceeding Rs. 65,33,33,000 be granted to the Governor General to defray the charges which will come in course of payment during the year ending 31st March, 1949, in respect of 'Defence Capital Outlay'."

The subject is very important. I should like to settle the procedure in which we shall take up the amendments to these motions and the discussion. I think there should be a general discussion on both, including the amendments. Will that suit the convenience of the House?

The Honourable Shri E. K. Shanmukham Chetty: If I may suggest, the amendments raise some of these main points that I have raised. In a general discussion those points are bound to be covered. If at the end of the discussion any honourable member wants to press his amendment to vote, it may be done. That may be a more convenient procedure.

Mr. Speaker: In any case, the amendments will have to be formally moved. My idea is, the amendments may be formally moved. If at the end of the debate, they think that they need not be put to the vote of the House and they would like to withdraw, they may be withdrawn. It all comes to the same thing as the Finance Minister has suggested. I would suggest that the honourable members may just move their amendments, reserving their speeches.

Shri B. Das (Orissa: General): I feel that after a general discussion if the honourable members who have tabled the amendments want to move them, they may move.

Mr. Speaker: That would be giving practically a double chance to speak. Instead of that, if the point are minor, they will not press the amendments to the vote. The amendments may be moved and the speeches may be deferred.

[Mr. Speaker]

Along with the main proposition, the amendments should also be discussed. The discussion will be common. I do not think we can have any closure for such a motion as that.

Mr. R. K. Sidhva: Sir, I would like to know, after the amendment is moved, what will be the procedure. The Finance Minister has already taken one hour and there is only one hour left. This is a very important matter. To give one hour for discussion of this is not sufficient. I want to know whether we would be given the privilege of discussing this matter at a later stage also.

Mr. Speaker: Personally, I think, looking to the importance of the matter and the interest which all of us have in this matter, there should be a full and free discussion without any restriction. I am entirely in the hands of the House in this respect.

Some Honourable Members: We want more time.

The Honourable Shri R. K. Shanmukham Chetty: We are bound to make this payment on the 14th. If this can be disposed of before tomorrow evening I have no objection.

Mr. Speaker: That means, we go beyond five o'clock today. We adjourn and then take up the matter tomorrow. Let us fix up some time for closure by agreement. The subject is so vast that we can go on discussing it for days together.

Shri M. Ananthasayanam Ayyangar: We may finish by five O'clock tomorrow.

Shri K. Santhanam: Tomorrow afternoon may be reserved for this debate. We have got a heavy agenda.

Shri M. Ananthasayanam Ayyangar: This is the largest asset outside India that we possess. Therefore, the other small Bills can stand over.

Mr. Speaker: I think the best course would be this. When we are discussing 216 crores and 65 crores, the House is entitled to have its own views expressed. We do not mind one day's extension of the sittings. We will carry on till five O'clock. At 5 P.M. tomorrow the discussions will come to an end. The guillotine will be applied at 4-30 P.M. and the Finance Minister will be given half an hour to reply. I will make one request to the members. The subject is capable of being discussed by individual members from various points of view. They will remember that as they are anxious to put forward their views, others are also equally anxious. They will impose a self-denying ordinance and speak only as much as is necessary and not repeat arguments or try to reply to individual remarks or arguments either of the Finance Minister or any other member.

Shri K. Santhanam: Is there a time limit for these speeches?

Mr. Speaker: It is left to the Chair. I do not propose to put a time limit. A time limit is imposed in a general discussion when cut motions are being moved, just for facilitating voting.

Shri K. Santhanam: In a general discussion, there is a time limit usually.

Mr. Speaker: I do not propose to put any. Even in a general discussion, the Chair can extend the time limit, except in the case of an adjournment motion. Therefore, I would suggest that there should be a self-denying ordinance and each member will not take more than about 20 or 30 minutes so that time may be left for other members.

Shri Ajit Prasad Jain: Sir, I wanted to put a question.

Mr. Speaker: Let the amendments be moved first. At any rate, what is the question?

Shri Ajit Prasad Jain: The question is this: At this rate, how long will it take for the Government to repatriate all the sterling balances?

Mr. Speaker: That is a question of calculation. He can raise it during the course of the debate. In his reply, the Finance Minister will answer, if he has an answer and if he thinks it fit to answer.

Mr. Z. H. Lari (U.P.: Muslim): Sir, I believe I will be given an opportunity to make my submissions afterwards.

Mr. Speaker: Yes.

Failure of Government to Secure Protection against Scaling down of Sterling Balances.

Mr. Z. H. Lari: Sir, I move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 2,16,27,18,000 in respect of 'Capital Outlay on Sterling Pensions' be reduced by Rs. 100."

Mr. Speaker: Cut motion moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 2,16,27,18,000 in respect of 'Capital Outlay on Sterling Pensions' be reduced by Rs. 100."

Propriety of Payment and Defence Stores Policy of Government.

Prof. Shibban Lal Saksena (U.P.: General): Sir, I move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 65,33,33,000 in respect of 'Defence Capital Outlay' be reduced by Rs. 100."

Mr. Speaker: Cut motion moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 65,33,33,000 in respect of 'Defence Capital Outlay' be reduced by Rs. 100."

Mr. Z. H. Lari: Sir, the House is aware that in the beginning of 1947 there was no sort of restriction on the powers of the Government of India to utilise the sterling balances. It was as a result of financial agreement between America and the Government of England that the necessity arose for restricting this use of sterling. One of the conditions of that financial agreement between the United States of America and the Government of England was that the balances should be scaled down to a extent. The terms, in so far as they are relevant for the purposes of discussion in this House are mentioned at page 2 of this white paper relating to sterling balances. It reads thus:

"That agreement also provided that the United Kingdom Government would negotiate with the holders of accumulating balances with the object of arriving at arrangements whereby a portion of these balances would be immediately released, a portion released in instalments over a period of years beginning from 1951."

