

# LEGISLATIVE ASSEMBLY DEBATES

FRIDAY, 12th MARCH, 1943

## OFFICIAL REPORT



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# LEGISLATIVE ASSEMBLY

Friday, 12th March, 1943

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

SUSPENSION OF DIRECT RECRUITMENT TO ASSISTANTS' CADRE IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

**286. \*Maulvi Syed Murtuza Sahib Bahadur:** (a) Will the Honourable the Home Member please state the names of offices in the Secretariat proper and attached offices where direct recruitment to the cadre of Assistants has been suspended?

(b) Is it a fact that direct recruitment to the cadre of Assistants has been suspended in the Posts and Telegraphs Directorate? If so, why?

(c) What measures have been taken by the Home Department to protect the interests of minority community officials in the offices referred to in (a) and (b) above? If none, why?

(d) Is it a fact that many senior second division Muslim clerks in the Posts and Telegraphs Directorate have recently been superseded by non-Muslims even though they (Muslims) had been declared fit for promotion to the cadre of Assistants? If so, does the Home Department as the administrative office-in-charge of recruitment, promotion, etc., of the ministerial establishments in the Government of India, propose to investigate these supersessions of Muslims and thus prevent a further fall in the ratio of Muslims in the cadre of Assistants in that office?

**The Honourable Sir Reginald Maxwell:** (a) and (b). I have no information, except in respect of the office of the Director General, Posts and Telegraphs and its collection would involve an amount of time and labour that would not be justifiable in these days. As regards the office of the Director General, Posts and Telegraphs the attention of the Honourable Member is invited to the reply given on the 1st March, 1943, to part (h) of his question No. 193, by Sir Gurnath Bewoor.

(c) Persons employed in offices in which direct recruitment has been suspended are not adversely affected by such suspension.

(d) I would invite the attention of the Honourable Member to the reply given on the 1st March, 1943, to part (f) of his question No. 193, by Sir Gurnath Bewoor.

**Mr. Lalchand Navalrai:** May I know why should not the Government leave the whole field to Muslims and turn out all the non-Muslims from the office so that there will be no trouble of questions like these? All questions relate to communal representation. Will the Honourable Member consider my suggestion?

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order, it is not a question. Next question.

**Maulana Zafar Ali Khan:** May I know whether Muslims and inefficiency mean one and the same thing?

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order. Next question.

PROMOTION OF CLERKS AS ASSISTANTS IN THE POSTS AND TELEGRAPHS DIRECTORATE.

**287. \*Maulvi Syed Murtuza Sahib Bahadur:** (a) Will the Honourable the Home Member please state if it is a fact that promotion of Second Division



clerks to the cadre of Assistants is made by selection? If so, what is the method of selection prescribed in the rules and the prevalent practice in the various offices and Departments of the Government of India in the matter?

(b) Is it a fact that in some offices no selection is made but clerks are promoted according to the well-known principle of seniority *cum* fitness while in others like the office of the Director General, Posts and Telegraphs, selection has been resorted to only recently to deprive Muslim senior clerks of their due chances of promotion to the cadre of Assistants? If so, why? If not, what are the facts?

(c) Is it a fact that in 1940 or 1941 some 12 Second Division clerks were promoted to the First Division in the Posts and Telegraphs Directorate and that junior Muslim and non-Muslim clerks were not allowed to supersede their seniors? If so, why?

(d) Are the duties of Second Division clerks and Assistants interchangeable in the Secretariat and in the Attached Offices? If not, will he please define the duties of these cadres?

(e) Is it a fact that most of the Second Division clerks nominated by the Home Department have been carrying out the duties of Assistants in the Office of the Director General, Posts and Telegraphs, while their chances of promotion thereto are very slight due to the fact that the strength of the Assistants is nearly half of that of the Second Division?

(f) On what basis was this strength fixed? Is this ratio of 1:2 between the cadre of Assistants and the Second Division clerks found in any other Secretariat Department or Attached Office? If not, do Government propose to take appropriate measures to increase the strength of Assistants in the office of the Director General, Posts and Telegraphs, and mitigate the hardship caused to the clerks in that office? If not, why not?

(g) In case the duties of clerks and Assistants are interchangeable in certain offices, do Government propose immediately to declare the cadre of Assistants as a non-selection one at least in those offices? If not, why not?

(h) Is it a fact that selection has not been consistently followed in the Posts and Telegraphs Directorate in the matter of promotion of Second Division clerks to the cadre of Assistants? If so, do Government propose to issue necessary instructions to cancel any recent selections which affect the interests of minority community officials adversely, especially when direct recruitment to the cadre of Assistants has been suspended?

**The Honourable Sir Reginald Maxwell:** (a) Under the existing rules, promotion to the grade of Assistants is made by selection. No specific method for selection has been prescribed but Appointing authorities make selection from amongst the most meritorious candidates.

(b) No information is available about other offices but in so far as the office of the Director General, Posts and Telegraphs, is concerned, the principle of selection has always been followed.

(c) The reply to the first part is in the affirmative.

The second part does not arise as the principle of selection was followed in this case also.

(d) Duties are not interchangeable. Second Division clerks are generally employed on routine cases of minor importance while Assistants are required to handle important cases.

(e) and (f). The reply to the first portion of part (e) is in the negative. The strength in the various grades is fixed with reference to the amount of work and not with a view to create appointments for the promotion of clerks in the lower grades. The strength of the Second Division and of Assistants in the office of the Director General, Posts and Telegraphs was fixed after a review undertaken by a Special Officer appointed for the purpose in 1938.

(g) Does not arise in view of the reply given to part (d) of the question.

(h) The reply to the first part is in the negative. The second part does not arise.

**Maulvi Syed Murtuza Sahib Bahadur:** May I know if the selection board is of a representative character, so that the claims of Muslims may be duly considered?

**The Honourable Sir Reginald Maxwell:** I do not know what the Honourable Member means by selection board. Promotion is a departmental matter. It is not made by any selection board in each department.

**Maulvi Syed Murtuza Sahib Bahadur:** When selection is effected, there will be some authority to make the selection. I want to know if the selecting officer, or officers, is, or, are composed of Muslims so that the real difficulties of Muslims may be redressed?

**The Honourable Sir Reginald Maxwell:** We make every attempt to secure that object.

SELECTION AND NON-SELECTION CADRES IN CENTRAL SERVICES.

288. **\*Maulvi Syed Murtuza Sahib Bahadur:** (a) Will the Honourable the Home Member please state the method of determining pure merit referred to in rule 18 of the Ministerial Establishment, Recruitment, Promotion and Seniority Rules? Do Government propose to consider the desirability of defining more exactly their rules and regulations in the matter?

(b) Have Government clearly defined anywhere which are selection and which are non-selection cadres in the various centrally recruited services? If not, why not?

(c) Do they propose to issue appropriate instructions in the matter early?

**The Honourable Sir Reginald Maxwell:** (a) The words emphasised by the Honourable Member do not occur in the rule, the intention of which is clear and well understood by those who administer it. It does not therefore need any further definition or clarification.

(b) and (c). Departments of the Central Government have at present discretion to determine what posts under their administrative control should be filled by selection. In order to remove any uncertainty in the matter, departments were instructed last year to prepare lists of appointments which may in future be filled only by selection of the best candidates available. So far as the posts in the Secretariat ministerial staff are concerned, the list will be prepared by Home Department after consulting the other Departments.

GRIEVANCES OF DIRECT RECRUITS IN THE POSTS AND TELEGRAPHS DIRECTORATE.

289. **\*Maulvi Syed Murtuza Sahib Bahadur:** (a) Will the Honourable the Home Member please state the method of fixing seniority between departmental officials and direct recruits in the cadre of Assistants and the Second Division?

(b) How far has this principle been observed in fixing seniority between the Second Division direct recruits and departmental officials in the office of the Director General, Posts and Telegraphs? If not, why not?

(c) Is it a fact that a large number of Third Division clerks were promoted to the Second Division *en bloc* without reference to the Home Department, just before the Home Department nominated direct recruits to the office of the Director General, Posts and Telegraphs?

(d) Was this promotion *en bloc* in accord with the principle or method referred to in (a) above?

(e) How do Government propose to redress the grievances of direct recruits whose interests have been adversely affected by fixing the seniority of direct recruits and departmental officials in the Second Division on the basis of 2:1 instead of 4:1? If not, why not?

**The Honourable Sir Reginald Maxwell:** (a) The relative seniority of candidates appointed to posts in the cadre of Assistants and clerks, Second Division, which are filled partly by direct recruitment, is normally determined according

as, under the rules, the vacancy to be filled by promotion or that to be filled by direct recruitment occurred earlier.

(b) to (e). In 1938, an officer placed on special duty to advise upon the reorganisation of the Office of the Director General of Posts and Telegraphs recommended that a certain number of clerks of the Third Division possessing particular ability should be promoted to the Second Division. A Committee appointed for the purpose selected nine such clerks and the late Department of Communications decided to promote them in existing vacancies in the Second Division. These appointments were made at first without reference to the Home Department but their concurrence was obtained later. Shortly afterwards, 22 external candidates were appointed by the Director-General to the Second Division. The seniority of external candidates in relation to the promoted departmental officials was examined by Government taking into consideration all the circumstances created by the reorganisation of 1938 and it was finally decided that one promoted departmental official should be placed after every two external candidates, this being regarded as fair to all concerned.

TOURS OF CENTRAL GOVERNMENT OFFICERS HAVING HEADQUARTERS AT SIMLA.

**290. \*Mr. Govind V. Deshmukh** (on behalf of **Mr. T. T. Krishnamachari**): (a) Will the Honourable the Home Member please state the number and designation of officers of the civil departments or of attached or subordinate offices whose headquarters has been transferred to Simla subsequent to the 1st September, 1942?

(b) Does he propose to lay on the table:

(i) the details of the touring done by such officers from the 1st October, 1942 up to date; and

(ii) the details of the touring done by these officers for the corresponding period in 1941-42?

(c) Does he propose to state the steps taken by Government to restrict the touring of officers to the minimum required and to discourage unnecessary travel on railways and on motor transport in present conditions?

**The Honourable Sir Reginald Maxwell:** (a) and (b). The information asked for is not readily available and its collection would involve an amount of time and labour which would not be justifiable in war time.

(c) Government have no reason to believe that their officers are making unnecessary tours. The rail services between Simla and Kalka have in point of fact been reduced by one train service during the winter months in spite of a large number of officers and staff remaining in Simla.

**Mr. Govind V. Deshmukh:** Has any enquiry been made before arriving at that belief?

**The Honourable Sir Reginald Maxwell:** Government have a general acquaintance with the work done by their officers.

RESTRICTIONS ON OUTSIDE TRANSFER OF PERMANENT STAFF OF THE MILITARY ACCOUNTANT-GENERAL'S OFFICE.

**291. \*Bhai Parma Nand:** Will the Honourable the Finance Member be pleased to state:

(a) if it is a fact that the Military Accountant General in the interests of the efficiency of his own organisation has placed restrictions on the transfer of his permanent men outside the Department and that the orders to that effect were issued on the 13th March, 1941; and

(b) if it is a fact that these orders were considered not applicable in the case of a person who had applied for Emergency Commission before the date of the issue of orders?

**The Honourable Sir Jeremy Raisman:** (a) Yes. In the interests of efficiency of the Department, orders placing certain restrictions on the transfer of permanent men of the Military Accounts Department to other Departments, etc.

including the Army, were issued by the Military Accountant General on the 13th March, 1941.

(b) Yes, if an application forwarded before the 13th March, 1941, was accepted by the military authorities.

**Mr. Lalchand Navalrai:** May I know what harm will be done if they go from one department to another and specially for war front? Why should they not be allowed to go there and other people from outside competent to take their place got in?

**The Honourable Sir Jeremy Raisman:** We cannot allow our Departments to be treated as corridors for people to pass from one level of cadre to a higher level of cadre, if the work of the Departments is to be carried on efficiently. If the head of a Department finds that people who are recruited become birds of passage, it is natural that he should try to impose some sort of restrictions to prevent them from going out.

**Mr. Lalchand Navalrai:** He may get very competent and efficient people from outside to fill their places.

**The Honourable Sir Jeremy Raisman:** It is quite obvious that in the case of people who have worked in an office for some time and become useful, there must be some discretion to prevent their flying off to other Departments at a moment's notice.

**Mr. Lalchand Navalrai:** Did he take any interest in finding out whether there are other people also or not?

**The Honourable Sir Jeremy Raisman:** It is not merely a question whether there are other people, or not. There must be some kind of regime which enables departments to retain men for a sufficiently long period to carry out the work of their department efficiently.

**Mr. Lalchand Navalrai:** When these people go out of service, there will be other people who will take their place and they shall have to start in the like manner as these old people did.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is arguing.

**Sardar Sant Singh:** May I ask one question? With reference to the reply given by the Honourable Member to part (b) of the question, are there any cases in which candidates who made applications before the 13th of March, 1941, were given Emergency Commission?

**The Honourable Sir Jeremy Raisman:** I am afraid I cannot answer that question without notice.

**Sardar Sant Singh:** Will the Honourable Member make enquiries to see that there is no discrimination between the applications made by members of the different communities? I understand there has been some.

**The Honourable Sir Jeremy Raisman:** I have no reason to think that there has been any such discrimination.

#### MESSAGES FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, two messages have been received from the Council of State. The first message reads as follows:

"The Council of State at its meeting held on the 11th March, 1943, agreed without any amendment to the following Bills, which were passed by Legislative Assembly at its meetings held on the 16th and 25th February, and 2nd March, 1943, namely:

1. A Bill further to amend the Motor Vehicles Act, 1939.
2. A Bill further to amend the Government Savings Banks Act, 1873, and the Post Office Cash Certificates Act, 1917.
3. A Bill further to amend the Indian Railways Act, 1890.
4. A Bill further to amend the Aligarh Muslim University Act, 1920.
5. A Bill further to amend the Code of Civil Procedure, 1908.
6. A Bill further to amend the Indian Penal Code, and to amend the Currency Ordinance, 1940; and
7. A Bill to amend the Coffee Market Expansion Act, 1942."

## [Secretary of the Assembly.]

The second message is as follows:

"The Bill to provide for the better administration of Muslim Wakfs in the Province of Delhi, which was passed by the Legislative Assembly at its meeting held on the 3rd March, 1943, was passed by the Council of State at its meeting held on the 11th March, 1943, with the amendments shown in the enclosed statement.

The Council of State requests the concurrence of the Legislative Assembly in the amendments."

Sir, I lay on the table the Bill, as amended, by the Council of State.

## COUNCIL OF STATE.

*Statement showing the amendments made in the Bill to provide for the better administration of Muslim Wakfs in the Province of Delhi, by the Council of State at its meeting held on the 11th March, 1943.*

A. The clauses of the Bill were re-numbered and re-lettered as necessitated by the amendments made in the Bill during its passage by the Legislative Assembly and the Council of State and the changes consequential, thereon in all references throughout the Bill were made.

B. In the Bill as so re-numbered and re-lettered and consequentially changed—

1. In sub-clause (4) of clause 38 for the words "The order" the words "Any order" were substituted.

2. After clause 38 the following clause was inserted namely:—

"39. *Notice of sales to be given to the Majlis.*—(1) Before any wakf property is notified for sale in execution of a decree, or for the recovery of any revenue, cess, rate or tax due to the Crown or to a local authority, notice shall be given to the Majlis by the Court or Collector or other person under whose order the sale is notified.

(2) If the notice required by sub-section (1) to be issued to the Majlis in respect of any sale is not issued the sale shall be voidable at the option of the Majlis."

3. In clause 41 the words "or under the Land Acquisition Act, 1894," were omitted

NEW DELHI;  
The 11th March, 1943.

K. V. K. SUNDARAM,  
Secretary of the Council of State.

## DECLARATION OF EXEMPTION UNDER THE REGISTRATION OF FOREIGNERS ACT.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I lay on the table of the House a copy of the Declaration of Exemption No. 1/11/43-Poll./ (E), dated the 2nd March, 1943, issued under the Registration of Foreigners Act, 1939.

*Declaration of Exemption, No. 1/11/43-Political (E), Government of India, Home Department, dated Simla, the 2nd March, 1943.*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners shall not apply to, or in relation to Mr. L. Brooke-Edwards, representative in India of the United States Office of Lend Lease Administration, so long as he continues to hold that post.

E. KEYMER,  
for Joint Secy. to the Govt. of India.

## THE INDIAN FINANCE BILL—contd.

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now proceed with the further consideration of the Finance Bill.

**Dr. Sir Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I was dealing yesterday with the position of the Mussalmans in the Supply Department and I was saying that of the Chairmen for the five Selection Committees appointed for the selection of officers not even one is a Mussalman.

Now, I come to the other posts in the Supply Department: In the Main Secretariat Delhi Section there are four Joint Secretaries out of which two are Europeans, two are Hindus and no Muslims; in Calcutta section no Europeans, one Hindu, and no Muslims. In the Delhi Directorate General there are four—one of them is a European and three Hindus; in the Calcutta section there are five—all of them are Europeans. In the Bombay section there is one and he is a European. In the Controller of Purchase Office, no Muslim.

Directors of Purchase are all Englishmen excepting one who is a Hindu. Deputy Directors: all are Hindus only one Muslim.

