

Tuesday, 16th February, 1943

COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

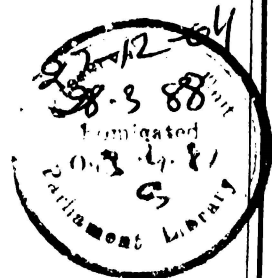
VOLUME I, 1943

(15th February to 3rd April, 1943)

THIRTEENTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1943



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI
1943

INDEX

PAGE(#).		PAGE
Monday, 15th February, 1943—		
Members Sworn	1	
Questions and Answers	1—9	
Notices of Motions for Adjournment	9—13	
Statements, etc., laid on the table	13—22	
Messages from His Excellency the Governor General	22	
Committee on Petitions	22—23	
Congratulations to His Excellency the Commander-in-Chief on his promotion to Field Marshal	23	
Governor General's Assent to Bills	23	
Standing Committee for the Department of Information and Broadcasting	23—25	
Death of Sir Muhammad Yakub	25—26	
Presentation of the Railway Budget for 1943-44	26—31	
Motion for Adjournment <i>re</i> Unconditional release of Mr. Gandhi	31—46	
Tuesday, 16th February, 1943—		
Questions and Answers	47—50	
Notice of Motion for Adjournment	50	
Allotment of quarters to Members of the Council of State	51—52	
Resolution <i>re</i> Excess Profits Tax Act, 1940—Negatived	52—59	
Resolution <i>re</i> Co-ordinated policy in respect of wheat and other food-stuffs— <i>To be continued</i>	59—76	
Resolution <i>re</i> Ordinances promulgated since the outbreak of war—Moved	76—77	
Motion for Adjournment <i>re</i> Restrictions imposed on the <i>Hindustan Times</i> —Negatived	77—85	
Appendix	86	
Monday, 22nd February, 1943—		
Protest by the Progressive Party against the policy of Government in connection with the fast of Mr. Gandhi	87	
Questions and Answers	87—104	
Information promised in reply to questions laid on the table	104	
Statements, etc., laid on the table	115	
Bills passed by the Legislative Assembly	115	
Delhi Muslim Wakfs Bill—Presentation of the Report of the Joint Committee	116	
Code of Criminal Procedure (Amendment) Bill—Petition laid on the table	116	
Statement <i>re</i> Quarters for members of the Council of State	116	
Standing Committee for the Department of Supply	116	
General Discussion of the Railway Budget, 1943-44	117—135	
Standing Committee for the Department of Information and Broadcasting	135	
Death of Sir James Taylor	135—136	
Wednesday, 24th February, 1943—		
Members Sworn	137	
Questions and Answers	137—141	
Resolution <i>re</i> Co-ordinated policy in respect of wheat and other food-stuffs— <i>contd.</i> —Adopted	141—143	
Resolution <i>re</i> Number of Ordinances promulgated since the outbreak of war— <i>contd.</i> —Withdrawn	148—159	
Wednesday, 24th February, 1943—<i>contd.</i>		
Resolution <i>re</i> Foodstuffs—Moved	159—1	
Resolution <i>re</i> Vesting of control over Governors of Provinces in the Governor General in Council—Negatived	160—1	
Saturday, 27th February, 1943—		
Bills passed by the Legislative Assembly laid on the table	1	
Presentation of the General Budget for 1943-44	175—1	
Tuesday, 2nd March, 1943—		
Member Sworn	1	
Questions and Answers	193—2	
Notice of Motion for Adjournment	2	
Resolution <i>re</i> Foodstuffs—Negatived	204—2	
Resolution <i>re</i> Sterling resources and expansion of currency—Adjourned	231—2	
Statement of Business	2	
Saturday, 6th March, 1943—		
Questions and Answers	237—2	
Statements, etc., laid on the table	243—2	
Bills passed by the Legislative Assembly laid on the table	24	
General Discussion of the General Budget for 1943—44	245—2	
&		
261—2		
Standing Committee for the Department of Supply	24	
Wednesday, 10th March, 1943—		
Questions and Answers	277—2	
Resolution <i>re</i> Sterling resources and expansion of currency— <i>contd.</i> —Adopted	286—3	
Indian Income-tax (Amendment) Bill—Introduced	3	
Resolution <i>re</i> Rationing of paper—Withdrawn	303—3	
Thursday, 11th March, 1943—		
Statements, etc., laid on the table	3	
Standing Committee for Roads, 1943-44	3	
Central Advisory Council for Railways	3	
Motor Vehicles (Amendment) Bill—Considered and passed	316—3	
Government Savings Banks (Amendment) Bill—Considered and passed	3	
Indian Railways (Amendment) Bill—Considered and passed	316—3	
Aligarh Muslim University (Amendment) Bill—Considered and passed	3	
Code of Civil Procedure (Amendment) Bill—Considered and passed	3	
Indian Penal Code (Amendment) Bill—Considered and passed	320—3	
Coffee Market Expansion (Amendment) Bill—Considered and passed	3	
Delhi Muslim Wakfs Bill—Considered and passed as amended	325—3	
Statement of Business	31	
Saturday, 20th March, 1943—		
Bills passed by the Legislative Assembly laid on the table	32	
Statement of Business	32	
Wednesday, 24th March, 1943—		
Members Sworn	33	
Questions and Answers	331—34	
Code of Criminal Procedure (Amendment) Bill—Presentation of the Report of the Committee on Petitions	34	