—(and what is important is this)—

"and a further portion adjusted as a contribution to the settlement of war and post-war indebtedness and recognition of the benefits which the countries concerned might be expected to gain from such a settlement."

The Honourable the Finance Minister when giving the press statement himself realised and said that in pursuance of that Agreement there has been a

[Mr. Z. H. Lari]

clamour in England for scaling down even the sterling balances of India, and I will quote his words at page 68 of this book:

"It is necessary to restate this obvious proposition for removing the misunderstanding that still seems to persist in certain quarters which have periodically agitated over the scaling down of the sterling balances on the ground of their being a war debt."

That was the position when these negotiations were taking place. In the same statement he said that as Sir Stafford Cripps did not raise the question of scaling down therefore it must be presumed that the ghost of these sterling balances being scaled down had been finally laid. Now going back to the Agreement that was first entered into—because that is the principal Agreement that was entered into last year—what was the nature of that Agreement? It was a temporary arrangement for release of sterling. At page 11 of this book you find this:

"Being desirous of making a temporary arrangement for dealing with the sterling balances of India."

Therefore the main and principal Agreement which was entered into between the Government of India and the British Government on 14th August 1947 was not a final settlement of sterling balances but only a temporary arrangement for dealing with the sterling balances of India. To make the matter sure Sir Stafford Cripps wrote a letter which is to be found at page 19 where he says:

"It is understood on the part of His Majesty's Government that the Agreement is of an interim nature to cover the period up to the end of the present calendar year, and that it is without prejudice to any subsequent discussion regarding India's sterling balances."

Therefore that principal Agreement was subject to this letter dated the 14th August 1947. When the matter came up for consideration again in February what is the Agreement that is arrived at? You will find it on page 27.

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

Really the effect of the subsequent Agreement was simply to extend the period of that principal Agreement and nothing more. It was not a fresh Agreement but a mere extension of that principal Agreement which was arrived at on 14th August. The words are these:

"As a result of consultations provided for in Article XI of the Agreement between the Government of the United Kingdom and the Government of India, the following arrangements have been agreed upon between our two Governments for the extension of the principal Agreement."

The result is that this extension is again really subject to the letter written by Sir Stafford Cripps and agreed to by the representatives of the Government of India.

Now we come to the last Agreement which is at present under discussion. If you look at the phraseology of that Agreement which is on page 40, it says this:

"The following arrangements have been agreed upon between our two Governments for the extension of the principal Agreement."

So the result is that what holds ground is the Agreement which was arrived at between the two Governments in August 1947 and that Agreement is to be read in the light of the letter written by Sir Stafford Cripps on behalf of the British Government on August 14. Now what is the effect? What the total amount of sterling will be which the British Government is going to release in favour of India has not yet been determined except to the extent that the debt is there, the amount due is there. As the Finance Minister said, it is not really a debt, it is really a fund with the Bank of England.

Apart from that what has happened in the meantime to show that that agitation which was continuing in England, that obligation which England took upon itself under the financial arrangement between the United States of America and herself to scale down the balances have come to an end? That is the question. I will read some questions by Mr. Churchill in the House of Commons and the replies:

"Question (by Mr. Churchill): Have we, in what has now been concluded, kept open until 1951 the full freedom of reviewing this question—the main question—of what is called the sterling balances which is an euphemism for British debts? Is that position open and can it be raised and examined *de novo* in the year 1951?"

Answer (by Sir Stafford Cripps): I have already said that any arrangement we have been able to make does not in any way prejudice the eventual settlement.

Question: Even the fundamental issue of paying off the services rendered to India against the aid which was given in the war?

Answer: Any claim which the British Government wishes to put forward is open."

Therefore, so far as the reply of Sir Stafford Cripps is concerned, it is very clear and definite. We may condemn Mr. Churchill but we are concerned with the statement of Sir Stafford Cripps; we are concerned with the policy of the British Government. Has the Finance Minister thereafter taken any steps to see that the interpretation that he has put is really the correct interpretation? Moreover what stood in the way of our Delegation not getting a clause inserted that this question of release is not subject to any obligation on the part of the British Government to scale it down? Why could they not make it beyond controversy?

We had bargaining points in the nature of three things: firstly, the payment for assets; secondly the payment of pensions; thirdly, and this still exists, the assets of British Citizens in India. So far as the first two are concerned, we have already come to a final conclusion. The position now is that that matter of eventual payment has not been settled and meanwhile we have lost our bargaining power to a great extent. That is the reason why, I submit, that so far as this Agreement is concerned, there has been a failure on the part of the Delegation to have a clear assurance that in future there will be no question of scaling down these sterling.

Coming to the other point: Every one is aware that economic conditions in Europe, if not in chaos, are at least uncertain. Nobody can foresee what course the economic position is going to take. But any reasonable man, any prudent man, can contemplate the possibility of depreciation of currencies in Western and Central Europe. If that happens, is not it possible, Sir, that England may devalue sterling in order to set off the transaction between herself and the other Governments? Now the British Government has come forward to get time. She pleaded that we should not utilise our sterling for the time being and that we should wait for years and years but had our delegation prudence enough and foresight enough to say: Well, we are prepared to wait but what guarantee is there that this entire sterling holding may not be devaluated in terms of gold?