There seems to be a proper division according to which these posts are allotted: Directorships go to Englishmen and Deputy Directorships go to Hindus. There are six Administrative Officers—three of them are English and three are Hindus and no Muslim. So far as the specially important offices are concerned, the proportion is fairly well divided between the Hindus and Englishmen, and that reminds me of one Arabic proverb:

*"Nisfun li wa nisfun lak Haza Qaumun Jahalun."*

I do not want to translate this particular proverb. I will just explain it a little bit. Among the Mussalmans people are sometimes engaged to read the Quran on the occasion of *Travah* during the month of *Ramzan*. One person who knew nothing of Quran was engaged at Rs. 100 and he was reading *Travah* not knowing a word of Arabic or Quran. One man who knew something about it was one of the *Muqtadis* (i.e., those who stand behind the Maulvi who recites from the Quran) and he began to interrupt as is the custom when there is any mistake. The man realized that someone standing behind knows about his weakness, so he said:

*"Nisfun li wa nisfun lak Haza Qaumun Jahalun."*

i.e., out of hundred rupees which you have given me, you take 50 and I will take 50, and all the other people belong to the ignorant class. Practically the same thing is happening in the Supply Department. I wanted to give some more figures but as these are published in today's *Dawn*, I will not repeat them because these figures will be available to any person who cares to see this paper. I will however read one or two sentences from this letter. This is from the "Letter to the Editor" under the head "Muslims Frozen out" published in the *Dawn* dated 12th March, 1943, on page 2 column 3:

"Of these 8 it is strongly rumoured that at least 5 are expecting the axe. In 1941, the percentage of Muslim officers was 17.6 and it was reduced to 14 in 1942. In the clerical cadre also the percentage was reduced from 24 in 1941, to 19 in 1942 and perhaps further reduced later on. The percentage of Muslim Clerks in this office (Bombay Supply Department) was reduced from 30.7 in 1941, to 12.5 in 1942."

I am referring to these figures because Sir Homi Mody was specially interested.

One point has always been raised and probably it will be raised by my Honourable friend the Member in charge, because, it is rather unfortunate,—Sir Homi Mody an honest man,—to defend him. He will probably raise this question on the floor of the House that these are some technical posts and probably no Muslim with technical qualifications is available, and therefore in the interest of efficiency it should not be done otherwise. May I just remind him that in the Indian Stores Department in the technical section there were 20 per cent. Muslims at that time. When all these various organizations were amalgamated together then the number of percentage was reduced. I would like to ask what technical qualifications these persons have got? I would like to examine whether they have taken any technical degree, whether they have passed any diploma examination from any technological institute or Engineering college. These are men of commonsense and any person of commonsense and intelligence can learn all these things in no time. Look at the I.C.S. people. You put them in charge of any technical work and after 15 days' study they become experts in that particular line. Very often it is a disqualification to have an expert because his way of thinking is different and his wit becomes very narrow. It is a man with commonsense and intelligence who can apply his mind to the job and you will see that he will show better results than the person who has always been in a shop, who knows nothing but shopping and accounting.

Now I come to the question of the general efficiency of this particular Department. In the first place I take up the question as to how this department is working, and you will probably be convinced (I am rather convinced) that it is a great mistake to hand over this Department of Supply to a business man. It should always be run by an I.C.S. officer or a politician who has nothing to do

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with business, because a business man has his own leanings, his own methods of thinking: he has his own private concerns and friendships, and therefore the thing will be shaped according to his own likings and dislikings. This has become abundantly clear in the action, which I am going to show later on, that has been taken about fabrications in the textile industries.

Before I take up this question, I would like to say something about the state of efficiency of this work as far as inspection and other things are concerned. In the first place, we have immense difficulties in having a person registered without spending a good deal of money and time, it is impossible to have a name enlisted. Later on whenever a person sends samples, the samples are not accepted. They are sent to a certain place and unless you go to the laboratories and use your influence by the backdoor, they are not likely to be accepted in time. I suggested sometime ago, and probably the Department never accepted my suggestion, that instead of having one Test House there should be several Test Houses with special marks on each sample, so that nobody should know to whom any sample belongs and nobody should know where it is sent. Then send the sample to the person concerned and fix the time limit within which the test results are to be in. In other words, use the same method that we employ with examination names of candidates whose roll numbers are even concealed. Candidates do not know to whom they are sent.

The second thing is about your Inspectors. The class of people who apply are promoted W.O's. There is no class of real inspectors in the grade. You are employing daily labourers to inspect these things. You cannot expect much honesty from a person engaged on Rs. 2 to Rs. 3 a day, especially when he gets nothing when there is no work. A man must be a regular paid officer for, a daily labourer never feels the responsibility of office. I argued this out with one of the inspectors. He replied that if a daily labourer is employed it is easy to get rid of him without notice. This is just where the flaw lies. I am sorry that no person in the Supply Department has put his foot down on this practice.

**Mr. J. A. Mackeown** (Government of India: Nominated Official): The inspection staff is not under the Supply Department.

**Dr. Sir Zia Uddin Ahmad:** All right. Under the Government of India. Still, nobody in that Government set his foot down on this malpractice. How can you expect a man to be honest whose salary is about Rs. 3 a day and he gets paid only for the days he works? It is quite wrong to reply that you do not want a person permanently there. You want to be in a position so that you can get rid of his services. As a matter of fact the whole of the Supply Department is on a temporary basis. One can be removed at any time, but this particular system should be stopped.

I have a number of cases with me, but as I am very anxious to finish my speech before lunch, I do not want to quote them in this House. But I have got an example before me, which I can quote if the Government of India, I do not say Supply Department, would care to record it. A person deposited certain articles. They were passed in favour of somebody else and credited to his account. When trouble arose the sign-marks were altered. But this was detected by the police; still the whole thing was hushed up because the contractor did not want to be exposed as he was anxious for more money. He did not want to be put on to the black list and the officers too did not like to expose him. So though the police and everybody else knew who the culprit was, yet nothing was done. Naturally when these things have come to public notice and they see that no action is taken they lose confidence in the honesty and correct working of this Department.

Then look into the question of specifications. I request my friend, Mr. Mackeown, to look into them and tell me whether they have one meaning or whether they can be interpreted in any way. He will find that they read like



the statement of the Oracles of Delphi. You can interpret them in one way or another, and the only example which exists in the Constitution is the Income-tax Act. In the Income-tax Act you will find that whatever the Income-tax officer likes he will do. I said on the floor of the House at the time that there were only three persons who understood the Act—Mr. Chapman, Mr. Bhulabhai Desai and Mr. Jinnah, but the Finance Member was not one of these who understood the Act at the time. So an inspector may catch hold of any person he likes. There is so much demoralization in this Department, that those who are honestly working for the war effort, and who are using all their resources to see that we win the war, feel their enthusiasm is being frozen when they see so much money being wasted in this particular direction.

The second thing is to what kind of people are the contracts given. People whose antecedents are not quite right do their best to set themselves right and they use all kinds of influences. Suddenly such a person gets a big contract and events seem to show that it is in some cases a qualification to be against the Government to get a contract. He makes lots of money but uses all the profits against the established peace of the country. It should be remembered that a man who can get a contract is a person who knows how to please the officers concerned. But how they are going to use their profits and what are their antecedents, these are things which are never considered by the Supply Department. I therefore do request that some serious consideration ought to be paid to this particular problem. We may appoint a small panel of referees to whom all these difficulties may be referred. These referees may be taken from the civilian class, from public life or from any other source. Then if any contractor is grieved and feels that justice has not been done to him the matter could be referred to such a panel of referees and his decision should be taken to be final. Even if these persons are honest, there must be some kind of check. I know from my experience of examination work, the examiner may be honest, but after all he is human and unless we provide a check and he knows that his valuation will be checked, there is the danger of slovenliness and negligence on the part of the examiner. Therefore, even if there is honesty in this case, it is absolutely necessary to have some check by some responsible people, and their decision should be final. When you want a thing in connection with business to be tested and found out, do not go to a business man but go to a non-business man who has got common sense, who has got intelligence and understands things, and he will probably give a better decision than a business man can do. I will just tell you what the business man has done in the Supply Department. I would first take up the question of tent fabrication. On the last occasion I gave figures that the price of cotton has increased from 100 to 193·8 and that of piecegoods from 100 to 415. That is, the rise in the price of piecegoods is very much higher than in the case of rise in the price of cotton or of labour. Let me describe the method that is adopted by the Supply Department for raising artificially the prices of these goods. One method is this. The basis of calculation in fixing the prices of piecegoods was entirely wrong and exceedingly partial. Usually, in the Supply Department—and my Honourable friend will bear me out—you take the figures of the cost of production and afterwards give them a profit from 5 to 7½ or even in some cases 10 per cent. That is the ordinary method of calculation but an exception has been made in the case of the textile industry. Simply because the head of the Department represented the textile industry in times past, not now. The method adopted was this. You take the price in one particular year, 1940. That is taken as the basis, and then you see by how much the cost has increased in material, how much in labour, and so on, and add all that, and afterwards add a profit of 15 per cent. to the sum total. It was never taken into consideration that the sale price in 1940 had already included a big profit. Then why did you adopt a separate method in the case



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of the textile industry? What I am telling you is correct and we know why it is so, but nobody in the department set his foot down against this partial practice and differential treatment to the textile industry as compared with other industries, for instance, the leather industry. In the case of the latter industry, they adopted a very hostile attitude and an inimical attitude. Take the case of *dosutis*. The textile mills are allowed to have a double profit. They are allowed a profit on *dosutis* and a second time profit on the tents which they produced. Take the case of the leather industry on the other hand. They did not allow double profit, first for tanning and afterwards for making the article. When the whole process is one, making the cloth and preparing the tent, why did you not calculate profit in the end? Why did you calculate profit first on *dosutis* and again on the tents produced, whereas in the case of the other industry, which is a similar one, you did not allow the double profit? I want to know whether it is a fact that there has been differential treatment between the textile mills and the leather industry. The next thing in which favouritism is shown to the textile industry is this. The millowners of Bombay wanted to kill the cottage tent fabrication industry altogether and they devised a method, by which, in the first place, they transferred the centre from Delhi to Bombay so that whatever they might do may not be known to the Legislature and might carry out their object without any knowledge of public criticism because the public would remain ignorant of what was going on there. Again, they said all these fabricators should transfer bag and baggage from Northern India to Bombay side or southern side—take all their factories, all their labourers and other things at a moment's notice. This demand of the millowners of Bombay who asked these people to transfer all their things to Bombay from Delhi area is a thing which is absolutely unjustified and cannot be sustained. What arguments have they given? The argument they have given is that transport difficulties are very great. We have to bring *dosutis* from Bombay side to Upper India and afterwards take them back. This is absolutely false and has got no meaning. We have got factories in Upper India also. The total requirement of *dosutis* for the fabrication of tents is 80 million yards. Out of this 9 million yards are required for the fabricators—that is, those who make it by cottage industry. Out of the 80 millions, 71 millions are used by the mills and only 9 millions are used by the cottage industry people. In Upper India we have got 48 spinning and weaving mills and they produce 90 million yards in Upper India. Why not those people who are producing 90 millions give 9 millions, or only 10 per cent. to these fabricators, and the question of transport from Bombay to Delhi would not arise. This was the only argument which they advanced for the transfer of all the factories from Upper India to Bombay side.

In this connection, I may say that the *dosuti* which is required for tent purposes can be made in very large quantities by cottage industry. Aligarh alone can supply a very large quantity and the whole of the U. P. can supply quite a lot. Why not encourage these villagers and small men to produce this cottage industry? But this department is only for millowners, only for big people, and they never take into consideration the requirements of small people. And this is the time when they ought to consider the production of this *dosuti* by means of the cottage industry. I say that a very substantial portion which is required for tent fabrication in Upper India can be produced by means of cottage industry in Upper India and the question of transport will not arise. If therefore it is said that it is only a question of transport, it is a very shallow argument, given out to convince persons who know nothing about this subject. Anybody who has studied the subject can see immediately that this thing can be done and *dosutis* can be produced in Upper India itself. As I have repeatedly pointed out it is a great mistake to concentrate any industry in one particular

locality. Our requirements should be distributed all over the country so that if by any chance anything goes wrong at any one place, we can turn to the other places and the industry as a whole will not suffer. This in itself is an argument in favour of distribution and against concentration. This example shows that it is not the right thing to appoint a Supply Member who is very much interested in a particular industry—I am going to use the same argument later on—a reverse process has been taken by the Supply Department in the case of the leather industry.

Before I come to that I would just point out this thing about standard cloth. The Bombay people are shouting very loudly "Give us wheat"; the Government of India take up that demand and they have established a Food Department: they are purchasing wheat for them from all over the country and giving them wheat. We agree; but look at the grain producers who want cheap cloth which the Bombay people can supply. They have reserved the whole of their land for cotton growing; they do not produce wheat for their requirements and they say "Give us wheat". "Leave us to produce cotton and make cloth and make money". But when we say "Please give us a portion of standard cloth at reasonable prices, with 5 per cent. profit", what do we find? Negotiations have been going on for two years—I have been reading in the papers that standard cloth is coming, that agents have been appointed, but nothing absolutely has been done. I ask my friend the Labour Member to put his foot down and say "What are you doing for the poor people?" The Supply Department has got no right to do this, and he ought to intervene in the matter and the whole of the Assembly will support him in the demand that they must produce standard cloth and ask every millowner that 10 per cent. of the production should be reserved for the production of this standard cloth for the use of the poorer people; unless pressure is put by the Labour Member the Supply Department will never look into it, the Commerce Department will never look into it. He ought to press the cause of the poor people. The Supply Department is the department of millionaires and the Commerce Department is the department of *crore-paths*, while the Labour Department is the only department which deals in two and three figures and looks after the interests of the labourers.

**Mr. Jamnadas M. Mehta** (Bombay Central Division: Non-Muhammadan Rural): Let us hope so.

**Dr. Sir Zia Uddin Ahmad:** Another thing I wish to mention is this. We have got Dr. Grady's report which was partially published in the papers. I asked Sir Homi on the floor of this House if they have or have not recommended that the Department of Production should be separated from the Department of Supply. He said "No" and shouted it so loudly as if five persons were speaking; but I knew very well that they had recommended. In fact I ought to have moved a motion of adjournment but I could not do it because this report is still confidential and it is not public property. I ask why do you not give effect to the recommendations of the Grady Report? There are some very good points in it and probably your department will be benefited by it. There are one or two other suggestions which I would like to make about the Supply Department.

Coming now to the question of hides and skins, this matter has been very much maltreated by the Supply Department; so much so that they stopped the export of hides and skins altogether. When they took this action, it is only natural that they should have consulted the Commerce Department. I ask Mr. Mackeown whether it is or it is not a fact that the Commerce Department was never consulted before they stopped the export altogether. When this question came up for the first time I took the trouble of asking the Commerce Department at that time whether they were consulted or not, and they gave me to understand that they were not consulted. Since then they may have

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been consulted; but they were not consulted before the orders were passed stopping these exports. Now they say they have not stopped this export altogether. I would like to know how they have calculated. They must tell us what were the requirements of India in normal times, how much we could export in normal times. By going into the figures for the last ten or twelve years, they could know the total production and total quantity required for home consumption. Suppose we produced 1,000 tons and we required for home consumption only 800 tons; 200 tons on an average would have been exported outside. If they required all this 200 tons for war purposes they were perfectly right in their decision but if you do not require the whole of that 200 but only a fraction for war purposes, your action in stopping exports altogether was unjustifiable and incorrect. My friend may say that there are four classes—a, b, c and d—in this particular article and that “we have not stopped a and d, but only b and c.” I should like to ask him “It may look well on paper; but do the producers or the purchasers from outside India or your tanners purchase only c and d and not purchase a and b? Is there any purchaser who can classify these things?” They are never classified by the producer of hides and skins; they are brought in a lot to the shipper and the shipper differentiates and divides them into a, b, c and d. When the skins are sold, they are not sold separately as a or b or c or d—they are always sold as one lot and they are purchased as one lot. I will finish with this department by asking this question, why in the case of hides and skins is there this differential treatment of getting only one profit and not two profits as you have done in the case of the textile industries? The other thing is why have you stopped the external trade without consulting the Commerce Department? Why are you afraid of giving all these figures to us and why do you not give us an opportunity to examine the figures on the basis of which this export was stopped altogether?

I may just mention by the way that my Aligarh students very often come to me for posts in the Supply Department and other departments. For emergency commissions I have sent out over 600 men who are now serving in the army; we have a school and we have trained 1,500 war technicians. If I send boys to the Army Department there is no difficulty there; but if I want to put any person in the Supply Department, immense difficulties crop up. I cannot get any man into this department because the persons in whose hands the appointments lie simply throw my letters of recommendation into the waste paper basket. Naturally the students ask me “When it is military work, a question of life and death, you recommend us, but when it is a question of a little pudding being distributed where there is a little patronage, nothing is done.” So I am in a very difficult position and I ask Mr. Mackeown to help me in my difficulty. In one case the recommendation is accepted and in the other it is not; and therefore we say the only way to reform it is to transfer the whole of it to the War Department because you have proved your incompetency to manage the department and you must admit your incompetency on the floor of the House.

Before I take up my other main topic, that is, foodstuffs and the question of wheat, I just mention by the way a few other departments and I will not take very long as I am very anxious to finish soon.

The first thing to which I would draw the attention of the Honourable the Home Member is about the extension of service. I quite agree that if a person is doing excellent war work or if there is a person who cannot be replaced by a competent man during war time, his services should be retained but even there, such persons should not stand in the way of the natural promotion of the subordinate officers. If one man goes out, not only the man under him but a whole chain of officers will get the promotion and if extension is given, there is dissatis-

faction among the staff. If you want to retain his services, you can do so but he should be counted not in the regular cadre but outside the cadre and the promotion of the other officers should not be debarred and it does not matter even if he continues to do the highest officer's work such as that of General Manager and so on.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Syed Ghulam Bhik Nairang (one of the Panel of Chairmen).]