COUNCIL OF STATE

Tuesday, 16th February, 1943.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

SHORTAGE OF SMALL COIN.

13. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: (a) Are Government aware that copper coins, and other small change are not available at railway stations, post offices, banks and with the public generally, which results in great inconvenience to the public, and to traders and shopkeepers? What is the reason for the scarcity of small coins, and what steps have been taken to remedy this state of affairs?

(b) Will Government lay on the table a statement showing separately the value of copper coins minted in each year, during the last five years?

THE HONOURABLE MR. C. E. JONES: (a) Government are aware of the present shortage of small coins in active circulation. The attention of the Honourable Member is invited to Finance Department Press Communiqués of the 27th November 1942 and the 23rd January, 1943 and to the Defence Department Press Note of the 11th of January, 1943.

(b) A statement is laid on the table of the House.

THE HONOURABLE MR. P. N. SAPRU: Is Government especially aware of the shortage of small coin in the City of Delhi? It is very difficult to pay your taxi-wallahs or your tonga-wallahs because you have no small change and they have not any small change.

THE HONOURABLE MR. C. E. JONES: The Government are aware and I personally am aware of shortage of small coin in Delhi but it is not a problem confined to Delhi only.

Statement showing the value of Indian bronze coin minted during the years 1937-38 to 1941-42.

Year.	Single piece.		Nominal value.		Pies.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
1937-38	20,61,481	14 0	1,07,900	0 0	1,15,805	14 0
1938-39	16,49,028	7 0	94,300	0 0	52,412	5 6
1939-40	27,78,486	8 3	1,03,263	10 0	1,05,658	15 1
1940-41	34,00,588	8 3	1,71,829	0 9	1,35,603	6 4
1941-42	20,52,000	0 3	55,700	0 0	1,15,600	0 1
TOTAL	1,19,41,585	5 9	5,32,992	10 9	5,25,080	9 0

Press Communiqué.

SMALL COIN POSITION.

The shortage of available small coin in the country and the resulting inconvenience to the people are gravely exercising public attention at the present time. It is therefore in the public interest that the main elements of the problem should be made known.

The absorption of small coin (excluding half rupees) during the four years of the last war 1914-18 amounted to Rs. 5 crores. The corresponding figures for the first two and a half years alone of the present war was Rs. 8 crores, while for the six months April to September, 1942 it was as much as Rs. 3 1/4 crores.

While a reasonable increase in small coin requirements is only to be expected with the increased economic activity of the country, the acceleration of public works and the large military forces maintained in India on account of the near approach of war to Indian shores and frontiers, these factors could not possibly explain the phenomenal rate of absorption which is now taking place and the great dearth of coin available for use which has now manifested itself. Beyond any possibility of doubt the hoarding of small coin is the real cause of the trouble.

As in the case of food grains so in the case of small coin, a certain degree of small scale hoarding prompted by fear of shortage is perhaps natural. Though small in scale, such hoarding if wide in extent would account in the aggregate for a considerable total. The remedy for this can only be a genuine effort on the part of the public and the press to restore confidence in the small coin position as a whole and the Government's ability to provide adequately for all genuine requirements. Political propaganda with intent to embarrass, and scare publicity which increases fear and alarm, are equally anti-social in their effects.