My friend has mentioned that during the first twelve months India utilised only £3 millions. How is it? And why? The Honourable the Finance Minister said that private enterprise is shy and in spite of definite enquiries and readiness of producers in England they did not place orders. Now what is the extent of that? The question now is: Was it not the duty of the Government in the face of the failure of private enterprise to formulate a policy of nationalization and proceed on with her own plan of industrialization and economic reconstruction? Because if we do not utilise the sterling and if we

[Mr. Z. H. Lari] cannot get capital goods, then as the Honourable the Finance Minister admitted, release of sterling is meaningless. Now unless there be a willingness on the part of the British Government to provide capital goods, this release even to the extent of £ 80 millions, which would come to us during the next two years, becomes useless. I do not find any definite undertaking on the part of the British Government to supply the needed capital goods. The Honourable the Finance Minister said it is very difficult to get a definite undertaking on such a point. But could not the delegation demand that we are meeting your wishes to a great extent. We are not going to utilise sterling for years and years: but that small sterling which you are going to release has got no significance to our country unless it is translated into capital goods. I have gone through this book and I do not find there was any definite mention of this problem, nor was there any definite promise by the British Government to supply capital goods.

Now we come to the actual arrangements themselves. The first is payment for assets in India. It is very difficult to say whether the payment is excessive or not. We do not know the method of calculation. But there is one thing of principle. Did not the British leave such assets like aerodrome and installations in so many other countries? Did they get any compensation for them? Did Egypt pay? Did Eritrea pay? Did Palestine pay? Did other countries pay? Was it necessary for the Government at this stage, without settling its own problems, namely that of the full payment and whether there should be no scaling down, or not to pay the amount? In the first place the principle of payment is itself open to doubt. But supposing that the Government could and should pay. My submission would be that such assets, which in the nature of things could not possibly be removed and which in the eyes of the British could have no monetary value, at least they should not have been paid for. But as the Honourable the Finance Minister has said in this debate it is not possible to give details, we are in the dark and we cannot say if proper payments have been made.

Prof. N. G. Ranga: Why should they have to pay you if you are going to pay for their assets here? They can also repeat your claims! You cannot confiscate their claims.

Mr. Z. H. Lari: I am not pleading for confiscation. If we confiscate the assets of British citizens in India then the British Government can say that you have confiscated and we are going to pay in the same coin. But here they had assets and they used India for the sake of protecting England and not merely to protect India! It was in the interest of England to make India into a battleground not in the sense of an actual battle but in the sense of a forward base. Therefore, you are not morally bound to account for such expenditure which were made and incurred by the British Government in order to protect her own liberty and her own independence. As such this principle is itself open to doubt. Assuming again, that we had to pay for it. This should have been used as a bargaining counter with them. We should have settled this only when they had agreed to release by such and such a time the entire sterling. But without having any agreement on that point, we conceded their demand.

Take the question of pensions. No doubt, I concede that in view of the obligation that had been undertaken by the Government payment had to be made. The only question that arises is that you have capitalised. You have ensured full and complete payment of pensions to the pensioners in England. Now there is no possibility of going back over it whatever the British Government may say and do and your attitude in future will be immaterial. No doubt the position is this: that they are now in a stronger position so far as payment of pensions is concerned. Merely saying that they are responsible to us and we can withhold pensions if they do not behave properly is futile. That is the

stand taken by the Honourable the Finance Minister. My objection is not that you keep the responsibility for payment of pensions to yourselves, because when we have to pay the pensions, the responsibility is ours. But you have made a final payment of all the pensions that will accrue for payment during the next 60 years and by conceding to them these demands, you have thereby given up your bargaining power and what is now left with us is simply the assets of British citizens in India, which possibly cannot be ex-appropriated, and which will be open to the objection lodged by my friend, Prof. Ranga when he said: How can you do that? Therefore this agreement has failed on two grounds: firstly, it has failed to protect the country against possible scaling down of sterling; secondly, by coming to a final agreement with regard to payment for pensions and assets, it has lost the bargaining power that it had.

Prof. Shibban Lal Saksena: Sir, I have very carefully heard the oration of our Finance Minister. I wish I could be restrained but am constrained to say that our Delegation has bartered away our future. In fact they have proceeded in a manner which seemed to give the impression that they were beggars who had gone there to beg.

The Honourable the Finance Minister said at the very outset that this money was not a war debt or payment of war expenditure: it was the cost of goods supplied. Even though thirty-five lakhs of our men died of famine in Bengal, yet we fed the American troops and everybody else. This is the money which represents the total amount of all our export surplus and the payment received for other conveniences which we gave to the British and Americans here. If the British had not been so unscrupulous and had not taken advantage most unfairly of the Reserve Bank of India Act, the whole money would have been here in our coffers. The full gold equivalent of our present sterling balances would have been here in our treasury in Delhi. But by virtue of the political domination that they had over us they took the gold there. Our delegation should have gone there and said that this gold should come back to Delhi. But we go there and say "Give us so much which is convertible and so much which is inconvertible". I think we proceeded in an entirely wrong manner. If we say that this is our money there is no question of scaling down. The British have even now got enough assets here which we can confiscate. There are at least 1,200 crore rupees worth of their shares in India and they dare not say that they will not pay, when we have got the power to expropriate their assets. So the argument that they can scale down our sterling debts has no meaning. I am afraid we are ourselves scaling down our Balances. Out of our total sterling Balances they have deducted 500 crores of rupees as their debts. How in 1931 Mahatma Gandhi got a sub-committee of the congress to investigate the debts. It was found that instead of India being indebted to Britain, really Britain owed 2,000 crores to India. We have not presented that account to the British Government and so we have ourselves scaled down our debts. Nobody else can dare to scale them down, unless of course within the next three years the British sell away their shares and take away their money. I therefore think that it is one of the great errors that we have committed in not providing in the Agreement that all the money that the British earn here shall not go to England, but that it will be debited against our sterling balance account number 2. That is an omission and many economists have pointed that out. I therefore think that we should not have gone there as beggars. The Finance Minister and the Delegation should have said that this is our money and we want it back urgently. We have said that the money shall bear the nominal interest which the other government gives. If we had our money we could have invested it in our own interests but that we cannot do now. All this I think is a sign of weakness and the same old mentality still continues in our Government which existed during the last 150 years. As somebody has said our Finance Minister seemed more to argue the