There is another point. If a man gets extension, the man below him may be retiring earlier than the man who has got the extension and in that case his promotion is blocked and his prospects suffer. In the interests of the services, it is desirable to look into this matter. I have got a number of instances particularly in the Postal and Railway Departments and other departments. In the case of the Postal Department, it used to be the most efficient department under the Government of India at one time. When I was young, I used to say that the most efficient department devised by the British Government is the Post Office and the most objectionable department is the department of Police. That was the opinion of everybody in those days when I was young when we were not very familiar with the politics of the country. Now, the unanimous opinion is that the Postal Department is the department of propaganda. It is not as efficient as it used to be and therefore it seems very desirable that the efficiency of the Postal Department should be maintained. Sir Gurunath Bewoor is in a remote way in charge of this department and I trust he will see that the efficiency of the Department, which he must have known in his younger days, is maintained and kept intact.

The next thing I want to touch is corruption. Here the Home Department comes in. It is very desirable that the Home Member should have some officers of the C. I. D. and other officials of great character to watch the working of the Supply Department, as Inspectors, as Contractors and in different capacities. He must find out through them how the whole Department is working. The Home Department is the proper department to diagnose these things.

Then I come to the Resolution of 1934. The Home Department should see that this thing is worked properly not only in the case of the older departments but also in the new departments. They should follow the usual practice and see that everybody gets his due share and in that case there will be no complaint on the part of any particular section, including my friend Sardar Sant Singh, who is not here.

Now, I come to what is called the Defence Department and the Civil Defence Department. What is this Defence Department. I can understand the War Department and I can understand the Civil Defence Department but I cannot understand the Defence Department. What does it do. The post of the Member of the Defence Department is just like the post of the Vice-Chancellor of the Aligarh University. There is an academic officer, the Pro-Vice-Chancellor, who is responsible for the academic side, teaching, examinations and so on. The Vice-Chancellor has got no such function. There is the Treasurer who is responsible for the money. The Vice-Chancellor cannot spend a penny. The money side goes to the Treasurer and the academic work goes to the Pro-Vice-Chancellor, and the Vice-Chancellor is left to make speeches. The case is the same with my Honourable friend the Honourable Member in charge of the Defence Department. The whole of the civil defence goes to one department and all the war work goes to another department. The Defence Department is left in charge of petrol. I find he is not even in charge of petrol. The canteen has also gone out altogether. I think this Department is really not a department which has got a good deal of work.

As regards the Civil Defence Department, I call it an asylum of Burma evacuees. That is the name which I would give to this department. In one or two directions, it may be doing useful work but the trouble is that this depart-

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ment is adopting the methods based on the experience of London. The experience of London cannot be applied to this country. There the whole population is concentrated. The buildings are of a particular type. Here the conditions are altogether different and our problems are different. The second thing is you have provided all these shelters and ditches. I don't know whether the bombs will come or not but the mosquitoes have come in to stay on account of these ditches. We are more troubled by mosquitoes now than we may be troubled by bombs later on. I say we ought to plan this thing in a wise manner and not mispend the money on all sorts of things which are really not required. We should utilise all the money that we can spare for the successful prosecution of the war and we must have some kind of civil defence, only as much as is really required by the emergency of the conditions and not go on spending because the department is there.

Now, I want to say one or two things about the Education Department. I moved a motion some time ago that all the educational institutions should be under the Education Department. Here, you find the Labour Department is running what you call special institutions for war technicians. The Commerce Department is running institutions for the Dufferin Ship and the School of Mines. The Postal Department is running a school for the training of aeronautic technicians. The other day so many aircraft was destroyed and burnt and nobody took any notice of what happened. I think it is very desirable that all these things should come under the supervision of the Education Department, even though they are not great experts in the technicalities of any particular industry. They are really the experts to advise them in what manner the candidates ought

12 Noon. to be trained for different industries. Therefore, in the interests of efficiency, it is certainly wrong to put all these training schools under heads of different departments because the candidates after their training will be absorbed by those industries which are connected with that department. If we accept this principle, then every department must open a school. The War Transport Department must also open a school to train candidates for the railway services. In that case, all your normal and regular institutions, both schools and universities, will be closed. So, I think it is time that we should now concentrate on this particular thing.

The second point to which I would like to draw the attention of the Honourable Secretary for the Education Department is about the Archæological Department. Last time a cut motion was moved by my friend Sir Syed Raza Ali and the Honourable Member in charge said: "I freely confess that the present Director dealt with Dr. Puri with unjustifiable lenience." Afterwards he remarked: "I shall not discuss the fact but the handling of the circumstances had left me with the impression that the Director General has committed an error of judgment in this case." After admitting this much on the floor of the House, I had thought that he would do something. But I find that he has been promoted and others who deserved promotion have not been promoted. So, the statement on the floor of the House and the action taken by the Department have been two different things in this particular case. Therefore, it is desirable that when a complaint is made on the floor of the House, some person should examine that complaint and find out whether it is correct or not and we should be told either privately or to a deputation or on the floor of the House so that we may have our confidence in every department of the Government of India. If our information is not correct, we ought to be informed accordingly so that the confidence in the department may be maintained. It is very desirable that every section of the community should have full confidence in the justice and the administration of the Government of India in each department. Whenever this confidence is shaken, inefficiency will creep in. So, in the interests of efficiency, I should like that this thing should be done.

Now, I come to what is called control. The word "control" is a word which I do not understand nor do I understand its connotation. To my mind, this word is very popular with those who carry on the trade because it gives them the opportunity to open black markets and it also gives them the opportunity to raise the price immediately. But the word 'control' is very much misunderstood by the people. So, I would like the representative of the Commerce Department to tell us what is meant by the word "control". Before you use the word 'control' with reference to any particular commodity, you must understand its significance. What are you going to control and in what manner you are going to control? That is to say, your whole plan should be clearly understood and chalked out and everybody should be able to understand it. But you start taking action without really planning the whole thing in your mind. I will tell you what the difficulties of the Government of India are. Their intentions are good but they have not got sufficient staff to carry out their plans. They have not got a fully thought out scheme and how this control is to be exercised. They get some figures from their Statistical Adviser. He gives those figures and draws the conclusion himself. I would very much like that these figures which are prepared either by the Statistical Department or by the Economic Adviser should be examined by a small Committee before you draw your conclusions. I have great confidence in their figures but I would like to examine the conclusions myself before admitting what those figures really indicate. First of all, they should have a consultative committee in which they should have not only the representatives of the industries but also men of common-sense who have got no interest of any kind in that business. The second thing is that there is lack of co-operation between the Provincial Governments and the Central Government. In many cases this system has broken down because of lack of co-operation. I will give you practical instances. Take the case of wheat. The Punjab Government did not co-operate with the Government of India and therefore this system broke down. But in the case of petrol, your control worked very well. It was simply due to the fact that there existed already a very thorough organisation for the sale of petrol and that organisation was used by the Government and it worked well. Had there been no organisation for the sale of petrol before this control was introduced, it would have been exceedingly difficult to manage it. Of course, there are some cases of leakage and back-door selling, but, on the whole, it has worked very well. In the case of other articles, the control would have worked all right if the Government had taken possession of the entire stock and released it for definite purposes. You will know your requirements and you will release only that portion which you can afford for your military purposes. Whenever you have not got a recognised machinery for the sale of these articles or where you have not got the control for Government purposes or only a partial control, then the system will break down and all these troubles will ensue. So, this scheme of control has got to be considered very carefully. Then and then alone it will give satisfaction and avoid corruption and back-door marketing.

Now, the other thing to which I would like to draw the attention of the Honourable Secretary is about quotas. We have to restrict the export of certain commodities to various countries. I think it is very desirable that they should especially consider the cases of those persons who have been carrying on their particular trade for the last 10 or 15 years and these persons should have preference over those who had not been carrying on that trade for such a long time. The system of introducing new persons and disregarding the persons who have established the trade is an unfair way of the distribution of quotas.

Now, I come to the question of food grains, especially wheat. We have established a Food Department and I am not opposed to it. It was very necessary and I think it is a step in the right direction. But the thing that I would like to impress upon the Government is this. We should clearly understand what are the responsibilities and duties of the Central Government and of the



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Provincial Governments and also of the District Magistrates. Unless you define clearly these things they are bound to fail sooner or later. Now, I tell you the way in which you can clearly define them. In the first place, we have to admit the requirements of our own soldiers who are fighting for us. The second thing, which we cannot disregard is the question of export. It is the duty of the Central Government, in the first instance, to find out the total production of the country. It should be determined province-wise and district-wise: and districts should be asked to point out the quantities which they require for war purposes and for export separately. The next thing is to meet the requirements of the deficit provinces and these provinces should also be asked to submit the statistics which are available. Afterwards in consultation with Provincial Governments the Central Government should fix the limits. These things ought to be done by the Government of India. It is a great mistake if the Government of India use any machinery or agents to purchase these commodities direct. The moment the Government of India or the Food Department will go in for the purchase of these things directly they will upset the market. The Food Department has committed this mistake already. They appointed contractors who began to purchase on behalf of the military department. The District Magistrates objected to the use of these contracts by the Government of India because this procedure upset the plans of the District Magistrates altogether. Therefore, the Government of India ought not make these purchases either directly or through their own contractors or any other machinery. They should first determine how much quantity of wheat is required for distribution. Quotas should be fixed between various Provinces, the Punjab and the United Provinces, etc. and the Indian States as well. It should not be given to British India only but to Indian States also. Now, they should also be told where the article should be sent and they should be supplied with wagons, etc. for transport. This ought to be the duty of your Food Department. Now, when you have done all this then you will have to set up a central committee of experts and they will be in possession of the whole production province-wise and district-wise and thus see how much quantity they can spare and afterwards they can distribute the quota to the province and each district and the District Magistrates will know that they will have to export so much wheat from their own districts and send to such and such place.

As regards purchases, the Government of India may either purchase direct or they may keep it in districts and take it out when it is required for consumption, because in the case of wheat it cannot be stored for more than three months, only the experts can keep it, otherwise it is likely to be eaten up by worms. These things ought to be avoided: but this is a minor point.

There are one or two other points to which an objection has been taken. In the first instance, take the question of sale. The public now have very great objection and very great complaint against the method of purchase. They say Government have in some cases appointed either the police officer or the Tehsildar to find out where these foodstuffs are sold. People say clearly when these things were done by Banias it was without any black market. Now, Government instead of stopping black markets have opened fighting markets. When you go to make certain purchases now a days you have actually to fight out your way and then get the required article, I mean the foodstuffs. This is undesirable that black market should be changed into a fighting market. It is most desirable that shops should be opened in each Mohalla under the supervision of representatives of the District Boards, Municipalities and other local bodies, who will help in the distribution of foodstuffs.

The second thing which I do not understand is the practice prevailing in Delhi. The District Magistrate has the sole control over export as well as over import. In the case of import, suppose I live here and I have got my property outside Delhi area, and I want to bring my own wheat for my personal consumption. Can I do so? Now, the District Magistrate will not allow me to do

80. Why should he stop it? I cannot understand this. Take the case of coal. Here in Delhi the Chief Commissioner has fixed enormously high price for coal, at Rs. 4 a maund. If I wanted to bring two wagons of steam coal from outside the District Magistrate will refuse. He will say, no, you cannot get it. I managed somehow or other through the kindness of my Honourable friend the representative of the Railway Board to have one or two wagons. They were willing to give me the wagons, but the District Magistrate said, no you may have two or three wagons, but you cannot bring coal from outside. Things of this kind are really inconceivable. This is the manner in which control is practised here in Delhi. I really cannot understand. This is nothing but jobbery. I can bring my utensils, crockery, etc. but I cannot bring with me wheat flour. I think it is not fair to stop the import of this article. It is very desirable that we should consider the question of distribution. It is very very important and if you do not do it, there will be a great difficulty. What the Government have done in some cases is this: they appointed one person who is the sole importer of a particular commodity. He is the only person authorised to purchase salt for a particular district. Some sub-contractors are appointed who are not selected representatives of various interests but they are selected in a haphazard manner. What actually happens is this: a contractor brings in forty maunds of a particular commodity and sells it to his friends, the whole of it—and when any *bona fide* consumer comes he is told "I am sorry the whole quantity has been sold, but if you are prepared to pay double the price I shall manage to get some for you". This is the manner in which this control is actually practised in this town. This should be stopped. You have to consider very carefully the details of this problem before you take up this particular question and this is the thing for which I would request the Honourable Member of the Food Department—I do not know who this Honourable Member is or would be—to be very very careful about the whole question of distribution of food and purchase of food. You must see that there is no dislocation of currency and I hope the Honourable the Finance Member will look into it that there is no dislocation of the food market either. If the food market is open, the currency is there, and transport is there, I think the chances of disturbances in the country will be very remote. With these words I resume my seat.

**Dr. Sir Ratanji Dinshaw Dalal** (Nominated Non-Official): Mr. Chairman, I am painfully surprised at the ignorance displayed by my Honourable friend, Sir Cowasjee Jehangir as to the work done by the Public Accounts Committee. I am very sorry that my Honourable friend is not in his seat. It is the Auditor-General who guides the affairs of the Public Accounts Committee; and his comments on the various Appropriation Accounts are so exhaustive, so clear, so lucid that it does not require financial and commercial experts to correctly appreciate the efficiency of the financial administration and to arrive at conclusions. The Members of the Public Accounts Committee have been subjected to scoff and denunciation, and poisoned darts have been thrown at them. On behalf of the Members of the Public Accounts Committee, I beg to enter a most emphatic protest. Sir, in this connection, may I be allowed to strike a personal chord. I did not seek nomination to the Public Accounts Committee. Sir George Schuster, of his own accord, recommended my nomination. May I add that I come of a distinguished mercantile family in Gujrat, Western India, and that my leanings are more towards commerce and finance than towards medicine and public health. Sir, I have not one word to say in derogation of those who may hold opposite views but I would point out that it often happens that small minds can be most bitter in speech, and they count it no derogation to do so. However that may be, it is a relief to turn from this unpleasant episode and to proceed with the general discussion of the Finance Bill.

Now, Sir, I propose with your permission to touch very briefly upon a few important points. In the first place, I shall refer very briefly to India's



[Dr. Sir Ratanji Dinshaw Dalal.]

Defence Budget. During 1942-43 India's defence expenditure was 189.75 crores for a population of 400 millions as against 370 crores of rupees for a population of seven millions in Australia. India's present defence budget is 192.81 crores. We must realise that the military expenditure about which so much complaint was made in pre-war years was small as compared with the cost of the mechanised, air, and sea forces of today, which are particularly expensive on account of the rapid replacement of material to prevent obsolescence. The independence which India demands must of necessity add enormously to her defence expenditure in the future. If India is to preserve her freedom, we must arm ourselves on sea, land, and in the air in a fitting manner. Those who demand that India should have a navy, and land and air forces worthy of her great size must cheerfully bear the financial burden of that shield. India's taxpayers must accustom themselves to the defence expenditure on a scale much greater than they have borne in the past. The price of freedom is eternal vigilance, so the peace-loving democracies should never again allow themselves to be caught in a shocking state of unpreparedness.

Now, Sir, I take this opportunity to bring to the notice of the Honourable the Finance Member a grievance that has been felt very much by officials in the various Central and Provincial Government departments, especially those who fall within what I may call 'promotion block' as a result of the growing congestion in the higher posts. Extensions of service have inflicted great hardships on senior officials and have prejudiced their prospects. Now things have come to such a pass that extensions of service should not be granted to Government servants who become due to retire on attaining the age of superannuation, and that extensions of service may be granted only in exceptional circumstances on the most cogent grounds where a strong case can be made out on account of the services connected with the war.

Now, Sir, I shall just say one brief word as regards prohibition. There is a considerable loss to Central Revenues from prohibition, as prohibition affects the estimates of customs revenue. In the Bombay presidency there is a loss to Government revenue to the tune of one crore 80 lakhs, plus an expenditure of 15 lakhs for preventive measures, so the Bombay Government have requested the Central Government to give their full share of income-tax all at once. I submit that prohibition should be abolished, as it should be, and as in justice it must be, inasmuch as the much-desired balancing of budget will be far easier to achieve if drink were once again to contribute its revenue to the exchequer.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

The outlawing of drink has not prevented drinking. It has been actually calculated that the total alcoholic consumption in the Bombay presidency has increased by about 50 per cent. over the quantity consumed before prohibition was introduced. In any case it is clear that prohibition has failed to fulfil its principal purpose of promoting temperance, and that large illicit trades in distilling and in smuggling have grown up, which bring enormous profits to the miscreants and none to Government. What is more?—there has been an increase in violent crime which is attributed to the consumption of raw spirits noxiously manufactured as a result of illicit distillation. Prohibition has turned drink from a lawful into an unlawful and therefore much more demoralising indulgence.

Now, Sir, in view of the scarcity of paper, I desire to submit to the Honourable the Finance Member a suggestion that a cheque endorsed by the payee should be considered an equivalent of a receipt. This change would be welcomed by the business community, and enormous economies could be effected if the existing laborious process of receipts were ended. The primary function of a receipt is to save the payer from the risk of being made to pay twice. For all practical purposes the payer by cheque, who does not obtain a

receipt, would be protected by the production of his paid cheque endorsed by the payee, and bearing evidence that it has been cleared through the payee's bank. So an endorsement of the cheque by the payee should be recognised as a receipt. As a result enormous quantities of paper, postage, and office work will be saved.

I now pass to a very important point which greatly exercises the public opinion. There is a point at which no Government can refuse to take action to protect the interests of the community at large; and when that point is reached, Government is bound to use all the resources at its disposal. That is a platitude. I sincerely hope that the commonsense of the people and the opposition of all thinking and sensible men will erect an insuperable bar to the further progress of this most foolish civil disobedience movement of all foolish schemes. Whatever support there is from ignorant and misguided individuals or from professional criminals, there is no doubt that there is throughout India a solid body of public opinion which refuses to countenance a campaign of wanton and malicious destruction calculated to destroy the peace and security and liberty of the entire community.