N. B.—Questions against the Hon. Raja Yuveraj Dutta Singh were put by the Hon. Mr. P. N. Sapru.

The main contributory factor to the present state of affairs is probably hoarding for profit, either with a view to sale of small coin at a premium or, as in the case of pice, in anticipation of a rise in the price of metal to a level which might make coin melting profitable. Exploitation of the community in this way is inexcusable but could hardly continue to exist if public opinion refused to tolerate it.

Under clause (b) of sub-rule (2) of Defence of India Rule 90 dealings in small coin at other than their face value is prohibited, while clause (d) of that sub-rule makes it illegal to acquire coin in excess of genuine personal or business requirements. Sub-rule (3) of rule 90 makes infringements of these prohibitions punishable with imprisonment or with fine or with both.

The Government Mints are, and for some time have been, working to capacity to turn out the maximum possible amount of small coin. The rate of output was 16 million pieces a month when war broke out in September, 1939. It is now close upon 70 million pieces a month, and the total number of pieces manufactured during the first three years of war comes to the colossal figure of 1,800 million. This of course is in addition to the large quantity which was already in existence on the outbreak of war. The Government are taking steps to increase their minting capacity still further in the near future, but meanwhile they look to the public and the press to do their part in exposing the activities of persons who are exploiting the general community for profit and in assisting the local authorities to bring the offenders to book.

FINANCE DEPARTMENT,
New Delhi, the 27th November, 1942.

Press Communiqué.

NEW PICE FROM NEXT MONTH.

A general impression seems to have spread that the black market price of the metals used in the minting of small coin has risen to such an extent that it has become profitable to melt all small coin. This impression, which has doubtless been fostered by those persons who seek to make personal profit by selling small coin at a premium, is quite fallacious. The black market value of the metallic content of all nickel and nickel-brass subsidiary coin is far below the face value of such coin and there is not the remotest possibility that it will ever be otherwise.

Even in the case of the bronze pice the black market value of the metallic content is not in the majority of the larger centres in India equal to the face value of the coin, though in a few isolated localities it is just possible that black market prices are so inflated as to have brought the metallic content value near to the face value. The shortage of pice has been occasioned not by reason of its having been melted down but because it has been hoarded in the hope that the black market price of copper may at some future time rise to a level which would make the melting of such coin profitable.

In order to protect further issues of pice against hoarding on this account, it has been decided to issue a new design of pice which will weigh only 30 grains instead of 75 grains, the black market value of the metallic content of which will be far below its face value. The new pice will be round in shape, with a diameter of .84 of an inch and will have a circular hole in the middle approximately .37 of an inch in diameter. The obverse will bear a vine leaf wreath and on the reverse will appear the Imperial Crown, the word "India", the denomination expressed in English, Hindi and Urdu and the date.

Coins of the new design will come into circulation at the beginning of February.

FINANCE DEPARTMENT,
New Delhi, the 22nd January 1943.

Press Note.

One of the main causes of the present shortage of small coin is undoubtedly the hoarding by certain persons of amounts in excess of their normal requirements not infrequently in the hope of selling subsequently at a profit. This view is amply supported by the fact that in areas in which cases have already been detected and successful prosecutions have followed small coin has at once begun to circulate more freely.

Both the acquiring of coin in excess of personal or business requirements and the selling or exchanging of coin or notes for amounts other than face value are offences under Rule 90(2) of the Defence of India Rules. By notifications published to-day in the *Gazette of India* these and certain other offences under the same Rule have been made triable by summary procedure in order to facilitate the speedy punishment of offenders.

2. To assist in the detection of offenders substantial rewards will be granted to all persons on whose information convictions for any of these offences are secured.

DEFENCE DEPARTMENT;
The 11th January, 1943.

RECENT CHANGES IN THE ADMINISTRATION OF AJMER-MERWARA.

14. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: Will Government state the recent change in the administration of Ajmer-Merwara, and its financial implications, if any?

THE HONOURABLE MR. E. CONRAN-SMITH: The attention of the Honourable Member is invited to the Home Department Press Communiqué, dated the 15th December, 1942, a copy of which is laid on the table of the House. It is estimated that the administrative changes made will result in a total increase of about Rs. 15,000 in the Central Budget.

Press Communiqué.