[Prof. Shibban Lal Saksena]

British case than the Indian case. He felt more for the difficulties of the British people than for our own needs. Is India so rich that it can be starved at the altar of the Dollar needs of England? I think these things should never have come into consideration.

Shri B. Das: I should like to know the name of the party who said that?

Prof. Shibban Lal Saksena: If you read this paper you will find it. The Finance Minister has himself said that the British had only 500 crores in the Dollar pool and therefore they could not give us more than £15 million for convertibility. I think it was the Finance Minister himself who said it. We should have cared for our own interest. Before we became free there was the Bombay and the Birla Plan. All these plans had counted upon these sterling balances. The Birla Plan and the People's Plan had both estimated a total amount of sterling balances worth 1,000 crores, which they thought could be utilised for purchasing capital goods. But nothing has been in this direction and all the plans will probably have to wait for a number of years. This proposal for the funding of the pensions and the payment for the stores out of our sterling balances should be rejected. You say we are paying about 200 crores for pensions. What I want to know is whether the payment of British pensions was the first charge on this our hard-earned money. If we had 200 crores of rupees what would be the interest upon it? It would probably be much more than the amount due for payment of pensions annually. We should have maintained our accounts with England and said that we shall pay the pensioners annually according to their behaviour. Then we could have 200 crores for our own investments. If we want today 200 crores as debt from England, will she give us the debt for financing our development plans? We have really given away this 200 crores because we thought that probably we will not get our full money which is tied up in sterling balances. Similarly with regard to the stores we have been very generous. We are paying 27 per cent. of the book value. I do not think that the Americans sold their surplus stores here and got even half that amount. I think that the problem has been so badly handled and the agreement arrived at has been so much in the interest of England and against us that I think our whole future has been bartered away so far as these sterling balances are concerned.

The Finance Minister said that out of 83 million sterling at our credit in account No. 1, we drew only 3 millions. We have been crying hoarse since the beginning of this Parliament that we must have a plan and try to fulfil that plan. You have not done it and now you come and tell us that we have not utilised this money. Who is responsible? I say the Government is responsible. Unless you make a plan and go ahead with it all the money will be lying waste. If you leave it to the capitalists they will always try to bargain. They will try to get more and more concessions and better terms. The sterling balances are our money. If we do not get our money we shall confiscate all the assets which the British have got here. I have seen from the very beginning we are giving more and more concessions to the British. If we had the money we can convert it into any currency. Only twenty crores we can now convert into dollars. I do not know how our Delegation agreed to this. It was a betrayal of the country and I think we cannot accept this agreement.

Sir, I oppose the motion, and support the cut I have moved.

Shrimati Benuka Ray (West Bengal: General): Mr. Chairman, Sir, before I offer the few remarks that I want to, I should first like to say that I do so with a full realization of the very practical difficulties—genuine and real difficulties—that must have faced the Sterling Balances Delegation to the United Kingdom. Unlike my honourable friend Professor Shibban Lal Saksena I believe that very often it is the creditor nation that stands at a disadvantage, particularly when the debtor nation is such a strong and powerful nation as

the U.K. At the same time, Sir, I should say that although there are certain points on which the Sterling Balances Committee have been fairly successful, there are other issues which I feel could have been tackled more successfully.

In the first place the amount of multilaterally convertible currency that they have been able to obtain is totally inadequate. I wish that the Honourable the Finance Minister had had the grace to acknowledge this instead of making an excuse. I think it would have been better for him to have said straight out "we have failed to do it in spite of our best efforts" than to make all other excuses, because it is indeed an excuse to say "we went to negotiate about sterling balances, but because of the other considerations such as that we may not be able to spend the multilaterally convertible currency we think that we have obtained enough". That sort of complacency, that kind of attitude, I think, is not warrantable on the part of a national government.

Shri M. Ananthasayanam Ayyangar: Have you not borrowed from the Monetary Bank?

Shrimati Renuka Ray: First of all I should like to point out that it is an admitted fact that U. K. cannot supply the machinery and the equipment that we need for our national development schemes, nor can they be supplied by those other sterling areas or areas which have now become sterling areas. We have to go to U.S.A. and to dollar countries for our requirements. To say that we cannot spend the money made available to us is therefore merely an excuse. It is the Government that controls and husband our resources and it is up to the Government to see that we do utilize our dollar reserves to the best of our ability. The fact that we need machinery and equipment on a wide spread scale cannot be gainsaid. Whether through private enterprise or through national industries, in whatever way possible, production and more production, today, is our watchword. If that is so, how can we at the same time say that we cannot utilize our dollar reserves? Therefore I would humbly submit to the Honourable the Finance Minister that I can well understand if he said that it was not possible for us under all the different circumstances to have obtained any more dollars, any more multilaterally convertible currency. But to put forward such an indefensible excuse is not the right thing to do.