Sir, the Congress makes out that Great Britain is waging war mainly with American material, and with fighting men from India and the Dominions. Government should take steps to dispel this all too common illusion. The Congress should be made to realize that over 70 per cent. of the casualties suffered by the Armies of the British Commonwealth had been suffered by troops from Great Britain; and India should be allowed to know of what Great Britain has done, is doing, and will do to the end.

Sir I am positively amazed when I hear astounding appeals made to the British to withdraw from this country. I respectfully ask: "Has not the British capital in thousands of millions of pounds flown to the shores of this country in order to help the various Indian concerns?" The British Government themselves admit that their administration in India is not free from blemish or taint, but I submit that it is informed with a spirit of duty. The British Government have always thought much of the welfare of India, and have endeavoured to administer the Government of the country by justice and beneficence, by courage and sympathy—courage to grapple with the problems which bewilder by their complexity even more than they overwhelm by their dimensions.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Do they require your certificate?

**Dr. Sir Ratanji Dinshaw Dalal**: . . . and sympathy with every race and class and creed from the Indian Prince to the humble peasant. Sir, the British Government do not claim that their policy in India has always and everywhere been distinguished by consistency or foresight or wisdom. They themselves admit that they have made many experiments and that they have perpetrated many failures; but whatever the errors or miscalculations of the British Government in the past, it may be claimed with truth that they do not depart from their pledged word, and that British honour is the basis of British administration. Where the faith of the British Government has been pledged, they have always held to their bond.

Sir, as Secretary of State's Doctor for Plague duty in India for 14 long years, I saw with my own eyes the efforts; nay the unsparing activities of British officers—civil and military, in combating the afflictions and in alleviating the misery of the people. I respectfully ask, has there ever been a period in the history of India when such philanthropic regard for the well-being of the helpless masses has been shown by the rulers of the country? Did Hindu or Musalman sovereigns—Maharatta or Moghal, ever so exert themselves for the husbanding of human life?

**Mr. Govind V. Deshmukh** (Nagpur Division: Non-Muhammadan): Have you got any proof that they did not?

**Dr. Sir Ratanji Dinshaw Dalal:** If we compare the India of today with the India of any previous period of history—the India of Alexander, of Ashok, of Akbar, or of Aurangzeb, we find more widely diffused comfort and contentment, superior justice and humanity, and higher standards of material well-being than India has ever previously attained. British rule in India rests upon a solid basis of eternal moralities of righteousness and justice. The British Government in India has guaranteed the rights and privileges of the people, it dispenses mercy in the hour of suffering, and it gives impartial administration of justice, immunity from oppression, and the blessings of peace. It has encouraged industries in India as far as possible. Jamshedpur is a fine example of Indian industry. It has developed the agricultural resources of the country and has made two blades of grass grow where one grew before. That the British Government should have been able to do what no other Government ever accomplished, what Alexander never dreamed of, what Akbar never performed, is, to my mind, the most impressive phenomenon in history and the greatest wonder of the world.

Sir, the Congress wants the British to quit India. I think the British must remain in India because if they were to withdraw, the whole system of Indian life and politics would fall to pieces like a pack of cards. The British are absolutely necessary to India. This is recognized by the best of the Indians themselves; and there is no doubt that the continuance of the association of Great Britain and India is what the vast majority of Indians in their hearts desire. I think it is not practicable or desirable that the British should take their hand from the Indian plough. I firmly believe in the good faith, in the high honour, and in the upright purpose of the British. It is because I believe in the future of this country and in the capacity of the British to guide India to the goal that she has never hitherto attained that I faintly hope that the link that holds England and India together will never be severed. Both the British and the Indians are tillers in the same field, and both are concerned in the harvest; the British cannot do without the Indians and the Indians should be impotent without the British. So let the British and the Indians accept the consecration of a union that is so mysterious as to have in it something of the Divine in that the destinies of India are bound up with those of the British Race; and let the common ideal be a united country. Well may the Congress demand independence, well may the Muslim League demand Pakistan, but I am confident that India with her geographical unity intact will remain in the British Commonwealth, nay I look forward confidently to the days ahead, fully assured that when the dust of these dark days has subsided, a greater India with equal partnership in the British Commonwealth will emerge—greater in resources, greater in self-help, great as ever in her loyalty to His Majesty the King-Emperor.

**Mr. Jamnadas M. Mehta:** Sir, in the fourth year of the war India is reaching, if it has not already reached, the peak of our sacrifice and effort. People sometimes say, in fact speeches have been made on the floor of the House, that India has been particularly fortunate. What is meant thereby is that India has made enormous gains and that she ought to be thankful for it. I shall, in the course of my submission on this debate, show how sadly mistaken these friends are, although they may be sincere in their views. If they believe that .5 per cent. or .6 per cent. of the people have made money, I do not deny that, but if they believe that the 99.5 per cent. of the people are today better off, they are wholly mistaken. The travail of war and the sacrifices entailed therein have entered deep into the economic life of the vast majority of the population and have made them even more under-fed, under-clothed, and under-sheltered than they were ever before. One proof of it would be found, and the most eloquent proof in spite of the Honourable the Finance Member always admonishing me that there is a lot of money in the hands of the purchaser, will be found in the examination of figures of the Post Office Savings Banks and the Cash Certificates. In 3½ years Rs. 51

crores have been withdrawn from them, indicating that the poor and the lower middle class, who are the chief depositors in the Post Office Savings Bank and the Cash Certificates, had to supplement their earnings to the extent of Rs. 51 crores in order to make both ends meet: and this is about those who had some deposits.

**Sir Cowasjee Jehangir** (Bombay City: Non-Muhammadan Urban): In what year did those diminutions take place?

**Mr. Jamnadas M. Mehta:** In these four years of the war. These withdrawals tell the sad tale of the tragedies in the homes of the middle and poor classes. In short, their earnings were Rs. 51 crores less in purchasing power to keep up their very low standards. This about those who had something by way of deposits, but 90 per cent. of the people of India have no deposits. They have got debts. As we were reminded only two days ago, the Indian agriculturist, who forms 80 per cent. of the population, is born in debt, lives in debt, and dies in debt. That is His Excellency Lord Linlithgow's Report of the Royal Agricultural Commission. The Whitley Commission on Industrial Labour, another Royal Commission, has pointed out that in some railways over 60 per cent. of the workers are in chronic indebtedness. And mind you, Sir, the railways on the whole are better paymasters. Although they do not pay adequately, they pay better than private employers on the whole. If, therefore, 60 per cent. of the Railway workers are in debt, what must be the percentage of indebtedness in private industry? I remember having read the report of the indebtedness of the Ahmedabad millhands. There the Ahmedabad millhands were charged 56 per cent. interest by the keeper of the tea-shop for small loans; the owner allowed the tea-shop keeper to carry on; but charged heavy rent; the latter made it good by charging 56 per cent. interest in addition to the profits of the shop. Therefore, let those friends who cherish the lyrical dream that India has been enormously fortunate look to the stern realities of the case and adjust their attitude in the light of these tragic facts. I realise that a war of this enormous size cannot be fought without jolts: sometimes terrible jolts: and I am one of those who will never cavil at these jolts. I will understand them. I will accept them in the right spirit, and in spite of the jolts work our way to victory. But before I develop this part of my submission, I wish to say a few words about some individual matters which are important from the public point of view.

We have an agreement with the Imperial Bank of India by which they are allowed to be our bankers outside certain places in India. On reading a representation by the Imperial Bank's staff I find that it is a closed preserve for the Britisher; that the highest paid places are reserved for him and the Indians, who are in it, can never hope to rise, except perhaps by a miracle, to an equal position. As a rule the Bank is a close preserve for the Britisher. Young British lads are perching on the heads of experienced Indians who rarely get beyond Rs. 400—500, and the Britisher gets according to this representation Rs. 1,400. I ask the Finance Member to inquire into this and to see that a bank which is in agreement with us, and to whom we give our custom and patronage is not allowed to discriminate against competent young Indians. I do not know the other side of the case, Sir. Therefore, I am not inclined to be severe in my criticisms, but this *prima facie* statement of the representation impels me to submit this personal appeal to the Honourable the Finance Member to kindly look into the matter and send a word of admonition to the Imperial Bank to be more discreet, otherwise we may be compelled to revise the agreement in the interests of our own nationals.

The other thing is that the Commerce Department has not yet told us what exactly is the position about the U.K.C.C. I find from the latest mail from Bombay which reached me a few days ago that the U.K.C.C. has acquired, is acquiring and threatens to acquire increasing influence in the export trade of India. We have discussed this question several times. Therefore there is

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nothing to add except that I would like to have an assurance from the Commerce Department that the U.K.C.C. will not be allowed to develop into a replica of the old East India Company under the very nose of the State.

Another thing which the Commerce Department might kindly tell me is this. There was an Allianz und Stuttgarter Life Insurance Company which belonged to an enemy country, and on the outbreak of the war the Government handed over the whole management of that company, not to a directorate formed out of the policyholders of that company, because the shareholders are not concerned, but to a firm of auditors. Sir, an auditor comes in, when somebody has done the work, to audit it, but auditor manager is a contradiction in terms. If the auditor is the manager whom will he audit? If the watch-dog is to devour the sheep, who will take care of the sheep? Therefore, I do not understand the sense of this kind of arrangement. But I am passing this information on for inquiry by the Commerce Department. When there are several hundreds, if not thousands, of the policy-holders, men like Sir Jai Lal, a retired Judge of the High Court being amongst them, Government can certainly constitute a Board of Directors out of such distinguished people and leave them to carry on their own affairs during the war, subject to the control of the Commerce Department if you like. That would be a welcome and a commonsense arrangement, but this arrangement seems to me to be quite wrong. I have nothing against the firm of auditors. They are men of great repute and I understand that they are very well trusted by Government.

**Sir Cowasjee Jehangir:** In what part of India is this firm?

**Mr. Jamnadas M. Mehta:** This company has branches in all parts of India. It is a German firm. It is a German firm, I think: I do not know. But I have nothing against this firm of auditors who are a firm of well reputed gentlemen. What I object to is the principle, that when the policyholders who are most vitally concerned and they are in their hundreds, if not in their thousands, Government should under the Defence of India Act and rules constitute a board out of them, subject to their supervision and by all means appoint these gentlemen as auditors so that the government can feel assured that the men who are interested are in charge and are controlled by a responsible firm of auditors. I pass on this information to my friend, Mr. Pillay, who represents the Commerce Department, to look into it and see whether the suggestions I have made cannot be put into force with advantage to Government and to the policyholders and retain the services of the auditors for different purposes.

I want to know one or two more things. Why was the price of sugar raised by Rs. 2-5-0 a maund about a few months ago by Government themselves? Instead of bringing down the prices, Government went out of their own way to increase the price of sugar by Rs. 2-5-0 a maund. What for? I tell my Honourable friend that not a single sugar mill in the Bombay Presidency needs it. The biggest sugar manufacturer in the Bombay Presidency, who pays the highest income-tax in the Bombay Presidency, if not in India, and is, among other things, a sugar manufacturer, told me that this Rs. 2-5-0 was a pure gift to them . . .

**An Honourable Member:** The Controller wants it!

**Mr. Jamnadas M. Mehta:** The Controller ought to decrease it. One U. P. sugar manufacturer, whose company, I am told, has an entire bloc worth about 90 lakhs—he is the managing Agent, practically the proprietor, and he told me that "We never applied to Government for that increase of Rs. 2-5-0; we could have gone on without it; we could have even increased the price of sugarcane to the grower without any subsidy; in fact, we offered to increase it, and the U. P. Government turned it down. And now all of a sudden we get a windfall of Rs. 2-5-0 in the U. P. and Bihar. The sugar syndicate had not asked it." Instead of controlling prices Government go out

of their way to give a sort of gift in a fit of generosity at the cost of the consumer who needs whatever relief can be got from whatever quarter.

**The Honourable Sir Jeremy Raisman** (Finance Member): I suppose my Honourable friend has just heard vaguely of a little trouble, a little difficulty about the sugar mills getting cane at that time.

**Mr. Jamnadas M. Mehta**: Yes; but these are the proprietors who tell me; I can assure my Honourable friend that I am not interested in picking holes. About the Bombay Presidency his statement is entirely wrong, because the Bombay Presidency mills grow their own sugarcane. Therefore, this question cannot arise there; and so far as the U. P. sugar mills are concerned, I tell him that one of the biggest manufacturers has given me these figures; you cannot get away from it: I will pass them on . . . .

**Mr. K. G. Ambegaonkar** (Government of India: Nominated Official): Has the Honourable Member got figures from the smallest proprietor who really matters?

**Mr. Jamnadas M. Mehta**: He was telling me on behalf of the syndicate. He was speaking for the sugar industry in Bihar and U. P. as a whole, and not for himself . . . .

**The Honourable Sir Jeremy Raisman**: Does he say that the industry did not ask the Government to intervene at that stage?

**Mr. Jamnadas M. Mehta**: They did not ask for price increase: that is what he told me . . . .

**The Honourable Sir Jeremy Raisman**: Then it is not true.

**Mr. Jamnadas M. Mehta**: He told me and I can get confirmation from him: we were together for nearly 24 hours in the train; he simply coached me and said "Mr. Jamnadas, this is what we have got . . . . ."

**The Honourable Sir Jeremy Raisman**: But we were for several days and weeks with the industry.

**Mr. Jamnadas M. Mehta**: But the man who makes a profit will never admit it; I am telling you the views of the man who gets profits which he did not need. I am telling you the views of the Bombay Presidency, of profits which they never expected, and you have given them a windfall. You will not be able to get out of it. The facts are too strong for you. You can read these figures given to me by the biggest U. P. member of the sugar syndicate, on behalf of the syndicate. My friend can get no consolation by quibbling between biggest and smallest—I ascertain my facts before I speak. Therefore, you have no excuse. The fact is that in Bengal alone there are a few mills which could not get on without Rs. 2-5-0, and they cannot get on even with this Rs. 2-5-0. They are like the landlords under Lloyd George's schemes—they could not live because of his land taxes and they could not die because of his death duties! They were afraid either to live or to die. But about these Bengal sugar manufacturers, if you had not given them this Rs. 2-5-0 they would have gone *phut*; if you give them, they do not get enough. But the consumer all round is mulcted to the extent of Rs. 3½ crores—an entirely gratuitous gift for which you will not be able to show me any justifiable excuse.

One more individual matter. . . .

**Sir F. E. James** (Madras: European): Is this another railway story?

**Mr. Jamnadas M. Mehta**: This is not a story—you are in the habit of telling stories. I am in the habit of telling facts. I challenge you to prove one single fact of mine to be a story. I can challenge your story on behalf of the workers of the Madras and Southern Mahratta Railway: you have told them stories 11 years ago. I do not want to expose you here. (Interruption.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better address the Chair.

**Mr. Jamnadas M. Mehta**: I can assure my Honourable friend, Sir F. E. James, that he will not be able to challenge one single fact of mine if he lives three generations in this country. The late Finance Minister, Sir Basil Blackett,

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challenged me on the floor of the House and next day he was proved to be in the wrong. Sir James is much too small a man. I am telling you that this is a fact. The biggest Bombay sugar manufacturer has told me in person that this Rs. 2/5 is a gift. One of the biggest sugar manufacturers in the U. P. and Bihar speaking on behalf of the syndicate, said that this was a gift they never expected. Now, examine it to see if the 40 crores of people are really being mulcted to the extent of Rs. 3½ crores instead of trying to poke fun in a matter of such serious import to them. For whose benefit the gift was made I do not know. . . .

**Dr. Sir Zia Uddin Ahmad:** I want to hear the reply to that.

**Mr. Jamnadas M. Mehta:** What reply can there be? It is a gift. If the House wants to inquire, let them go into committee and they will find it was an error of judgment on behalf of the Commerce Department. . . .

**Dr. Sir Zia Uddin Ahmad:** It was an intentional gift, not an error of judgment.

**Mr. Jamnadas M. Mehta:** I will not go so far as to say that, but I say it is an error; and let them rectify it.

Now, I come nearer Delhi. I was happy to meet the new Chairman of the Improvement Trust in Delhi only about 3 days ago at a social function and I was very pleased to see that he was bringing a fresh mind to bear on the housing question in Delhi. I ask the Government what happened to their schemes of housing the poor? They were, I think, thought out, prepared and planned several years ago. Why are they shelved? So far as the scheme of housing middle class people here to be proprietors of their own homes within a few years, has it made any headway? Delhi is fast becoming a slum. Even New Delhi I do not know what it has become. Under the inspiration of this Chairman, I am expecting a great improvement—that too, soon. He comes from Madras—and there is no person more efficient than a man from Madras, whether he is a shorthand typist or in the Finance Department; the Madrasi shorthand typists will beat anybody in the world; they show to ourselves when we read our speeches at home in the evening in transcript, how really not eloquent we were, how really ungrammatical we were, how really tedious repetitions we were making: for the competency and efficiency of these Madrasi shorthand writers, I think, if anything, they should monopolise the reporting in this House.

**Mr. Hoşseinbhoj A. Lalljee** (Bombay Central Division: Muhammadan Rural): What about the Improvement Trust?

**Mr. Jamnadas M. Mehta:** I am telling you that the Chairman of the Improvement Trust comes from Madras. Therefore, I am saying, these gentlemen from Madras—I incidentally mentioned. I ask any Honourable Member of this House whether I am right or not right. Let him read his speeches.

**Mr. Lalchand Navalrai:** Why deprecate others? They also do well.

**Mr. Jamnadas M. Mehta:** Every Madrasi, whether he is an Englishman or a Madrasi—take the I.C.S. from Madras, Sir Charles Innes. What wonderful fellows they were. Sir Charles Innes—he was a man who would read every little line of his department's papers. I am sure others also do honestly their best. I do not wish to make any invidious comparison except to say that I hope under the inspiration of the new Chairman of the Improvement Trust in Delhi the housing conditions of the poor and the middle classes will considerably improve.