At present the Honourable the Resident in Rajputana is also the Chief Commissioner for Ajmer-Merwara. The question of a separation of Ajmer-Merwara from Rajputana in the interests of the efficiency of the administration was considered in 1940, but was dropped mainly

on financial grounds. During the period of the war, however, experience has shown that the duties of the two posts are proving too heavy for one officer to discharge. Moreover, the presence of the Chief Commissioner as head of the Provincial Government is required at Ajmer more constantly than the combination of posts permits. It has been found possible to effect certain economies in the cost of the original proposals for separation and in the circumstances the Central Government in consultation with the Crown Representative have decided to introduce the modified scheme with effect from the 1st January, 1943.

2. Under the revised scheme the Resident in Rajputana will be relieved of all responsibilities for the administration of Ajmer-Merwara and an independent post of Chief Commissioner for this Province will be created. The existing post of Commissioner will be abolished and in its place a post of Deputy Commissioner for Ajmer-Merwara will be created. The existing arrangement under which the Police Assistant of the Resident is also the Inspector General of Police for Ajmer-Merwara will, however, remain unaffected. The arrangements for the administration of justice will continue as before except that for the post of Additional Judge that of an additional sub-judge will be substituted.

HOME DEPARTMENT,
New Delhi, the 15th December, 1942.

FORMATION OF CERTAIN SUBSIDIARIES OF THE UNITED KINGDOM COMMERCIAL CORPORATION IN THE MIDDLE EAST.

15. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: Is it a fact that the United Kingdom Commercial Corporation has formed, or is about to form, eight more subsidiaries in order to control and monopolise export and import trade of Abyssinia, East Africa, Egypt, Eritrea, Iran, Iraq, Palestine and the Sudan? If so, what steps have Government taken, or propose to take to protect Indian interests from such activities?

THE HONOURABLE MR. N. R. PILLAI: Yes; subsidiaries to the United Kingdom Commercial Corporation have recently been registered in the countries referred to by the Honourable Member. It is understood that the Corporation have no monopoly of trade in any of these areas but act as regards United Kingdom exports as an instrument of the Ministry of War Transport for the allocation of shipping space to the Middle East.

PUBLICITY ORGANISATION IN THE U.S.A.

16. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: (a) Will Government state whether their publicity organisation in the United States under Mr. Josselyn Hennessy has yielded the result which was expected of it? Who were the nominees who were sent out to strengthen their propaganda organisation in the United States, and who attended the Pacific Relations Conference in December last in Canada? What further steps have recently been taken to re-organise and strengthen still more their publicity machinery in the United States?

(b) What is the amount of expenditure already incurred over this Department, and how much more expenditure is expected to be incurred on this account?

THE HONOURABLE SIR MAHOMED USMAN: (a) Part I.—Yes.

Part II.—Government sent no nominees to attend the Conference of the Institute of Pacific Relations last December. The delegates were chosen by the Chairman of the Indian Branch of the Royal Institute of International Affairs and their names were—

Sir Ramaswami Mudaliar.	Sardar K. M. Panikkar.
Sir Muhammad Zafrulla Khan.	Mr. Ranganadhan.
Begum Shah Nawaz.	Rao Bahadur Shivraj.
Rai Bahadur Mehr Chand Khanna.	

Part III.—One Deputy Information Officer and a small staff on the ministerial side have since been added to the organisation referred to in the first part of the question.

(b) The total estimated expenditure over the organisation during the current and the next financial years is as follows:—

	Rs.		Rs.
1942-43.	1,35,400	1943-44	1,46,700

THE HONOURABLE MR. P. N. SAPRU: Was the Council of the Indian Institute of International Affairs consulted by the President, Sir Ramaswami Mudaliar, before nominating the delegates?

THE HONOURABLE SIR MAHOMED USMAN: Government have no information.

ALLEGED WITHHOLDING OF A TELEGRAM FROM SIR VIJAY OF VIZIANAGRAM TO PRESIDENT ROOSEVELT.

17. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH:** (a) Will Government state whether two cables, one dated the 12th April, 1941, and another dated the 19th August, 1942, both prepaid, addressed to President Roosevelt, U. S. A., by Maharaj Kumar Sir Vijay of Vizianagram, M.L.A., were intercepted by the authorities in India, and not allowed to be sent to the addressee? If so, why, and under whose orders?

(b) Will Government give the texts of those cables; and also state whether the charges paid by the Maharaj Kumar have been refunded to him? If not, why not?

THE HONOURABLE MR. E. CONRAN-SMITH: I regret that no information can be given regarding telegrams stopped, delayed or otherwise dealt with in the course of censorship.

SUPPLY OF STANDARD CLOTH.

18. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH:** With reference to my question No. 25 of the 23rd September, 1942, regarding the supply of standard cloth to the civil population of India, will Government state separately the quantities, varieties and value of such cloth indented by the different Provincial Governments up to date; and also the centres where such cloth is available?

THE HONOURABLE MR. N. R. PILLAI: A statement showing the quantities, varieties and value of the standard cloth indented for by Provincial Governments up to date is placed on the table. Government have not yet received full information as to the distributive arrangements made by Provincial and States Governments or as to the centres at which standard cloth is to be sold. This information is being obtained.

Name of Provincial Governments who have placed indents for standard cloth.	Quantities of standard cloth indented for. (in million yards).	Varieties of standard cloth indented for.	Approximate value of standard cloth indented for (in lakhs of Rs.).
Assam	0.425	Grey shirtings, dhoties and saris.	1.51
Bengal	3.000	Ditto	10.80
Bombay	2.402	Ditto	8.66
Punjab	1.844	Ditto	7.25
Sind	6.675	Ditto	26.06
Total	14.346		54.28

NOTICE OF MOTION FOR ADJOURNMENT.

THE HONOURABLE THE PRESIDENT: Honourable Members, I have received a notice of a Motion for Adjournment. I will read the Motion to you:—

“I beg to give notice that I shall move the Adjournment of the House to discuss a matter of urgent public importance, viz., the order of the Chief Commissioner of Delhi dated February 12, imposing fresh restrictions on the *Hindustan Times* on the publication and display of news, comments, etc., on Mahatma Gandhi's fast”.

I think that this is a matter of public importance. The imposition of restriction on the Press or of a disability on the Press is in my opinion a matter of public importance and I shall ask the Honourable Member in charge if he has any objection?

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary): Government have no objection, Sir.

THE HONOURABLE THE PRESIDENT: Then I shall allow this Motion to be taken up at 4 P.M. or immediately after the termination of the business if it is finished earlier.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): I hope, Sir, you will fix it at 4 P.M. because I have a meeting of the Reconstruction Committee at 2.30 P.M. and it will not be possible for me to come here earlier than 4 P.M.

THE HONOURABLE THE PRESIDENT (to the Honourable the Leader of the House): You have no objection to the Motion being taken up at 4 P.M.?

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House): I have no objection, Sir.

THE HONOURABLE THE PRESIDENT: The Motion will be taken up at 4 P.M.

ALLOTMENT OF QUARTERS TO MEMBERS OF THE COUNCIL OF STATE.

***THE HONOURABLE MR. P. N. SAPRU** (United Provinces Southern : Non-Muhammadan) : May I refer, with your permission, Sir, to a matter which affects Members of this House. Sir, the matter is this. The Raja Saheb of Oel and some other Members applied for accommodation in the Council quarters and the reply they got was that there was no accommodation available. Sir, I have got the Raja Saheb's letter from which it appears that almost immediately on getting the letter from the Council of State he wrote to the Deputy Secretary asking him to allot the quarters. The Raja Saheb is an orthodox man and he cannot stay in hotels and there is no accommodation available in hotels either. I know that there are two or three other Members like that who are sailing in the same boat as the Raja Saheb.

THE HONOURABLE THE PRESIDENT : I have also received letters from several Members regarding this matter. I may mention here that I myself was turned out from my old haunt where I had been staying for 25 years. There was no option for me but to go and live with my daughter. However, I will ask the Honourable Member in charge whether he is prepared to make any statement as regards accommodation for Members of the Council of State, which I think Government must provide. (*Hear, hear.*) Has the Honourable Member anything to say on the subject ?

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House) : I shall try and make a statement on the next day.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : In the meanwhile, may I point out that when the houses in Ferozshah Road and at places nearby were constructed it was believed that they would be primarily for the use of the Members of the Legislature ? Apart from this, it is possible that by agreement between the Secretary of the Council of State and the Secretary of the Assembly some quarters that have not been occupied by Members of the Assembly may be placed at the disposal of the Members of the Council of State. I understand that a quarter which is under the control of the Secretary of the Assembly is vacant. If it is so, there is no reason why a Member of the Council of State should not be allowed to occupy it. I hope that my Honourable friend opposite will bear these points in mind when he considers the question to which my Honourable friend Mr. Sapru has drawn the attention of the Chair and Government.