There is another point which I would like to make. I think that we should have utilized some of the sterling balances against the Productive British assets in the country. I should like to make my position very clear. I do not mean that every British asset in the country should immediately be taken over by us. But such assets as coal mines, plantations and others which even according to the acknowledged policy of this Government should be nationalised—and the reason put forward for not nationalising all these at once is our meagre resources today—at least could have been taken. Such assets of the British Government at least could have been set aside against our sterling balances. I would like the Honourable the Finance Minister to enlighten us whether he at all explored this possibility because from the White Paper we find that it has not been done. I do feel that this was a method that could have yielded good results and it would have brought about the nationalisation of coal mines and other assets of that type which ought to be nationalised. The reason that we have not the resources to nationalise would not then come in the way.

I do think that the Honourable the Finance Minister and the Sterling Balances Committee showed a great deal of foresight in coming to an agreement with Pakistan whereby both Pakistan and India were in a better position to negotiate in London.

[Shrimati Renuka Ray]

I think that the tapering annuity scheme which has been criticized by the honourable Mr. Lari is a good scheme on the whole. I would like the Honourable the Finance Minister to realize once again that it is not in the spirit of carping criticism that I have spoken. It is painful for us to do so; we do not wish to criticize our national government. We are forced to do so because we feel that these are things of momentous importance, on which the country will be let down if they are not done the right way. It is for this reason that I have placed these points before him. I do hope that the Finance Minister will heed them in the future if he has not done so in the past.

Prof. K. T. Shah (Bihar: Genera.): Mr. Chairman, Sir, I approach this question with great hesitation, not only because of the complexity and numerosness of the issues involved, but also because of the general atmosphere under which this point has to be discussed and disposed of by us. I hope the Honourable the Finance Minister himself realizes, and I trust the House realizes it still more, that an amount like Rs. 300 crores is to be disposed of in perhaps three or four hours discussion, and that, too, by the gracious indulgence of the Chair. Lest I may be misunderstood on this point, I would like it to be explicit that here is a question which has been waiting for all these six or seven or ten years; and I for one am unable to see the propriety, the necessity, the justice of bringing it up and of asking the House to deal with it, so to say, in a supplementary demand motion on which, under the Rules of the House, only certain courses can be adopted, and the scrutiny on which cannot possibly be very thorough. That however is a misfortune which I trust will attract the attention of the House, not only in connection with this particular matter, but also in connection with the entire procedure under which large issues of this character are to be disposed of by this House, which has now got the fullest powers, a very much larger number of members more anxious to take part in these discussions, and therefore to do justice not only to themselves but also to the issues and the interests of the country involved.

Leaving that matter aside I should like also to offer some general remarks before I proceed in particulars. The entire agreement or arrangement, viewed as one single, concrete, composite whole, needs searching scrutiny. As I see this Agreement, it reveals an approach which, I feel, is not quite in the interests of this country. I was told on a very good authority that the Delegation went there more as negotiators than as advocates. I am afraid that it was a viewpoint which I could not wholeheartedly endorse; I hold that the negotiator too, if he proceeds to negotiate on behalf of somebody, has some duty towards the principal on whose behalf he negotiates. But I see no justification for the negotiator to assume, as it were, the rôle, either of the arbitrator, or of the advocate of the other side. I hope the Members of the Delegation will forgive me if I say that throughout, the spirit of the correspondence and the Agreement reveals a desire much more to see the difficulties of Britain than the interests of India. The difficulties of Britain:—that they have no exportable surplus, that their ability is limited, that we have not utilized the amount released to us and therefore they would not release more, that they had their own complications and the Marshall Aid difficulties, this, that and the other—are far more prominently put forward than the needs and requirements, the demands and necessities of this country and its progressive economy.

I feel, Sir, that that was a fundamentally wrong approach with which to start this business. That is why I am not content merely by saying that we must cut this demand by Rs. 100 or Rs. 1,000 or Rs. 1 lakh. I personally would suggest that we must reject the demand *in toto* so that it might come before us once again in a more chastened, more reasonable, and, may I say, more patriotic frame of mind. Sir, the approach being fundamentally vicious, naturally everything that is stated in this agreement, in the document presented

to us, wears an air as though we were on the defensive, as though we were trying to get advantage. Having surrendered our precious goods and services over the seven years when the war was going on and England's very existence was at stake, we are now told, after the war is over, that this was incurred—I am not saying that it was told by our Delegation, please don't misunderstand me—but we are told that it was incurred to save India from invasion, to save her from slaughter, to save her from anarchy. But, Sir, it is a patent fact that the war was not of our seeking, it was not of our making, and if I may remind the House, it was not for our benefit. It was one in which the people of India never agreed to participate or to encourage. That being so, I do not see any reason why we should be told that this is part and parcel of a general defence against invasion or the violation of our liberties, for which we must be very considerate.

I am perfectly aware that the Honourable the Finance Minister has told us more than once, and it is patent in the documents placed before us, that this is not part of the war debt, this is not part of any inter-governmental debt; that it is a debt between the Bank of England and us, owed by the Bank of England so to say to the Reserve Bank of India. I will take him at his word, but I would like to ask also, if it is so, what prevents the Reserve Bank from writing a cheque and asking that the money be repaid? Why all the trouble of these negotiations? Why all the interference of the Chancellor of the Exchequer and the Minister of Finance? Why all the trouble that our Delegation takes and goes there after every six months, or year after year, to open up the question, go into details, plead before them, beg before them, and find it our own fault that we are not ready to utilize what they were graciously pleased to place at our disposal? The point there for me is very important that in this connection those who negotiate on our behalf, those who go to settle this matter if the House rejects this grant, those who hereafter take up the matter, will see to it that the principal—I would say the only party that is to be considered in the matter is the interests of this country now and hereafter. There is no other consideration which at least will weigh with me, and therefore I will be thoroughly disqualified for taking charge of any such negotiation.