Before I come to the taxation part of the Budget, I wish to say one last thing. I understand that the Central Government ministerial staff have an Association. I always like the workers organising themselves. As Government have given recognition to this Association, I beg of them to do all they can to relieve any complaint, to redress any grievance. The complaint that I have got is that 99 per cent. of the representations of this Association—in fact, the man told me 999 out of 1,000—are turned down: I would, therefore, hand over



to the Honourable Member incharge the series of complaints which I have received. What they want is that they should be given more opportunities for meeting and representing their grievances to whoever may be the Executive Council Member in charge of this matter, probably it is the Honourable the Home Member. In the matter of gratuities, dearness allowance, substitution of provident fund, in lieu of pensions and many other matters they have got serious complaints to make, and I do hope that this Association will receive the attention of Government as much as its needs might require.

Now, Sir, I have exhausted individual matters, and I shall turn to more general questions. Next to the question of war, to which I shall refer in due course, the food and clothing question in this country to-day is the most vital, as much in the interest of the 40 crores of people in this country as in the case of assistance to war effort on an efficient footing. I do not blame the Government for the failures or neglect or errors. They were confronted with a situation of such an unprecedented magnitude and with a situation otherwise so threatening that it was not easy to keep one's head on one's shoulders and calmly think out plans. Therefore, I am not interested in blaming them, but their failure is there. In the matter of food and clothing, I entirely endorse what my Honourable friend, Sir Zia Uddin Ahmad, has said. I say the same thing about food. Forty crores of people, and 60 million tons of food which they produce, and which production has been maintained throughout the last four years of the war—that these people should not get food for weeks and sometimes for months or get them at prices so fabulously high that their earning capacity cannot keep pace with them is a statement of a very hard and tragic fact. What is true of food is true of clothing. In Bombay there is a proverb that, when you go to dine at your maternal grandfather's house and your mother is in attendance, you are always safe; you will get as much as you like. When therefore, the millowners of Bombay had Sir Homi Mody as their mother in charge of the Supply Department—the millowners had no cause for complaint. Government were so afraid of the millowners in the matter of the supply of cloth in proper time that they were down on their knees to the millowners, and the bloated profits of the millowners of Bombay, of Cawnpore, of Madras, and Ahmedabad, tell their own tale—of the enormous prices that were given to them, and in addition, they left them to fleece the consumer to their hearts' content. Fleecing by the millowners of this country of the people who are always living in rags, a large part of them never having any cloth,—that fleecing is one of the scandals of the last four years. Four times, three times in the bazar of what it cost to manufacture,—how can the consumer buy an article for Rs. four when the cost of manufacturing it is only one rupee? Government were at their complete mercy. They never could stand up to them and the entire country was placed at the mercy of the profiteers and these parasites. What is true of this is even to a greater and more tragical degree true of food. Normal production of food, the same population, exports to countries with whom we were on trading relations stopped. What excuse is there for not obtaining food at the pre-war price? Except the absolute incompetence of the Government, for which, as I say, I am prepared to make the largest concession on account of the external situation we had? But you cannot ignore the fact under that, the same level of production for the same population, food is not available for the man in the street at the same price. Why should it rise? Government issue communiques, have conferences, committees. "Government are seized of the matter", "Government are doing their best". "Government have fully understood the situation", and that kind of consolation was being given to the people. But I am sorry to say that in the battle for bread in this country the *bania* has beaten the British. The bourgeoisie has beaten you hollow in the battle for bread, and to-day now after 3½ years of war, where the wheat price was, according to my information from the workers of the N. W. Ry.—it may be of somewhat inferior quality, I do not know—between Rs. 2-10-0 to Rs. 3 pre-war, it is being purchased by



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Government at any amount between Rs. 13, Rs. 12 and sometimes less. What a tragedy, what an absolute failure of the Government of the country, that a body of profiteers and hoarders could, in a pitched battle about the most essential article of food, defeat the Government and the latter should show the white flag by withdrawing control! Wheat was de-controlled some two months ago. Government, I do not mind saying, are doing better on the whole, they are slowly getting the grip of the situation. I do not say that I would have done better in their place but I am simply recalling what has happened and I do not think that even in England, which imports, I think, 60 per cent. of its food, and is today handicapped so much on account of want of transport, that kind of food shortage has been reported. I find that the prices of all articles and cost of living in England is 21 per cent. of the pre-war period and here it has risen by 125 per cent. That shows how very far behind we are.

I am not yet happy that anything is being done which will meet the situation. That there is some ease in obtaining supplies is, I think, clear; but whether 90 per cent. of the people have got the money to buy the food and clothing is not so clear; I, therefore, appeal to the Honourable the Railway Member and the Finance Member not merely to consider the railway employees but all employees for the purpose of dearness allowance. The Railways have paid you Rs. 150 crores during the last three years and you are not willing to consider what they want in the matter of food, clothing and shelter. The Honourable the War Transport Member has promised to reconsider the question. I know he is actively doing it but I am not hoping that I would be able to persuade him to give me enough to neutralise the rise in the cost of living. But where everybody has less, I must be prepared to get little, if it is enough to keep body and soul together. In that hope, I am carrying on the negotiations with him.

I shall now come to the question of taxation, joint war measures, inflation and post war proposals and touch on them briefly and wind up by a very earnest appeal to the country to consider the international and national situation and to adjust itself in the light of actual facts. I wish to say that there is a great deal of confusion about the problem of inflation. Such a learned man as my friend, Sir Zia Uddin Ahmad, was so befogged that he could not say whether it was inflation or not.

**Dr. Sir Zia Uddin Ahmad:** I do not know the meaning of the word "inflation".

**Mr. Jamnadas M. Mehta:** Then you do not talk about it. You need not have taken the House's time. I can tell you what inflation is. It is quite simple. Mere expansion of currency is not inflation, if it is required by the increase of population, by the increase of trade and the increase of production. But if there is increase of currency, the circulating medium, without a corresponding increase in population or the production of the country or the expansion of trade and commerce, then it is clearly currency inflation.

**Dr. Sir Zia Uddin Ahmad:** How much do you think is necessary for our present business?

**Mr. Jamnadas M. Mehta:** I am going to tell you just now. I am coming to that point. Let the Honourable the Finance Member look at the figures of the circulation of the currency medium in 1935. I have before me the report of the Currency Department and I ask him to look at the figures on page 61. He will find that in those days in 1935, although it may not be 39 crores, our population was somewhere between 30 and 40 crores, because our rate of production of humanity is the highest. We are backward industrially but in mass production of men we are the most advanced. Our countrymen cannot be beaten in that industry of human production. We are now, I think, producing 50 lakhs of human beings a year. The whole of Australia has not got 60 lakhs. Ireland has not got even that. New Zealand cannot claim that it has got so much. India is in a position to export humanity to any uninhabited place, if they will only take it. (Am)

**Honourable Member:** "As Coolies?") No, as inhabitants. Now, therefore, the population of 1935 cannot be less than 35 crores, although not 40 crores. For then, 177 was the circulation of currency notes. Now, our population is 39 to 40 crores. For carrying on the economic transactions of this increased population you can provide whatever is necessary. I am prepared to agree. The food production is not more than pre-war. Industrial production must have increased naturally but exports have ceased. I am not prepared to put the expansion on account of industrial production at more than 25 per cent. and I shall give additional currency for that. Therefore, on the footing of growth of population, expansion of business and expansion of production, you can add, say, 25 per cent. to 180 crores. I would not mind that. But our present position is 325 per cent. increase.

**The Honourable Sir Jeremy Raisman:** What about the velocity at which it turns over?

**Mr. Jamnadas M. Mehta:** The velocity will be a damper on you, my friend. Read the clearing house figures. They are less. Therefore, the velocity is less and, therefore, we do not want more currency.

**The Honourable Sir Jeremy Raisman:** Does my Honourable friend realise that the more hoarding there is the less currency there is for circulation?

**Mr. Jamnadas M. Mehta:** I am making allowance for hoarding. Hoarding is a pre-historic industry in this country. You should not be surprised at that. Hoarding has been a traditional fact in this country, although it is small. I agree that in order to embarrass the Finance Member some politicians have tried to hoard the currency by persuading the people about the want of safety of the British regime. I will make allowance for that. I am not interested in drawing the picture blacker than it really is but I do not want to shut my eyes to the realities of the situation and I further say that to the extent that the currency is backed by the securities of the Government of India to the extent of 189 crores, it is inflation. I maintain that. Making allowance for increase of population, for growth of production, for increase of business transactions, making allowance for hoarding, making allowance for a little leeway that had to be made because the tendency of the Government in pre-war days was to some extent deflation, I do say that to the extent of 200 crores of currency there is inflation in this country. This is my submission to my Honourable friend, Dr. Sir Zia Uddin Ahmad, because 189 crores which are Government of India's I. O. U.'s against the currency notes are not called genuine reserves.

**The Honourable Sir Jeremy Raisman:** Then the whole of the currency of the United Kingdom is inflationary.

**Mr. Jamnadas M. Mehta:** No, I won't say that. I am merely putting it to you that the Government of India's securities have always been considered somewhat dubious. They are always apologised for. Whenever these *ad hoc* securities are put in, there has been apology right from the time of Sir Basil Blackett, and, I am sure, you will agree that they are not securities in the full sense. The system of the Bank of England was quite different, *i.e.*, to have a certain minimum amount of fiduciary notes and the rest had gold backing. It is no use comparing likes with unlikes. My Honourable friend, Sir Cowasjee Jehangir, was so much concerned over the use of the word "useless" about some of the reserves. I may tell him that these 189 crores of rupees in a time of crisis are not useful. The backing of the currency is represented by the I. O. U.'s of the Government of India in this country. I am not saying that the pound sterling is useless, but if somebody used the word "useless" about *ad hoc* securities take it from me he was not wholly wrong. I am not at all despondent. I am talking from the scientific point of view that to this extent of Rs. 200 crores we were suffering from inflation and whatever could be done should be done to ease the situation.

**The Honourable Sir Jeremy Raisman:** Am I to understand that the Honourable Member's contention is that to the extent to which the currency of any country is backed by the obligations of the Government of that country, to that extent the position is unsound?

**Mr. Jamnadas M. Mehta:** Yes, I think so, unless the system is different. I am telling you that your ten-rupee notes are being backed by ten-rupee loan. What is the good of them in time of crisis; few will buy your ten-rupee loan at par. It is obvious that in a time of crisis the Government of India securities will not be saleable at par in the market, and, therefore, the note backing to that extent is weak. This point of view has not been challenged in the debates of the last 15 years in this House in which I have participated and which I have followed. Sir Basil Blackett was always very nervous about these I. O. U.'s. In fact, he once said that 65 crores of the *ad hoc* securities were too much for a country like India.

**The Honourable Sir Jeremy Raisman:** What is the position in the world today?

**Mr. Jamnadas M. Mehta:** I am not saying that the position in other countries is infinitely better, but when I hear of India as being peculiarly lucky, I must tell them that facts are different. (*An Honourable Member:* "You are thinking of Sir Ratanji Dalal.") Sir Ratanji Dalal was simply making up his account with Sir Cowasjee Jehangir about the Public Accounts Committee. I do not want to interfere in his account-taking between one worthy Knight and one worthy Baronet.

Now, about Sir Cowasjee Jehangir. My friend was very much convulsed over the fact that the sterling reserves are called debt. I think the Finance Member is perfectly right; it is a debt. I do not know what was the quarrel between the two. Instead of having 367 crores of sterling cash, which is certainly our money, it is invested in what are called the treasury bills. The Treasury of England owes so much money to this country. It is the debt just as your investment in any company is the debt of that company to you. What is the doubt about it? The Finance Member in order to mollify my Honourable friend called it obligation. Still, he would not be consoled. I beg of him that there is no room for the disturbance of his equanimity on this issue. It is a debt and if England is saved that debt is saved.

**Sir Cowasjee Jehangir:** Will my Honourable friend just listen to me for one minute? If my Honourable friend owed money to somebody else, that somebody else might have to whistle for it. If you have investments with the British Government, which is a very sound party, it cannot be called a debt.

**Mr. Jamnadas M. Mehta:** My friend it is called the National Debt of England, the whole of it.

**The Honourable Sir Jeremy Raisman:** Does Sir Cowasjee Jehangir realise that his banking account is a debt by the bank to him?

**Sir Cowasjee Jehangir:** It is a technical term.

**Mr. Jamnadas M. Mehta:** There is no room for a quarrel on this score and, therefore, let us have peace.

On the question of currency and the currency reserves, inflation is a fact and the Honourable the Finance Member has shown in many parts of his speech that he is fully conscious of the urgency and the importance of the problem. What he has not shown is a direct admission of inflation lest his critics might appear triumphant. That is all. He has shown ample concern and I hope he will try to remedy the situation. It has been accepted that the right method of finding finance would be the raising of loans in this country by the people who want to buy our goods. That is obvious. If I want to go and buy goods from China, China will say, "Pay me in my own currency". Therefore, not to pay in India in India's own currency and to keep the money in England is a sort of lop-sided arrangement. As we are fighters in a common cause I am prepared to accommodate my comrades in arms, the British people, in any way they like, but let us proceed according to the rules of the game.

**Mr. Hooseinbhoj A. Lalljee:** Call a spade a spade.

**Mr. Jamnadas M. Mehta:** Yes.

Now, so far as this matter is concerned, what is the real fact? The real fact is this that the Government are unable to persuade the British Government or the United States Government to pay for the purchases in this country. If they had been able to do this, a large part of the inflation would certainly have been avoided and it would have been a more normal and a more natural course.

**The Honourable Sir Jeremy Raisman:** To pay in what form?

**Mr. Jamnadas M. Mehta:** By raising loans in this country for which you are shouting at the top of your voice.

**The Honourable Sir Jeremy Raisman:** Does the Honourable Member mean that vastly larger sums would have been forthcoming in the way of loans if they had been raised by His Majesty's Government and not the Government of India?

**Mr. Jamnadas M. Mehta:** I am not saying vastly. But it is none the less true that if I have to buy your goods, I must pay you in your currency. In fact, I have paid it throughout the 180 years of your connection with India. India has paid you in your currency. Why the reverse process is now being followed, you will have to explain?

**The Honourable Sir Jeremy Raisman:** The Honourable Member would limit the Indian war effort to the amount which can be raised by His Majesty's Government in this country.

**Mr. Jamnadas M. Mehta:** I won't limit the war effort; I shall support other methods if and to the extent that American or British loans in this country might not succeed, your fear is that if the British Government came to raise a loan, they might not succeed. I wish to disarm your fear on that account.

**Mr. President** (The Honourable Sir Abdur Rahim): We had better adjourn now as today is Friday and it is now half-past one.

**The Honourable Sir Sultan Ahmed** (Leader of the House): Sir, meetings have been fixed next week for Monday, Tuesday, Wednesday, Thursday and Saturday, Friday being a holiday. All Leaders of Parties have agreed that the Finance Bill and the two Excise Bills and the Supplementary Demands should be disposed of by Saturday in that week, and that with a view to attaining this result, the debate on the motion for the consideration of the Finance Bill, including the Honourable the Finance Member's reply, should be completed not later than 5 P.M. on Wednesday next. All the Parties have agreed to this arrangement.

**Mr. President** (The Honourable Sir Abdur Rahim): I take it that this represents the views and wishes of Honourable Members generally.

**Honourable Members:** Yes, Yes.

The Assembly then adjourned for Lunch till Three of the Clock.

The Assembly re-assembled after Lunch at Three of the Clock. **Mr. Deputy President** (Mr. Akhil Chandra Datta) in the Chair.

**Mr. Jamnadas M. Mehta:** Sir, when the House rose for lunch, I was just completing my observations on the question of loans by Britain in India. I have nothing to add and I shall pass on to the next question of taxation.

The Honourable the Finance Member in the course of his reply on the General discussion of the Budget was somewhat impatient when I said that the poor man was taxed far beyond his means and that the rich man was largely left severely alone. I was not saying that he should remit all taxation. All that I was saying was that the poor man was paying enough and before he had exhausted the resources of the rich, he might well spare a further knife at the poor man's throat. That was my submission. But he twisted it into a demand for remission of all taxation i.e., salt, matches, sugar, everything and showed me to

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 be ridiculously absurd. I beg of him not to score such imaginary triumphs; if you first misrepresent your opponent to be absurd, which he might not have been, and then try and show how triumphant you are over him, it is a device which is not very happy, I say, to put it at the least. I never said that he should remit the whole taxation on the poor. I was only saying, having already taxed the poor so much, do not deny the poor man his *biri*. I beg of him to remember that I have seen the poor man's life from the villages, hamlets and even clusters of a few houses, right up to industrial life in cities like Calcutta and Bombay, and I can assure him that nothing hurts this poor man's sense of some comfort more than to deny him this little *biri*. Tax the cigarettewalla squeeze the tax from the cigarwalla as much as you want, and I shall be with you, but can you not spare in this fourth year of the war when the poor man is already paying enough to the State, can you not spare him this little bit of comfort. It will go a great way in giving him relief and make him less discontented with his lot. Vegetable ghee stands in my mind on the same footing, that is a tax on the poor man's food, and his breakfast table is already sufficiently taxed, let not this be further taxed. I further say that the Honourable the Finance Member has many alternative sources of taxation still left.