Coming to details, as regards this very great fuss made about the ghost of scaling down having been laid, I for one cannot agree. Not only is the ghost of scaling down not dead, but the spirit of Ottawa walks right through and through the whole arrangement and the whole body of this demon still remains open; in fact it is alive and kicking. I might tell you why; because actually scaling down has happened. The total amount presented by the Finance Minister and his honourable colleagues—I don't mean to say that the Finance Minister also is not honourable, the Honourable the Finance Minister and his honourable colleagues—and placed before us is Rs. 1,547 crores. The value of it, in terms of the goods and services we gave, is hardly half or less. Even if you count from 1941 or 1942 since the entry of Japan in war, the present price level, the present value of money, is half the value that it was then. Today, I think, in terms of the 1939 price level, the pound sterling is hardly worth five shillings, and the rupee being tied to it perhaps the rupee is proportionately less valuable. So, the goods and services which we actually parted with, which we have given, and in connection with which or on account of which this balance has accumulated, were at least twice as valuable as the amount which we are now told is an outstanding account. Sir, I ask you, if this is not scaling down? If it is not, what can be scaling down I fail to understand.

A second argument. Sir, before 1st September, 1939, there was outstanding, as the document before us says, on our account in England, something

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like £48 million representing about Rs. 64 crores. Rs. 64 crores of 1939, according to the price level figures read out yesterday in this House, would be Rs. 250 crores today, if not more. Why was not this kept separate? Why was this left out? "This was a matter purely, simply, entirely, exclusively connected with currency matters. It had nothing to do with the accumulations arising out of the transactions during the war which His Majesty's Government was obliged to make in India. His Majesty's Government asked India to supply goods which they were too poor to pay for. They asked us to accept their I.O.U.s. and now they ask the "I.O.U." is not written down in any document, so to say. This is a transaction between the Reserve Bank and the Bank of England and therefore you can deal with it as you like.

Perhaps I am exaggerating, Sir, but I feel that in this matter to anybody who comes and tells us that the ghost of scaling down has been finally laid to rest or unrest, apart altogether from the belief in the day of reckoning, I would say that here and now there are items which can be pointed out, which even this House in all its generosity will be willing to consider very liberally, to show that the total amount due to this country has been substantially reduced. And even so, Sir, I fail to see whether anywhere the total is accepted as the amount due to this country from Great Britain without any further talk of scaling down. As I see, it is an agreement for only three years as far as the sterling is concerned, and for one year only so far as multilateral convertibility is concerned. How can we say that hereafter also not only that the question may not be raised of the total, but that further depreciation may not take place in the value of the pound sterling so that still further scaling down may take place without we being technically entitled to say that it will be a scaling down? For my part, Sir, speaking in all sincerity and earnestness, I feel that this is an attempt to draw wool upon the eyes of the House or of the Indian people. There is a factua, definite, irrevocable scaling down which, if you agree to this arrangement, if you accept this demand, you will be parties to. And the generations of India yet unborn will curse you for having agreed to an arrangement like this. You are bartering away the interest, and goodness knows for how many years or how many generations, the accumulated resources of this country, accumulated during very hard times, with very great difficulty. For what? I cannot see anything as the Honourable the Finance Minister says. I ask: For what? And the echo answers, "For what"? There is no answer.

The third point in connection with the scaling down that I would say is that there is no question of any definite acceptance of this thing as the actual amount now due or that it will be paid without any question of reduction or a suggestion for curtailment. There is also no clear understanding, as far as I can see, that the obligation will now be secure and permanently assured to us by tangible assets, if not by the mere documentary agreement of this kind. We have in this country very good assets of the Britishers and we have not taken any care to see that if the British Government or for the matter of that, if the Bank of England fail to discharge these obligations in the full value in which they have been incurred, then we at least have something to fall back upon and so we shall see to it that we are not completely robbed as we had been in the past. Now at least that we have our own Government, now at least that we claim to be a sovereign nation by ourselves, I do not see why the Ministers of that sovereign nation should not demand all possible guarantees, should not demand all possible assets and should not even think of those which are before them, under their own jurisdiction, so that if the worst comes to the worst, we shall at least save, we shall at least salvage, a fraction if not the whole of the damage done to this country by our connection in the past

with the British nation. I have in my heart, Sir, let me assure you, not a particle of animosity against the British people. I wish them well although I quite know that they do not stand in need of good wishes from me, but lest I should be misunderstood I declare that I realise fully their difficulties and I entirely agree that, if those difficulties could, in the interests of world peace, be solved by mutual co-operation I shall certainly not stand in the way, but I do not hesitate also to say at the same time, in the same breath and in the same place that while considering the difficulties of the world and its dislocation, while considering the particular hardship of Britain, I am also entitled to consider that of my own people, of my own country and therefore of the unborn generations of this country. So I am not guilty of any sin or any lapse of ethical rectitude.

Sir, the next point—coming still further to details—is the valuation of British assets in this country. We were told, and I was very glad, that the skill and the dexterity and the hard working capacity of our officials who valued these things received encomiums, compliments or congratulations and were accepted without demur by the British opposite number of those officers. I have nothing but praise for them, but I for one would question at the same time: The valuation was made on what? The valuation was made either according to the then recorded book values such as they had or according to the replacement costs such as they might or it may be perhaps according to their utility to India. Was the last factor, however, considered? I was told; when I raised this question that this is not a correct attitude: was it because England could not utilise any part of these materials or was it because by taking away all this surplus stores or materials she would have had to pay more freight than derive any utility therefrom that she sold this surplus to us—when I raised this question no answer came. Is this not a point of view for us when we are negotiating a settlement, when we are making a bargain, to enquire also what will be the benefit to us or the cost to the other side in depriving us of it? There are many items—I am told that there are as many as 150,000 items—which are probably utterly useless. Most of these are perhaps getting out of date. Certainly, as regards armaments and vehicles or instruments of war, they are getting out of date. They are every day getting obsolete and therefore it is a very good bargain for England that those items could be unloaded on us and she can go on making new, more up-to-date, sturdier or more efficient instruments for her international complications. We, Sir, have accepted a policy by which we are not going to be entangled in the international complications of Europe or Britain or her allies outside this country. We, Sir, have accepted a policy of peaceful living for ourselves and letting others also live in peace. For us, it might be suggested that there is no need for such things. Or, if we needed them, why not we also get them more up-to-date, more efficient and more suited to conditions in this country than have those for instance we are not acquiring or will have acquired under this Agreement. We are told that we have paid only 27 per cent for this. I ask you: Even 27 per cent is it worth to us 10 per cent? If 27 per cent is not equal in value to 10 per cent then I say it is a very bad bargain whatever the book value might say and if this 27 per cent would not be realised by England even to the extent of 5 per cent., then she would have had to blow up the landing craft, the tank or the cruiser or the gun boat, whatever constitutes this wretched surplus stores of the British in India. She would have had to expend some more powder and some more labour on this. Thus to us at any rate it is a very costly bargain and that is all that I can say with regard to compliments, if any, expected on this.

Next, I would not say anything with regard to the matter of pensions as that may be regarded as political and I do not wish to introduce that matter

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in this connection. I accept the right to pay the pensions ourselves and the opportunity to charge these pensions with the income-tax which was long withheld from the Government of India, which you all can understand. That is a credit if I may say so for the authors of this Agreement. But making every allowance, and perhaps an exaggerated allowance for this rosy side of the picture, I am afraid when you come to the next item you see nothing of kind repeated and that is in connection with, for instance, the releases. There the Finance Minister was good enough to use arguments and suggest analogies and induce considerations with not one of which I am able to agree. It is my misfortune perhaps that he is much more practical and I am after all an idealistic or theoretical Professor or ex-Professor, but be that as it may, I feel that I owe it to this House to place before it my considered opinion upon the value of these releases and the arguments that were used for us to swallow as our delegation seems to have swallowed. We are told, Sir, that we were not able to utilise the releases which were made in the past. The Finance Minister is generous enough to take the blame unto ourselves and perhaps his Government is responsible for, not having made proper plans for utilising whatever little thing we were able to obtain from our accumulated balances. Granted. But I want to ask the House this question, Sir. Is it any business of the debtor to say whether we can or cannot utilise what is due to us? His is the right to pay and ours is the right to demand. As to how we utilise it, is our lookout. Sir, in my opinion, it is none of his look-out whether we can or whether we cannot utilise these things. There are a number of difficulties why we cannot utilise them just now. It is now only that we may in a moment of self-abnegation be willing to say that it is our fault that we have not made our schemes earlier or that private enterprise is shy and we are therefore at their mercy and cannot secure our dues properly. But even granted all that, why are we not free to get what we can and build up reserves elsewhere where we shall not be threatened with the inability of our debtor to make this payment as and when and how and where we want. This is a point which apparently the Honourable the Finance Minister and his honourable colleagues do not seem to have given full weight to as far as I can see. It is a fact that unfortunately for reasons which were outside our control perhaps, not all that we can demand could be obtained in time, because it is well known that the world shortage prevails everywhere and particularly so in capital goods. The one great country producing the utmost abundance of capital goods is said to have on its book two years' orders for its own consumption and may not be able to supply us even if we have plenty of good money to give to them and demand what you want. As far as Britain is concerned, as far as I can read the figures, I do not at all see the likelihood, the very possibility of England being able in the next ten years, I am tempted to say next thirty years, to have a definite surplus of exports over imports. She has a continuing deficit of her trade, the exports being half or less than her imports. Her Anglo-American loan was utilised much quicker than her best economists and statesmen had estimated, showing therefore the deep gulf that prevails which is not bridgeable by these methods, and I see no reason to believe that hereafter England would be able in a short time to create or produce a surplus which she can then export and pay for these obligations due on her. The British Government have done quite well to see that the average man or the average worker in England gets a square meal and is also duly protected in what is called the social security measures. England is also not reducing very much her armaments, because there are complications from which she cannot escape and England has her industry crippled by the prevailing deficit not only of raw materials and of food supply but also from labour troubles. Given the fact that the so-called old pre-war invisible exports of England are all destroyed,