The House will perhaps be surprised, if I read to them, that today in England the number of people whose income is £6,000 a year, after payment of all taxation is 80. There are 80 individuals in England who get £6,000 a year. These figures I have taken from the *Economist*. Before the war their number was 7,000. To all of them except 80 this income of £6,000 per annum is gone. In England, one of the most industrialised countries, the maximum income which a man can enjoy is £6,000 a year, and the number of such people is 80. The number of people who enjoy an income of between £4,000 and £6,000 per annum is 1,170 as against 12,000 in prewar times. The number of people who enjoy an income of between £2,000 and £4,000 is 30,750 as against 56,000 before the war. The number of people who enjoy an income of above £1,000 and below £2,000 per annum is 1,05,000 as against 1,55,000 before the war. The total number of people who earn an income of between £1,000 and £6,000 is today 1,37,000 out of a population of 4 crores and 60 lakhs as against 2,30,000 before the war. Now, Sir, as against that what bloated incomes are allowed to be made here. My Honourable friend has given us that the prewar income-tax receipts were more than 17 or 18 crores, but today they are four times including all kinds of taxes.

**The Honourable Sir Jeremy Raisman:** More than that.

**Mr. Jamnadas M. Mehta:** And that too, with not a very steep grade where it ought to be. The lancet should be applied where blood is the thickest, but you are applying it to the most emaciated, and leaving alone the lugs who are bloated with incomes which they do know where to spend.

A few days ago, I was at a dinner party in New Delhi. Seventy per cent. of the guests were Hindus.

**An Honourable Member:** Do you mean according to the population.

**Mr. Jamnadas M. Mehta:** I am talking about New Delhi. I thought most of them being Hindus, they would be teetotallers.

**Mr. Lalchand Navalrai:** And eat grass.

**Mr. Jamnadas M. Mehta:** I was thinking they would be teetotallers, because most of them appeared to be followers of Mahatma Gandhi. Publicly they will swear by the Mahatma and privately they will swear at him by continuously drinking, between 8-30 and 10-0 P.M. I asked those who were attending whether this was a dinner party or a drinking party. Altogether, before dinner, during dinner and after dinner they must have consumed, at the price at which liquors and wines are sold today, about Rs. 2,000 worth of intoxication. No man abstained. A few disgruntled Musalmans and solitary teetotaller like myself, (one of them is sitting here), were the only abstainers. Now, Sir, such people you have not reached, and their number is legion, my friend.

When the excess profits tax in England is close upon 20 shillings in the pound, why do you leave these bugs alone? One argument which I have read from all the Federated Chambers of Commerce, and unfederated and defederated, is that the industries cannot expand, if you take away this money, more than you are taking, that the industries cannot be rehabilitated, that the industries cannot expand and the production machinery might be impaired. I know the Finance Member does not believe a word of it, because today in England—the most industrialized country where they know how to keep up the machine of production on an even keel—they are paying everything except six thousand. They are most careful about their industrialists. But this kind of absolutely untenable excuse is trotted out by the industrialists of this country for not paying their due share and the Finance Member apparently accepts it. He should not.

**The Honourable Sir Jeremy Raisman:** What does the Honourable Member think is the taxation in England?

**Mr. Jamnadas M. Mehta:** Anything in excess of six thousand pounds.

**The Honourable Sir Jeremy Raisman:** Six thousand pounds is not the maximum for companies in England. That is not the case.

**Mr. Jamnadas M. Mehta:** Ultimately the Companies' profits must come to individuals.

**The Honourable Sir Jeremy Raisman:** Not all.

**Mr. Jamnadas M. Mehta:** Except whatever may remain in reserve. I am not prepared to quarrel about every pound. Let the Government here adopt the British system and I shall be content. But when I see bloated millionaires in the city of Bombay buying diamonds, building houses, attending races and still not knowing what to do with the money and when I find the poor waiting in queues for a morsel of rice, I do not commend your judgement of taxation. I feel that there is some thing wrong with the entire system of taxation, not because you want to do wrong, but because you are unduly considerate to the men who can afford to spend lavishly, men who hoard and who sell clothes at four times the price and then crowd round the Mahatma when he is fasting just to clothe their depredations under respectability. These people you spare, and the people who do not know where to go for their next meals, you tax. You have not got a spark of sympathy for them. Their hardships, privation and travail, I assure you, are unimaginable—even worse than those in war-ridden countries. My countrymen are suffering privations and hunger and there is no worse revolt than the revolt of hunger. This revolt of the sabotage movement is nothing. It is like a child's play. But when the revolt of hunger comes—I do hope it won't come and we shall have wisdom enough to stem its coming—but if it comes—nothing will save you. Your Railways, if they are paralysed, where will be your war effort? Transport means everything. Ask the Commander-in-Chief. He says: "War is a question of transport to a large extent". I give him no threat. I tell him that while the richer people can afford, why do you give trouble to the poor men?

The next point that remains is the use of Indian money in England. The question has been discussed thread-bare. What seems clear is that that money is not going to return to this country. It is going to be spent there. The language of the British statesmen last year was different from what it is now. The language of my Honourable friend of the European Group is not the same as the language of Mr. Griffiths last year. Mr. Churchill began with a reminder "that he was not going to preside over the liquidation of the British Empire"—that gentleman who signed the Atlantic Charter. And I read the other day one of the Ministers saying that "the post-war export trade drive is absolutely essential for England". Now, that contains a danger that it is in pursuit of the export trade drive that our 367 plus 80 crores of rupees will get somewhere engulfed in United Kingdom. By all means use the money, but you should at least consult us. The post-war problems will be so momentous, so wide and comprehensive in their sweep that they won't be in the interest of, or against the

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interest of, one country alone. The co-operation of this country in the post-war reconstruction of the world is as much in our interest as in the interest of the rest of the world. Therefore, no scheme of post-war reconstruction in which I am not present as a party to voice my views, no decision in the arriving of which I am not heard, will be binding on me. But what happens today is like a banquet held in honour of India from which India is kept outside; the dinners are all non-Indians and everything is done in India's name and at her expense. That is not an edifying proposition. The Government of India with all its best intentions today cannot say that they are in touch with the public opinion or with all their undoubted Christianity they are right in their methods. The less their constitutional responsibility, the more must they feel sure that they have the backing of the public behind them. That way lies safety. Is there anything extravagant in that, I would ask the Honourable the Finance Member?

**The Honourable Sir Jeremy Raisman:** No.

**Mr. Jamnadas M. Mehta:** And is he content by saying that the discussion in this House is a real substitute for a heart to heart consultation over a conference table. You cannot. The Reconstruction Fund has become a needless controversy. The critic of Government wants that our sterling accumulations should be repatriated in this country as capital goods for starting big industries. That is what they are asking today. You say that will be done after the war. That is all the difference. The decision in both cases is absolutely identical. That shows that his critics are very reasonable people and I would beg of him to take a very broad view and understand the sensibilities of myself and my countrymen that huge crores belonging to us may not be, even in their interest, locked up, pinned down or irretrievably committed to something about which we have not been consulted. That is all my criticism. I have no suspicion that England is going to swallow my money. I say, if it is my money and if you really need it, have it by all means, but let us have consultation, let us decide how best you can have it and how best I can give it. Take it by all means. I have agreed to pool my resources, my man-power and my energy for the winning of the war. I am prepared to play up but let it be according to the rules of the game, according to the methods which I can understand.

I have already made my submissions on the taxation, the currency reserves, the post-war reconstruction. The only point which I now wish to observe, in connection with the Budget speech of the Honourable the Finance Member, is the joint war measures. He has been good enough to quote for our benefit the entire settlement of 1939 and it is given on page 7 of his speech. I ask him to read it and let me see whether he can anywhere find the word "joint measures". That your "Finance Committee is familiar" and that the "Auditor General will examine" are no substitutes for the sanction of the House. The House knows only the settlement of 1939-40. You told the House with a great deal of satisfaction that the settlement was not going to be disturbed by His Majesty's Government and you received a large amount of vociferous cheering. I ask you to examine the matter and see whether you have achieved that. You might have achieved it on paper. The settlement is not unsettled, but the finances involved are considerably outside the settlement. Whether "they were intended" or "contemplated" and the "Finance Committee was told" is not sufficient for a categorical opinion of this House given after due consideration. We are carrying on the game with lights out, which is not a fair way. The game should be carried on with lights on, and I do say that the joint war measures have meant a considerable expansion of the liabilities of this country. The deficit of Rs. 35 crores has extended into Rs. 95 crores this year; you had further to divide the expenditure into capital and revenue and thereby debit an expenditure of Rs. 49 crores to capital, which means really that Rs. 49 plus Rs. 94 (Rs. 143 crores) is the real deficit of the current year as against the Rs. 35 crores that you visualised. Therefore, the deficit in one year has come to



about Rs. 108 crores more, than the amount budgetted, by you; at that time you construed the settlement differently from what you now do.

**The Honourable Sir Jeremy Raisman:** Because I could not foresee the events of the coming year.

**Mr. Jamnadas M. Mehta:** But these events did take place when we were having the last budget. Burma was then already overrun.

**The Honourable Sir Jeremy Raisman:** Had the joint war measures been excluded there would have been no deficit in the previous year.

**Mr. Jamnadas M. Mehta:** The previous year I am not referring to. Joint war measures did not then exist.

**The Honourable Sir Jeremy Raisman:** Yes, they did.

**Mr. Jamnadas M. Mehta:** But you are now importing them newly into the settlement.

**The Honourable Sir Jeremy Raisman:** They have existed from the very beginning.

**Mr. Jamnadas M. Mehta:** Yes, in your mind but not in the settlement. Here is your settlement reproduced by you on page 7 of your speech. There is not a word joint measures.

**The Honourable Sir Jeremy Raisman:** If my Honourable friend will show me how India could be defended without any kind of co-operation with any other party in the world, then I will tell him how to work out that agreement.

**Mr. Jamnadas M. Mehta:** I am the last man to say that. I am going to tell him that even if the joint measures were not there and they became necessary, I would be prepared to accept them if consulted in advance. I am not quarrelling. I am saying that our liabilities are expanding until they are beyond the capacity of India. The test of any war contribution from me should be my absolute willingness on the one hand and my capacity on the other. My willingness is 100 per cent. and my full capacity is at your disposal, but I must feel sure that my capacity is there. I have shown you that so long as the vast millions do not get even food, clothing and shelter, and that what they deposited in the post office and in cash certificates has been withdrawn to the extent of Rs. 51 crores in three years, I have given him the measure of the incapacity of my people to stand the strain of the war expenditure. Therefore, the war expenditure should be taken out of other resources and not from the poor. I am there with you. I am only pleading with you not to take it from those who cannot pay, and do not leave those who are able to pay, but on specious grounds are exempted to pay. The joint war measures discussed by the Honourable the Finance Member at page 7 onwards are an expansion of the original settlement. They were not in the bond. But I am not a Shylock. I won't plead that they were not in the bond. If joint war measures are necessary today, I am prepared to take them up to my capacity. Americans are leasing and lending, as you say, vast sums of money to us, and we should in turn do something. One test must, however, always remain, and that is the capacity of the people, and that capacity is not to be judged by extorting more from the poor by way of taxation. That capacity is whether you are leaving considerable margins of profits untaxed and you tax the poor or resort to loans. I would have agreed to your Rs. 30 crores of loans instead of Rs. 20 crores. Therefore, in objective there is no difference. My Honourable friend taunted me the other day that I was all for the war effort but not for the things which the war effort needed. That is not so. In place of what you are doing I am pleading for alternatives, not for evasion. Therefore, my support of the war effort is not half-hearted at all because there is an additional reason besides the reasons which are common for both of us. His reasons as a high official or as a member of the British Commonwealth are intelligible. I have an additional reason; the security of my country; which cannot appeal to him, as it would appeal to me naturally. My support of the war effort is even stronger, and, therefore, if I sometimes criticise his war measures of taxation, or other



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financial measures, it is because I do feel, and I have given him the reasons why, the alternative measures would have been better and sounder.

Well, Sir, there is nothing further to be said by me about the financial and economic question, and I shall now wind up with my references to the international and national situation. There are two kinds of deadlocks in the country today. One is the deadlock created since the 8th August, the other is the deadlock created by the British Government since 1905. The accumulated results of the deadlock which began in 1905 in Lord Minto's time are now in their full development. Therefore, when people talk of a settlement of the political deadlock, let them not confuse the issue. The deadlock as it takes from the 8th August is of recent date. The measures necessary for the solution of that deadlock are incredibly simple, if people go about them honestly. But fasting is not one of the methods. The collection of busy-bodies in Bombay or Delhi, whose influence is *nil* for all practical purposes on the masses of the people will not do the trick. There is only one simple way. Remember that use 26,000 of my countrymen do not deserve to be in jail. They are not bandits. They are not robbers. They are not thieves. At worst they are misguided patriots, but they do not deserve to be in jail. At the same time no Government can tolerate the resolution of the 8th August. Impossible. If I had been in power I would have taken stronger and earlier measures against that resolution. Therefore, I do not blame the Government for what they have done, except for the excesses which though they have not authorised they are committing at. So, if the Congress and the Government are both agreeable to have a healthy atmosphere, the Congress can withdraw the resolution and the Government could release them. In order that neither side may be humiliated, let it be done simultaneously. There is the straight and the narrow path but tortuous paths will not lead to the release of the Mahatma. If I were a rebel and if I declared a rebellion on the 8th August, I would stick to it; I shall not say that I did not mean it. I would stick to being jailed for five years, for life; but if I remain a rebel I shall not apologise, I shall not try to adopt measures for getting released by declaring a rebellion in spirit while denying it in the letter. Some people think—which I am sorry to say they have no right to think—that the Government were harsh when they took measures of a defensive character. I will quote three quotations from the Mahatma's speech. Here is what he says:

"Even if all the United Nations oppose me, even if the whole of India tried to persuade me that I am wrong, I shall go ahead."

I take it the Mahatma meant it. The second quotation is this:

"If I wait any longer, God will punish me."

So, God is always brought into the picture. Then he says:

"I am not speaking for India alone. This is the last struggle of my life. Delay is injurious and waiting any longer would be humiliation for all of us. There is no more bargaining, there is no more room for office acceptance; there is no compromise on demand for freedom. Freedom first, and then only the rest."

This was the Mahatma's unequivocal declaration. Now, these conference holders in Bombay and Delhi—they pretend that he did not mean what he said

**Sardar Sant Singh** (West Punjab: Sikh): Nobody pretends that.

**Mr. Jamnadas M. Mehta**: I am glad, but you read their speeches.

**Sir Cowasjee Jehangir**: Now, he is a member of your Party, remember.

**Mr. Jamnadas M. Mehta**: Our Party is a party of free men, not of slaves; and he is at perfect liberty to think as he does and I am at liberty to think as I do. I do not want to be misunderstood. This is what the Mahatma says, and now the gentlemen who met in Bombay have devised a way of releasing the Mahatma by saying that these gentlemen are hostages for Mahatma's good behaviour. What a humiliation, what an insult to the Mahatma! These three tailors of Tooley Street in Bombay to be hostages for the Mahatma is like a chaprassi being a guarantor for the solvency of Sir Cowasjee Jehangir. Who are these people? They are like the mosquitoes who crowd round Lord

Lilithgow's pedigree bull. They are as powerless to influence the conduct of the bull as these three tailors of Looley Street; and yet to say that the Mahatma cannot be relied upon and these gentlemen will be hostages for the Mahatma, I think, was the greatest insult hurled at the Mahatma by his professed admirers. There is only one honest follower of the Mahatma in India and that is myself. I tell the truth, the whole truth and nothing but the truth if he cares for it; but these people admire him in public and denounce him in private—one of the most prominent men who met in Bombay told me in 1921 after the Mahatma's power was known "Jannadas, by God, we are in the grip of a madcap." Now this man is now paying enormous tributes to the Mahatma both in Bombay and in Delhi. What is the value. It creates round the Mahatma a crowd of hypocrites who have no value, if the Mahatma's mission of truth is the right one. Therefore, I would rather straight off release the Mahatma than take these hostages. The presumption of these people is boundless I think, when they offer to become hostages for the Mahatma—he cannot be trusted, they can be trusted. When the Viceroy receives their deputation, I hope he will confront them with my submission this afternoon. There is no solution for the present immediate political deadlock except the straightforward thing, which will create a healthy atmosphere.

**Maulana Zafar Ali Khan** (East Central Punjab: Muhammadan): As long as there is no honourable settlement with the Muslims.

**Mr. Jannadas M. Mehta:** I am coming to it; I am not going to leave you alone. I am going to include you in my observations. I am talking of the deadlock which began on the 8th of August. I tell my friend, the Honourable Sir Reginald Maxwell, and his Government that this is an easy thing. The Mahatma has already declared in substance, if not in so many words, that he is prepared to reconsider. Therefore, the spirit of the adjournment motion which my Party moved last month should be accepted even now; and the Mahatma should be allowed to meet the members of the Working Committee even in detention—I do not mind; and if they come to the conclusion that for creating a healthy atmosphere the sabotage resolution should be withdrawn, I think the Government should also immediately and simultaneously announce the withdrawal and the release. That means statesmanship. Standing on prestige on either side is simply prolonging the agony. That is so far as the immediate deadlock is concerned.