given the fact that those fleets of the countries of the world which used to be contributing to the making of those invisible exports in the past are developing their own services of shipping, England will not have the chance ever to regain the lost position, even if it had not got formidable rivals in the shape of the United States or Russia. Given all these things I for one cannot share the optimism with which the Honourable the Finance Minister and his honourable colleagues were approaching this matter and believing and hoping that after three years they may be getting a better treatment from England. It is absolutely necessary, Sir, if not out of consideration for England, at least out of consideration for our own people that we should get this matter settled once for all; otherwise we would stand nowhere. My honourable friend Prof. Saksena mentioned those various plans that had been made which would come to fruition only on the strength of these balances. I certainly have been very guilty in this matter in as much as in several works in the past two years I have taken for granted that we shall have to rely, if not wholly, at least the wherewithal with which to make the plans successful. Sir, there is apparently no indication for the plan being made successful if we are to depend upon the resources that are locked up in our Sterling balances. We have our own needs, that is to say the most imperative need of food resources and we have also to make provision for imports of essential requirements of life, which we cannot produce for reasons that are known to us, in sufficient and adequate quantities for ourselves. Are we going to forego our own immediate and essential needs, because Britain is unable to provide us or provide herself with a surplus? A suggestion was made that Britain might export consumer goods to this country. I ask you to consider the gravity of a suggestion like that. If Britain is going to export to this country and we are going to receive what are called consumer goods, are you prepared to say that the industries which you have built up at so much sacrifice at such high tariff duties should go to the wall? I shall not even in my dreams support a capitalist industry if I can help it, but I cannot but admit that this country has built up some industries after terrible sacrifices, paid through the nose by the consumer and are you going to say: "Let them export to this country freely, so that we may receive some part of our debts"? What then are those industries which employ so much labour, which have been built up at so much cost and which have such a future? Are we going to negative them completely? I ask those who make this suggestion to think over this matter in all its bearings and then consider whether it is worth while even to advance it as a mere academic argument. I trust that those who made it did not make it seriously and in the ultimate analysis the future of our plans for industrialization should not be jeopardized and should not be ship-wrecked. Sir, I said a moment ago that we have in this country plenty of resources we could very well do all this and not lose much of the balances accumulated by our sacrifices in the past. I refer, Sir, to the British assets in this country belonging to British subjects—I mean British European subjects—and these amount to a very large sum, exactly how much I cannot say. The latest figures that I had are, for no fault of mine, available only up to 1940 or so and then at least the situation was that the total share capital of companies working in India and registered outside India having capital in pounds sterling was something like 750 million pounds paid up and 150 million pounds on debentures. There are 900 millions without counting depreciation that has taken place in the interval. Is it not sufficient assets for us to provide for our own stock for the balances, now accumulated there and which England, we are told, is not in a position to meet at once?

Another thing which is not a new suggestion but which has been made from the housetops by every economist in the past five years is that if England needs so much and she has so many friends and well-wishers and champions in this country, why should she not float a loan in this country and why make a hotch-potch of our resources and thus add to the inflation in this country in this un-

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limited manner? Why should she not have floated a loan in this country? If her admirers and champions come forward and supported her the loan would have been a success. The point, however, is that after the first World war and up to 1941 the American Congress insisted upon cash payment. "Cash and carry" was the way she transacted. We, of course, are more generous than the Americans. We have received so much money through the backing of the British Government in the past and we are so much obliged to them that we are not expected to have these mercenary considerations of "cash and carry". We are prepared to wait; we are prepared to give them credit; we are bound by solemn negotiations and we do not mind even if this amount is scaled down. That being the situation, Britain naturally did not float a loan in this country.

Next even if she would not float a loan in this country would she not guarantee a loan that we can float in the United States or elsewhere? I am sure that with our own productive capacity, I for one believe that we have ample credit of our own for any commercial country to loan us money without all the bogies that are being trotted out for frightening private enterprise. I am not a believer in bogies. We have got real assets, namely in so far as it is real, the credit of the United Kingdom in the 7 or 800 million pounds which still remain to us, by which we can secure any loan in the event of our not being able to discharge. Here is the haven which we have built in the Bank of England which can very well have recourse to paying our loan to whosoever lends. Have they ever tried to think of this alternative? It is no use getting tied up to the Sterling area and there is small chance of its being beneficial to us. Sterling is no longer Sterling, at least in the honest sense of the term. Sterling is not worth 4 annas in the rupee and if you compare it with gold, it is not worth 2 annas in the rupee. How long, I ask, will you continue to have this blind faith in the honesty and credibility of people who have betrayed you time and again? How long are you going to trust the honesty and fair dealing of those people who have bled this country and who have now taken away from you the accumulated surplus of this country as they have done perhaps to the extent of 1,000 crores? I ask you how long are you going to wait and see? I was one of the members of the Select Committee appointed by the Indian National Congress 18 years ago which was to investigate into the foreign obligations of this country at that time. I can tell you, by a study extending over 150 years, that England has ruined this country, has taken away our wealth, taken away our very industries by the ruthless policy she has followed in the days of the East India Company and even in the days of the benign Queen Victoria and her descendants, so that today this country is unable to produce the very elements of the new industries and the new articles of consumption which have come before us. We are not able even today to build our railways; we are not in a position to make our own telephones, telegraph machinery and our own essentials in many other directions, with which I do not wish to encumber this speech. All this we owe to the policy of the English, who have kept us like the milch cow, though unable to yield, but still could be squeezed as much as they can. An English economist who was a Professor in this country, enunciated in so many words the doctrine that the taxable capacity of the people is the limit of their squeezability. That is the word which has been used by the Professor in his treatise on public finance. The point is, with all these experience before us, with all the resources which we can still command, with all the assets which we can still claim, why should we not have taken this precaution, I fail to understand, and I am unable to see anything in this matter which would meet with an approval from me.

One last word, and I have finished: that is with regard to the bogey that private enterprise is being frightened. I am glad it is being frightened. I am glad that the Government and the patrons of private enterprise in Government

realise that private enterprise is no relation of this country. Therefore, I say that if this statement is true that private enterprise is frightened, it is not a cause for getting frightened; it is a cause for rejoicing. The sooner they quit the field, the better for us. That is my attitude. In any case, I am not prepared to go to the moneyed mammons of this country in sack cloth and ashes and say the Lord's prayer: give us our daily bread, forget our criticisms in this House and outside, may your will be done in the continuing house and in Banks as it is and I was going to say in Government, but I do not.

[The Assembly then adjourned till a Quarter to Eleven of the Clock on Friday, the 18th August, 1948.]