But so far the older deadlock is concerned, I have got no remedy until the Government of India and the Secretary of State pronounce in a clear and sincere manner their loyalty to the Atlantic Charter. There is no other alternative. Under the Atlantic Charter the freedom of India will be assured. I am not in a hurry. A year or two years does not make any difference to me. But the solution of the deadlocks will require an honest conviction on the part of the British Government of loyalty to the Atlantic Charter. Are they loyal? If they are, even the permanent deadlock can be easily resolved. There will not be one disgruntled man in this country if His Majesty's Government announce today that the Atlantic Charter binds them, so far as India is concerned, as it binds them in other respects. But what are we finding. We are finding Mr. Churchill's determination not to liquidate the British Empire. We are finding a Mr. Oliver Stanley—if I do not wrongly give his name—saying that the responsibility for the colonies must be solely British. What has been your responsibility? Excepting to give kicks to the poor African and tying him to trees until he pays you the poll tax and works for you. That has been your responsibility. From Queen Elizabeth downwards you are slave traders in Africa and you remain so today under the names of mandate and colonial trusts. This kind of superior pose will not do. Therefore, do not talk of your trusteeship for the colonies. Your trusteeship has been most criminal. Unless you discard all these old-fashioned ideas nothing will come. If you do so, then I am sure, whatever the mistakes of the Congress, the Muslim League and others may be, independent public opinion without regard to caste, creed

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or anything else, will grow. Democracy is a plant which will never die, however roughly you may handle it. My Honourable friends of the Muslim League may talk of Pakistan, but they are living in the fourteenth century. A religious State is an anachronism. They are more fit for being in a museum than in a Legislature. What is this Pakistan idea? It is an idea of a religious State. They are not even aware that the sun of democracy and freedom is shining over the world for the last 400 years, which will swamp those cobwebs in no time. Therefore, let them not live in this delusion. It is not in the interest of the Mussalmans, it is not in their interests, it cannot be.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): If you can help it.

**Mr. Jamnadas M. Mehta:** You can help it. I promise you will change before you know. Against the light of democracy these cobwebs of Middle Ages are absolutely worthless.

**Mr. Muhammad Nauman:** We declare that we are the pioneers of democracy.

**Mr. Jamnadas M. Mehta:** You may have been, but you have lost that place. You are now lost. And Mr. Atay of the Turkish Press Delegation has given you some sleepless nights. He refused to say that he was a Muslim first. "I am a Turkish first, I am a Turkish nationalist first." I beg of you to say, "I am an Indian nationalist first", and then you have claim to press all the resulting rights.

**Maulana Zafar Ali Khan:** Indian nationalist believing in majority rule!

**Mr. Jamnadas M. Mehta:** Turks do not believe in any other. You tried to flirt with the Turkish Press Delegation, but they refused your blandishments.

**Maulana Zafar Ali Khan:** Turks are not our religious leaders.

**Mr. Jamnadas M. Mehta:** But being Muslims they do not accept religion as the foundation of a State.

**Maulana Zafar Ali Khan:** We are not bound to obey them.

(Interruption.)

**Mr. Jamnadas M. Mehta:** Mr. Atay represents more the views of Turkey than my Honourable friends here. I do not regard my friends as anything more than the last of the Saxons. These are the last of the Saxons of the fourteenth century religious State. They will be swept away in the rising tides of democracy. The Muslim worker, the Muslim peasant, is not interested in the squabbles about paucity of Muslims. He never gets a square meal. My friends forget when there is a paucity of other communities; they do not grouse about it. To-day in the Executive Council, there are three Muslim friends and two Hindus.

**An Honourable Member:** It is not our fault.

**Mr. Jamnadas M. Mehta:** You do not complain of the paucity of the Hindus.

**An Honourable Member:** Why should I?

**Mr. Jamnadas M. Mehta:** You should, if you have a fair conscience. Sir Sultan Ahmed, for instance, will be welcome to me far more than many a Hindu. (Interruption.) What I say is you have a squinted eye; you cannot see the other side of the picture. And even when you are less and I am more, or I am less and you are more, we both are slaves. (Interruption.) Let it be 100 per cent. Muslims on merits, not on religion, I would welcome. Don't live on your religion. Live according to it.

**Mr. Muhammad Nauman:** The mere fact that you have made reference to the paucity of Hindus in the Executive Council shows that your feelings are against Muslims. I feel that you have only one eye.

**Mr. Jamnadas M. Mehta:** Leave it alone. All that I am saying is,—I heard this morning that 40 per cent. in the Supply Department were Muslims. I do not know how far it is true. But what I complain is that people who pass nine-tenths of their time here in the paucity and non-paucity of jobs, are not the statesmen who will make this country free. That is all I say.

\* In order that the Indian deadlock may be dissolved, both temporary and permanent, I have made my submission. The last submission that I wish to make is this, that the international situation today gives great cause for anxiety. I am sorry that my Honourable friend, Mr. Ambedkar, is not here. I do complain that as Labour Member he has failed to secure the right of Indian labour to be represented at the Dominion Labour Conference. I understand that there is going to be a Dominion Labour Conference from which Indian labour is to be shut out. Why? Because there were two central labour organisations, one to which my Honourable friend, Mr. Joshi, belongs, and the other to which I have the honour to belong. Have you found any real difference in our outlook on labour problems? Why, then, shut out Indian labour from the Dominion Labour Conference? And if the British Trade Union Congress is a party to this exclusiveness, I do say that its claims to be a socialist organisation will be considerably discounted in this country. What I am complaining of is not about the British Trade Union Congress, but the Honourable the Labour Member and the Government of India, that they should connive, at a professedly Dominion Labour Conference, at Indian labour not having a seat. I beg of them to reopen the question and to press the question of Indian labour representation with as much thoroughness as they can. I promise them that we Indian labour will jointly go and will jointly make a united stand. Our views are different in politics but not on economics.

Lastly, this beginning of a wrong international attitude among the United Nations is expanding. The Fighting French and General Giraud French have been in the bone of contention, and I am afraid a great deal of bitterness has arisen that might be weakening the war effort. Now, we find even greater dissensions about Russia. Hands off Russia, I would say. Every man in the world to-day must salute Russia for its most magnificent, unexampled and epic stand against the Fascists. I was not an admirer of Communism; I am not still committed to it. But a country which, as a result of Communism in 24 years' time, could make such a stand for its liberty and for the liberty of the world, is a country which should be a shrine for every radical and democrat to visit and to honour. You may not still agree with it, but any word of cavil at Russia to-day will be suicidal. What has Stalin done in 24 years? He has solved almost every Russian problem, while in 22 years the Mahatma has created 22 problems, and has solved none. Some American Admiral speaks something derogatory to Russia, which is very wrong, very unfriendly and is likely to be visited with disastrous consequences. We also hear that in America the anti-Roosevelt forces are gathering strength, that their anti-Bolshevik, anti-Russian spirit is becoming more and more pronounced, and I can only utter a respectful warning. We have great respect for America; some of my friends have much more than they should have. They are always appealing to America, to Mr. Phillips, or Colonel Johnson, or some newspaper correspondents to fight India's case for freedom against the mighty British. What a pitiable mentality! As if America has not got enough problems of its own, as if America has not got enough skeletons in the cupboard, as if America could hold the mirror to the British Imperialists. Nothing of the kind. The American position to-day seems to me to be that half of America is trying to dislodge President Roosevelt from the Presidential Gaddi, and the ignorant messages which I read in the American press about India convince me that these American correspondents have still to learn the rudiments of the Indian problem. The American Press propaganda in India is more a party propaganda of the Republicans against the Democrats or one against the other and has no relevance to the merits and demerits of the controversy about Indian freedom. Therefore, this appeal to the Americans on behalf of India is a mistaken thing. All Americans are not sufficiently radical. They are capitalist ridden. They are afraid of Russia. What freedom will they give us. It is a want of trust in your capacity. I want to warn my countrymen that this evoking the aid of America every time is not the best policy for this country. Let us rely on ourselves, make compromise with each other, my friends, as you want, or

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the basis of democracy. To me a Hindu worker is no dearer than the Muslim worker. I assure you that I have got more Muslim followers than you imagine in the trade union movement and they are as dear to me as they may be dear to you. They may be dear to you as religious brothers but they are dear to me as my countrymen and my fellow workers and they have no communalism in them. They are free as the sparkling water of the Ganges in the worship of democracy. Let us hope that the clouds of mistrust and suspicion in Europe will disappear. The British statesmen are really acting in the best possible manner in this period of embarrassment and difficulty. They have upheld the right of General De Gaulle as best as they could. They are honouring American susceptibilities as best as they can. They are trying to adjust other difficulties on all questions inevitable from such a war and above all they are holding fast to the moorings of friendship with Russia. That counts most today. If you want to defeat the German monster, the Russian forces have shown that they are more than a match for them. Let us be as friendly to Russia as we possibly can and the war will end to our satisfaction. Subject to this, let us dwarf all our quarrels. Let us forget all our squabbles. The enemy has not yet been finally defeated. We should not lose the peace before we have won the war. The Japanese are far more skilful than people give them credit for. They sprang upon us last year and took possession of all the islands in the Indian Ocean and a large part of the South West Pacific, from which they have not yet been dislodged. In Guadalcanar—I do not know what its area is—they are holding fast for over six months in spite of all our optimistic forecasts. Japan is a terrible warning that the United Nations are not yet free from danger. That danger will increase. But if British statesmen begin to speak in the language of Churchill and Oliver Stanley and other speakers, or, for the matter of that, in the language of a Member of the Calcutta European Association who wants the same protection for British interests as before—I think that is my friend, Mr. Lawson, from Calcutta—Am I right?

**An Honourable Member** (on the European Group Benches): I did not quite catch you.

**Mr. Jamnadas M. Mehta:** Who made the recent speech in Calcutta asking for full protection for the British rights in India? You have no right, except the right of conquest. That right you have exploited. If what is a historical exploitation becomes a right by the prescription of time, then you have the right. Otherwise, can any human being claim the right of exploiting a fellow human being as you are doing? Look at your high standards. Look at the low standards of the Indian people. Do not please speak the language of conquerors once more. I appeal to my countrymen—let us forget the difference between the Congress and the non-Congress, between the League and the Hindu Mahasabha, between labour and capital. Let us fight and fight and fight till the enemy of mankind who has tried to enslave the world is finally crushed and the accumulated strength which democracy will get out of that victory will eventually lead to the victory of this country and also to its freedom.

**Mr. Lalchand Navalrai:** In one way I am very glad that the House has been kept very busy with the strong and robust speech of my friend Mr. Jamnadas M. Mehta. He has put forward weighty subjects and discussed them at length.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

I have also heard my friend, Sir Zia Uddin Ahmad's contribution to this debate. He has touched on almost every department of the Government of India. I am glad to note that this is an occasion in which one can put forward all the grievances he has and can talk as long as he can, without the bridle of the Chair and without time limit. I have on such occasions seen some Members talking for two or even three days . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has more than his full share every day.

**Mr. Lalchand Navalrai**: I am not complaining at all. I am thankful to the Chair for giving me so much freedom. I am only saying that we can talk for a longer time than usual. Of course, I do not propose to take as much time as some of the other Members have done and I do not require any water or any stimulant to enable me to speak long. Without wasting any more of my precious time, I would at once proceed to discuss the Budget and the Finance Bill. We have passed the time of discussing the Budget. At that time, we have put forward many of our views but the time has now come to take stock of our monetary position and to devise ways and means by which the Budget should be balanced.

Now, I will begin with the very important item that has got to be considered and that is in respect to the settlement of the war expenses between the British Government and the Indian Government. This point has been very ably discussed by my friend, Sir Cowasjee Jehangir. He has already put forward his views and I cannot put those views so strongly as he has done. But I submit that I will make some contribution with regard to it. Now, Sir, we are told that we have got two responsibilities, so far as our liabilities are concerned. One is called the individual liability of India and the other is a joint liability. If the money is spent for the defence of India, then, of course, we are liable for its payment. But what we are concerned with is to find out whether it is really for the defence of India that those expenses are being incurred. In this connection, the question will also arise that we should pay only what is reasonable and what has been rightly spent, and that we can find out only when the House has considered the matter and given its vote. But so far as the joint liability is concerned, I do not think we will be liable for it unless the House agrees to it. The first question that arises in that connection is, how this joint liability is arrived at? Who said that there should be a joint liability? I submit that that question was never brought before this House nor has the Finance Committee considered whether there should be an agreement to the joint liability for paying the expenses of the war or even incurring them jointly. With regard to this joint liability, the first question that arises is what is the area of India within which an expenditure has been incurred for war purposes and for which we should be liable. What I have heard the Treasury Benches say is this, that the area of India is not confined to the boundaries of India only. They say that if any money is spent in connection with the war at Aden or even in the Mediterranean sea, that will also be treated as money spent for the defence of India. For the matter of that, they are now having an attack on Burma and they are spending so much upon it. Is it for the defence of India or is it for the purpose of taking Burma back which will be given again to the Burmans? Why should we be responsible for anything which is done beyond the actual limits of India? Therefore, I submit, several points will arise with regard to this joint liability and those points should not be decided by the Government of India alone but we should also be taken into their confidence. The settlement should be arrived at with the concurrence and the agreement of the House in which should also join the commercial and industrial interests. They have said that they will make the agreement and then throw it over us. That is not the proper way of doing things. After all, it is a monetary matter and economic questions have got to be considered very carefully.

Now, what has happened with regard to this? Perhaps the Honourable the Finance Member was asked that there should be individual and joint liability of India and Great Britain. I think the matter must have been moved like that. But we do not know what actually happened; we are in the dark. We know only this, that the Honourable the Finance Member went to England and had certain talks with the British authorities there. We do not know what those talks were. I do not think they have been given out



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up to this time either to us or to any Standing Committee. Of course, it may have been agreed to by the Finance Member that there should be a joint liability also. How much should be paid by India and how much by the British Government is also a question he might have talked over with the British authorities but we do not know the decision. I think the Honourable the Finance Member did very well by going to England because after all when any important question arises it has got to be considered by the Members of the Government first. But I would call the negotiations that he had there as preliminary negotiations or tentative negotiations only. He had no right to agree to any scheme there and say: "Yes, we agree to this joint liability and when I go to India, we will adjust it accordingly." I submit that is wrong.

**The Honourable Sir Jeremy Raisman:** I do not want to interrupt the Honourable Member but if he had read my Budget speech he would have realised that joint war measures were never discussed in England. They existed long before I went to England.

**Mr. Lalchand Navalrai:** If they existed long before, who were parties to them?

**The Honourable Sir Jeremy Raisman:** That also I have explained in the Budget speech.

**Mr. Lalchand Navalrai:** I want you to explain it to me now, otherwise I will take it that we were not taken into confidence about those joint war measures. Whether they existed before or you had agreed to them now is a matter on which you should be clear and not say that it is in your Budget speech. The Budget speech is a long speech and you may say many things in it. You tell us now what those joint war measures were and we will criticise them. I think it will be right on the part of the Finance Member to say: "I have gone into these negotiations and I am placing them before some Committee of yours or I am going to do something with regard to them to take you into confidence." In that way if he comes to us, we will consider them and we will find out what is right. Then, of course, he can give his final consent, otherwise I would call it a conditional consent. I understood the Honourable the Finance Member to say that this matter will be placed before the Public Accounts Committee. Is that sufficient, I ask? The matter may have to be placed before that Committee and he might have to show the liabilities, but I believe only the audited portion of the accounts will be placed before the Public Accounts Committee. Well, if it was so, they were not in a position to know whether the Budget was correctly balanced and the account was correctly squared up. That is an accounting business. Now I come to the substance portion of it, namely, whether we are really agreeable to this that there should be a joint liability and not our separate liability. In that case all these facts should be there. We know that certain expenses are being incurred jointly. At the time of the last war when the expenses of the British Government were very large they asked that we should pay so much. We considered that that was not right. We objected to that. Then the question, I would rather say a quarrel arose and the whole matter was, I think, handed over to a Tribunal or it was decided by a certain Committee. But there was a dispute over this matter. Indians were not satisfied. Whatever they paid was paid as a protest and it was not justified. That point still rancours in the minds of the people. Formerly they were made to pay more than they would have paid. Having that precedent in the matter the Government should have done these things in a better manner. People should have been taken into confidence and satisfied. Every Honourable Member who has got to speak on this subject says, well, this is a matter which should be decided upon after the negotiations have been made and after the Honourable the Finance Member has expressed his views. We do not know what he has said there. Now, I tell him that we



will come forward and help him and consider that question of payment if he is going to appoint a Committee. Some of the Honourable Members have asked for the appointment of an *ad hoc* Committee. Government say the matter was placed before the Public Accounts Committee and, therefore, it is no use appointing another Committee. I say the Honourable Members who asked the Finance Member to appoint an *ad hoc* Committee wanted to have this whole matter thrashed out in that Committee. Again, it is said that the Public Accounts Committee or the Finance Committee is also a representative Committee of this House consisting of elected Members. So far as that aspect of the question is concerned I quite agree. Members are really elected by the House, but that is not sufficient, because in this case commercial and industrial interests as well as other interests are concerned: and, therefore, I submit that this question should be considered by a Committee fully represented. After all this is a money business and commercial and industrial interests are vitally affected. I, therefore, suggest that in this Committee there should also be representatives of those interests. As there will be questions about what we should pay and what we should not pay and if the representatives of these interests are included in that Committee they will feel that some justice has been done to them, and they have not been simply forced to pay. We see much of the expenses are incurred on certain matters by Government and such expenses are decided upon by the Government without full consultation of the House. Government has been carrying on in that manner. But this is an important matter and for it there should be an *ad hoc* committee. Sir, I do not want to say more on this point.

Now, I will take up the Finance Bill. In considering that we see that there is a deficit. We cannot deny that the Honourable the Finance Member has brought out a colossal deficit. That is on account of the war. What he wants at present is this: he says there is deficit of 60 crores and he wants to balance his Budget. In adopting ways and means for balancing the Budget the Honourable Member has not taken into consideration the condition of the country and the capacity of the people to pay. He should have considered these points as also the fact whether there can be any more burden put on the people than the one already existing. The question, therefore, arises whether these 20 crores should be gathered by taxes. I strongly object to that. I objected to it at the time of Budget also and several reasons had been given by me that these 20 crores should be levied by way of taxation. Now, the Honourable the Finance Member admits that he cannot have all the 60 crores by taxation. I submit, therefore, that while he is borrowing 40 crores he should have thought that these 20 crores could also be secured by borrowing. Now, on that point of borrowing the amount I would submit that the way in which he wants to realise these 20 crores is really not good. He wants to take this amount by putting extra burden on the people which they cannot bear. Now, he wants, first of all, to increase the rate of income-tax. So far as the Income-tax is concerned the Honourable the Finance Member has given us the Finance Bill in which he says that for these 20 crores of rupees, those people who have an income of five thousand and over should pay more income-tax than they are paying at present. I say it is beyond their capacity. I say these industrialists and middle class people are already over burdened and that this extra burden should not be placed upon them. Now, so far as the industrialists are concerned, I think, they should not be touched. When I talk of industrialists I mean small industrialists and these people should not be touched. Sir, my point is that these small industrialists are very useful to the Government at this time when the war is going on. So far as war effort is concerned these people are helping the Government very well. The other day I went to Ghaziabad and there I went to a factory. It is an Iron factory. The owner of it is an industrialist but he is not a rich man. He was doing all the work for war, from nail to the parts of machines. He

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is manufacturing nothing but every thing for the war. I ask how many such factories are there in India that are working for war. Therefore, to put further burden upon them would be to discourage them.

**The Honourable Sir Jeremy Raisman:** I might draw the Honourable Member's attention to what Mr. Mehta said only a few minutes ago.

**Mr. Lalchand Navalrai:** There are differences of opinion. I do not say that you should not consider that. Consider my opinion also along with others.

**Dr. Sir Zia Uddin Ahmad:** Will you tax only incomes above Rs. 20,000?

**Mr. Lalchand Navalrai:** I will come to that presently. At present what I am concerned with is that you should tax only the rich and you should not tax the middle class. So far as the middle class man is concerned, so far as the industrialist is concerned, there should be no more burden placed upon him. In these days, an annual income of Rs. 5,000 is not much, considering the cost of articles. Even a needle is now three times more costly than before. In these critical times, we should not tax the middle class consumer more than he can afford to bear. Therefore with regard to the middle class people, at least that part of the income-tax should not be increased. I know, Sir, we are not strong on this side of the House in respect of voting. There were days when many Budgets and many Finance Bills were thrown out. We know our present weak position. We cannot rely on our strength now to throw out the Finance Bill. Therefore, all I can do is to appeal to the Honourable the Finance Member so that he can bring to bear a reasonable frame of mind on this subject. What is left to us is to appeal to the Treasury Benches. I hope the Honourable the Finance Member would keep his mind open to conviction now. He should not say "I have spent sleepless nights in thinking what should be done, whether I should tax these people. I have already given consideration to it and, therefore, I do not think I need give any further consideration". In that case, I appeal to him to reconsider the whole question. I also appeal to Sir John Sheehy, whom I congratulate for the honour conferred upon him, I hope now these two hands will join together and give some relief so far as income-tax is concerned.

**The Honourable Sir Jeremy Raisman:** And put both hands into your pocket?

**Mr. Lalchand Navalrai:** Yes, you can put into my pocket, but spare the poor man who cannot afford. I do not think that all of them are so hopeless. It may be that good sense will dawn upon them and they will show some sympathy towards those who are helping them in the war efforts. It is these middle class people that are helping the Government now in their war efforts. The Government are drawing upon the artists, technicians and such people who all belong to middle class. It is these people that have some education who are helping the Government to a great extent in war effort.

**The Honourable Sir Jeremy Raisman:** What income group has my Honourable friend in mind exactly? What size of income does he mean by middle class?

**Mr. Lalchand Navalrai:** From Rs. 5,000 to Rs. 10,000 per annum. In these days, I am restricting the group only to this class of income. I know how hard they are hit by the present day prices.

**Dr. Sir Zia Uddin Ahmad:** I wanted up to Rs. 20,000.

**Mr. Lalchand Navalrai:** I will yield to your figure if the Government are prepared to accept it. Let it be Rs. 15,000 as a compromise. So far as income-tax is concerned, may I ask whether it has ever been reduced at any time?

**Mr. Jamnadas M. Mehta:** Yes, in 1929. You read the debates. It was nominally reduced.

**Mr. Lalchand Navalrai:** When we come to read the history of this income-tax, we can see that it has been raised and raised from time to time and it was not reduced at all. You increased the income-tax two or three years ago. Then it was said that it was only temporary.

**The Honourable Sir Jeremy Raisman:** I made no such promise.

**Mr. Lalchand Navalrai:** You may not have done it, but your predecessor said so. I know one of your predecessors said that income-tax was such as not to remain permanent. It came in only for the purpose of helping the treasury when the treasury was in some difficulties. Now having got a taste of the income-tax, and seeing how sweet it is, the treasury wants to keep it on. What I submit is that you have been raising income-tax from year to year, and even last year. Why should it be that the national burden should be increased like this every time? I appeal to the Honourable the Finance Member even at this late stage. Where there is a will, there is a way. If he is going to agree either now or at the time of the amendments, I do not think he will find it difficult to cover this deficit. He can find other means of recovering this money which he has earmarked to be got from income-tax. There ought to be some grace. You should not say that once it has been done, so it should remain dogmatically, not a pie less. What I have said should be given by the public. So far as income-tax is concerned, it should not be raised beyond the 5,000 limit.

Now, I come to the tax on Vanaspati ghee. This is a vegetable product as the House knows. It was never taxed before. It cannot be denied that Vanaspati is a necessary foodstuff. On account of war and some other causes, now-a-days owing to scarcity of agricultural fodder, our cattle are suffering and so we are not getting good quantity of ghee as we used to get before. This has compelled people to resort to vegetable ghee, also to *copra* ghee and so on. Out of necessity, people are taking to these vegetable products. If they get good ghee, they will never use these vegetable oils. They have been driven by necessity to have recourse to this. By imposing a burden on Vanaspati, you are driving these poor people to forego even vegetable oils. Without any grace, you are forcing them to cook their food without any grease. That is not right. My submission is that Vanaspati being an article of daily food for the poor, it should not be taxed.

Sir, it is considered that an article of daily food should not be subjected to an excise tax, more particularly when it is a food article, which is almost entirely consumed by the lower and middle classes. Then, Sir, the proposed tax of one anna per lb. will fall extremely heavily on classes that are already subjected to heavy and rising living expenses. It amounts to 12 to 13 per cent. on the present average all-India price of Vanaspati, 24 per cent. on the price ruling one year ago and over 30 per cent. on the price ruling immediately before the outbreak of the war. As I have said, the price of Vanaspati has already risen, and if you are going to tax it, the result will be that it will rise still further and the consumer will be very much affected. I find from the figures that have been given to me that in October, 1939, local price of Vanaspati in 35 lbs. packing was Rs. 9/2/- and it went on increasing from day to day: In the beginning of December, 1942, it was 21/8, on 14th December, 1942, it was Rs. 22/8/-, on 17th of December it was Rs. 22/2/-, on February 4th, 1942 it was 21/2/-.

**The Honourable Sir Jeremy Raisman:** All the time that the producer and the middlemen were getting more money, my Honourable friend had nothing to say. The moment I try to get an anna a lb. for the general revenue, he has a lot to say.

**Mr. Lalchand Navalrai:** I am saying all this for the poor man: he has also to live. He should at least get sufficient to live. But the point is this: Why should the Government, when they see that we are already being affected by the middlemen, why should the Government also become middlemen? I simply say, don't tax this commodity.

If such an article of food has to be taxed, it is considered that the tax should not be levied on a product which is a low-priced alternative to the richman's food, i.e., Vanaspati should not be taxed while ghee is free of tax. Vanaspati

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sells at approximately half the price of ghee and is largely purchased by people who cannot afford ghee. It is already taxed by octrois in a large number of municipalities and by some state taxes. For instance, an octroi of Rs. 2/8/- per maund (say half anna per lb.) is fairly common in the United Provinces. Therefore, if this tax is levied on it, it will mean double tax over it. Vanaspati is a hygienically prepared, wholesome, nutritive article of daily food, which is accepted on its own merits by the masses in India for whom it is primarily intended. The Government of India have recently decided to supply the Vegetable Products of Vanaspati factories to the troops—both Indian and British—as a part of their fat ration so that its value as an article of daily food is fully conceded.

**The Honourable Sir Jeremy Raisman:** We shall not object to pay the tax on that.

**Mr. Lalchand Navalrai:** You first take from us and then pay us back. Why levy it at all? Kill it at the origin.

The production of Vanaspati as assessed by the Honourable the Finance Member is 100,000 tons per annum. Dr. N. C. Wright, M.A., in his "Report on the Development of the Cattle and Dairy Industries of India" (1937), estimates the annual ghee production at 845,000 tons.

**The Honourable Sir Jeremy Raisman:** Will the Honourable Member let us know which trade pamphlet he is reading from?

**Mr. Lalchand Navalrai:** I am reading the facts that I have got. The Honourable Member already read his Budget speech.

**The Honourable Sir Jeremy Raisman:** That was my own production.

**Mr. Lalchand Navalrai:** And I am using your own weapon against you.

This amounts to only 1/5 oz. per head, per day, which is inadequate to meet the fat requirements. In England a daily fat ration of 3½ oz. is considered reasonable. Vanaspati, therefore, meets a very pressing need and it is evident that every opportunity should be given to the development of the Vegetable Product Industry, especially as it has been made clear in Dr. Wright's report that the expansion of the cattle industry is not keeping pace with the needs of the rapidly growing population of India. Therefore, I submit that so far as Vanaspati is concerned, it should not be taxed.

Now, I come to the other point; When we are spending so much of money—it was revealed that on the defence side the expenditure is 189.75 crores—and colossal recruitment is going on every month, I submit that Indians should get their fair share. The Honourable Member has said that 70,000 men per month are being recruited—this includes officers and men—so many temporary commissions are being given, and there are so many other appointments in the various departments, I ask, therefore, how far the question of Indianization has been observed in the matter of recruitment? This is the time when the Government should come forward and help the Indians to become officers in the Army and other connected departments of the Army. The Indians should have also a part in that and that they should also be benefited. Now that is a question that the Honourable the Finance Member can answer for me. Why I say that I will get that from him is because I find that there is no material or data given to us as to whether Indianization has advanced. May I ask, Sir, that when there is nothing from the Honourable the Finance Member, or from the War Secretary, are we in a position to know how far Indianization has progressed: how far Indian officers have been recruited and how far permanent and temporary commissions have been given to them? I submit that there is no directory where I can find this information. I went to the Library. I found the information for the civil side but not for the military. I asked if there was anything from which I could have light on this question. The reply was that so far as the civil side was concerned there was a directory, though not full: but so far as the military side

was concerned, it was a secret side in regard to which no list is placed even for the Members. Therefore, we are not in a position to know whether Indianization has increased in any sense. Now what do we find? Leaving aside the directories, which are, of course, not available, there is not even a list of the officers who have been appointed temporarily or promoted.

**Maulana Zafar Ali Khan:** It is not in the public interest to disclose that information to you.

**Mr. Lalchand Navalrai:** Then they should not ask us to pay for them. If they bring money from lease and lend, and also pay themselves then I shall be very happy. I shall say, "Very good, it is their business". Otherwise they are bound to give us the information. If they think that this information is confidential, then let them take us into their confidence. We are more or less the masters and we have got to know whether our money is being rightly spent or not. If it is maintained that this information is a sacred book not to be disclosed to us, then I think it is very wrong, if I do not use any other harsher word. I submit, therefore, that I am really not in a position to discuss these questions. Last September a question was asked in the Council of State as to what was the number of Indian officers recruited in comparison with European officers. The reply that was given said that it was in the proportion of 1 to 4.75, *i.e.*, one Indian to 4.75 Europeans. The point with me is that we are not in a position to know, whether, even before the war, any substantial Indianization has taken place. If we had no data then, at least we are entitled to know now that there is a field for taking in Indians in the Army. I, therefore, submit that the authorities are in a position to give us some indication of the number of Indians who have been given commissions so that we can judge whether they are getting a fair share in the different services.

**The Honourable Sir Jeremy Raisman:** Surely, the Honourable Member, unless he has been out of the country for the last 18 months, must be aware that the only difficulty is to get sufficient suitable Indians for commissions.

**Mr. Lalchand Navalrai:** Who said that? That is the stereotyped reply whenever there is a question on Indianization.

**The Honourable Sir Jeremy Raisman:** The Honourable Member must be aware of the strenuous efforts that have been made and are still being made by Government to get more Indian officers.

**Mr. Lalchand Navalrai:** Sir, that is only a hope. I do not believe that hope has any substance in it. Professions have been made in the past. We are more or less distrustful on that point. Years ago you said that the policy of the Government was to Indianise. What is the position today? You are not even in a position to give facts. You say you are not getting them. You must first admit that you actually asked, and as people were not coming in you put in Europeans. I will give you an instance.

**The Honourable Sir Jeremy Raisman:** The Honourable Member is just about two years out of date.

**Mr. Lalchand Navalrai:** I do not know if I am. The Honourable Member may say that but the facts are different. Now, take it this way from me. I have seen that you are not giving me the number of the persons who have been given commissions as Indian officers. But what do I find? I find even your clerks in the Army are now tommies. You have Lieut.-Colonels and Captains working as writers. Come one day with me to Western Court (I give you the invitation) and I will show you several Lieutenants and Captains sitting there. Ask them what work they are doing and they will tell you that they are working as clerks or typists in General Headquarters. Is this right? My point is that when these people are being utilised for clerk's work or as typists, I think it is a misuse of these men. Let him also say that clerks are not available in India if the officers are not available! There is no such thing at all. Why not send these men to the Army. They are just getting fat over eating so many good dishes. Do not rely solely on American soldiers. Send your own British troops as well to Burma and elsewhere. People are saying

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that the Government has given over the charge of this war to Americans and we find these Americans wandering about everywhere. My point is this: these persons are at present being misused and are allowed to pass their time in luxury and leisure. You must send these persons to the front and in their places here you can keep Indians. I also say that when you give any reasons, they must be specific; it is no use your saying that you cannot get able and competent Indians. The competency is decided by you; is there any committee to decide the competency? No. It is you who say, when a European comes along and an Indian comes along, "Oh, this Indian will be incompetent: look at his face; he will not do." If that is your mode of selection, then you will never fructify this policy of Indianisation, not only in the Army but in the other services also. I say that so far as the army is concerned, we are not taken into confidence and I do not know whether it is on account of this that the number of Indians in the army is not increased in the commissioned ranks. A few persons might be given commissions, but that is not sufficient.

I would like to know from the Honourable the Finance Member in detail how many have been given commissions—their actual numbers with their names and posts in the manner of a directory; if that is not possible, at least the ratio or proportion in which they have been commissioned. In September last it was said it was 1 to 4.75. Has the number increased since then and if so, by how much? That will give us some satisfaction. When war is on and they are asking for help and when people are actually helping—no matter what the Congress view may be—with their money and men—though they reject Indians and take Britishers—yet, I say that the Government should do all in their power to remove this reproach that they are only for the British and they are exploiting India and exploiting these places also. I have not heard till now that Indians who are working in the Army Department or the General Headquarters are less competent or less qualified. They do as much if not more work than the Europeans; why put a black mark against them and why do you not increase their numbers? The Army Department should, therefore, consider increasing their numbers and give us the figures of what they do. It may be said "Well, we have now a Defence Member as Indian and the War Secretary is also an Indian." That is true, but are they independent, I ask? Are they not hedged by restrictions and rules and regulations which do not enable them to proceed further as they would like? If you wish to see further Indianisation, give them an opportunity. You are sitting over them, laying down a policy that people should be taken in this particular manner and they are bound by it. That kind of reply should not be thrown in our face—that the Defence Member or the War Secretary is an Indian. Let them come forward and give us the information and say how far they have progressed since they have been in office in the matter of Indianisation.

**Dr. Sir Zia Uddin Ahmad:** They have progressed very much.

**Mr. Lalchand Navalrai:** This is a very important matter—in fact it is of the utmost importance. There should be more of Indians and they should take upon themselves the defence of our country.

Another thing is, what will be the fate of those Indians who are doing field service and who have been given commissions as doctors and otherwise, after the war? They are talking of reconstructive measures; but has any provision been made up to this time to set up these people after the war? How? They are mostly temporary men; I have heard some of them; they have been given promises that they will not be thrown out and they will be provided for.

**Nawabzada Muhammad Liaquat Ali Khan** (Rohilkund and Kumaon Divisions: Muhammadan Rural): In writing or otherwise?

**Mr. Lalchand Navalrai:** I was just going to say it—nothing in writing at all. The authorities know how to keep everything fluid and indefinite. But the men know full well; but, poor fellows, what can they do? In these days

there is so much unemployment and they have to find work. But we have the lesson of history before us. What happened after the last war? Then also promises were made, but where were they? All those doctors were thrown out; no provision was made, no pension was given to them, no gratuity. If that happens now also, then I say "Woe be to the service in which they have entered". I hope that the Honourable the Finance Member or any other responsible officer in the Army Department will tell us what provision has actually been made for that post-war help to these people. I hear there is some fund that is going to be subscribed to—I do not know, what it is—but I would like to know definitely from the Honourable the Finance Member that that fund will be created for the purpose of helping them . . . . .

**Dr. Sir Zia Uddin Ahmad:** Will that subscription be raised from the Members of the Assembly?

**Mr. Lalchand Navalrai:** We cannot help even that, but some provision should be made for them . . . . .

**An Honourable Member:** They will get grants of land. \*

**Mr. Lalchand Navalrai:** The Honourable Member said that very few were coming forward to take service: how can they, when they know full well what are the prospects for them and what is the tenure of office and how they will be treated after they have done such laborious duties and put their lives in jeopardy and that the promises made to them will not be kept? My Honourable friend very rightly interjected whether the promises were given in writing. Their terms of service will show their prospects when they are engaged permanently or temporarily . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Is the Honourable Member going to continue his speech?

**Mr. Lalchand Navalrai:** Yes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue on Monday.

The Assembly then adjourned till Eleven of the Clock on Monday, the 15th March, 1943.