THE HONOURABLE SIR MAHOMED USMAN : Most certainly.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : In the Western Court a certain number of rooms have been allotted to the Members of the Council of State and a certain number to the Members of the Legislative Assembly. A large number of Members of the Assembly have not attended and do not occupy the rooms allotted to them. Such rooms as would be vacant in the ordinary course when Members of the Assembly do not take them up should be allotted to the Members of the Council of State. Members of the Council of State are very much handicapped. Several Members have applied for accommodation—

THE HONOURABLE MR. P. N. SAPRU : I myself had applied.

THE HONOURABLE SIR A. P. PATRO—in the Western Court, but they have not been able to secure it. On the other hand, non-Members are getting rooms in the Western Court which they have no right to occupy—unless it be that the Government have commandeered those rooms.

Sir, we feel considerable difficulty in not being able to secure proper accommodation in the Western Court, which was primarily intended for the convenience of Members of the Central Legislature. Therefore, it is not a matter which should be left only to the two Secretaries of the Assembly and the Council of State ; certain Members of this House and of the other House should be associated in allotting rooms for the Members of both Houses. For instance, there are only four rooms allotted for the Council of State, although there were a large number of applications, they gave us only four or five rooms. It is scandalous that the accommodation which was primarily intended for the Members of the Central Legislature should be allotted

* Not corrected by the Honourable Member.

[Sir A. P. Patro.]

to others who have no right to it. Members of the Central Legislature have a strong lien on such accommodation. They should be provided with accommodation first, and the remaining accommodation should be given to others. Therefore, as I have said, it is a matter that should be decided not by the Secretaries only, but by Members associated with the Secretaries.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official): Sir, I am quite unwilling to prolong the discussion, but I would like to supplement what the Honourable Sir A. P. Patro has said by making the very definite suggestion that a House Committee of this House should be appointed which can go into questions of this kind.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): May I say just one word? Out of 55 rooms in Western Court, Members of this House have got only six rooms; and out of these six rooms, three are on the second floor, which Members of the Second Chamber find it rather difficult to go up to. I am not the only man; my Honourable friend Sir A. P. Patro has been given a room on the second floor; he has to climb 56 steps to reach his room. May I also say that the House Committee is only a committee to which we make complaints and submit them to the Legislative Department? The House Committee's function should also be to discuss matters with the Legislative Department, and not, as at present, to sit alone and make out a case and submit it to the Legislative Department for consideration.

THE HONOURABLE SIR MAHOMED USMAN: All the points raised today will receive my earnest attention.

RESOLUTION *RE* EXCESS PROFITS TAX ACT, 1940.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, I rise to move:—

"This Council recommends to the Governor General in Council to make the following changes in the Excess Profits Tax Act, 1940:—

- (a) to increase the percentage to 80 per cent.,
- (b) to lower the taxable limit from Rs. 36,000 to Rs. 10,000.
- (c) that no standard profit should be less than 4 per cent. on the invested capital, and
- (d) that standard profit should not be higher than that shown in the return submitted by the assesses."

Sir, I have moved this Resolution knowing full well that the Honourable the Finance Secretary will not be able either to accept or to reject it outright, because he has to introduce the Budget very shortly, and so his lips are for all intents and purposes sealed. My idea in bringing forward this Resolution was not only to help the Government—but also to help the shareholders. The present position is that under the Finance Act (Act No. XII of 1942), the compulsory part of the Excess Profits Tax is 66 1/3 per cent., but an option is given to the assessee to deposit one-fifth of the excess profits tax with the Government, with the promise of a return of an additional one-tenth of the excess profits tax to him within three years of the termination of hostilities. That, Sir, makes up 80 per cent.—the figure which I have recommended. The only difference which would come about if my Resolution is accepted is that instead of the deposit being voluntarily made by those who desire and withheld by those who do not desire it, it would become a compulsory matter, and it will be open to the Government to return to the assesses 20 per cent. of the excess profits tax after the termination of hostilities, in the same way in which the United Kingdom is doing. In the United Kingdom the excess profits tax is at 100 per cent. The House will remember that when this Bill first came up I was opposed to the system of 60 per cent. excess profits tax. I believe in the theory which was enunciated in the House of Commons that the war should not be an occasion for profiteering. This is a national war. The whole nation is involved in it. It is no longer a war of certain martial classes or others. Every soldier who is at the front requires a certain number—in different countries a different number—of people behind him. In some countries the number of people which a soldier requires behind him is as high as 16; for each person at the front, the nation has to maintain 16 persons behind the lines—in agriculture, in manufacture, in transport and supply services, and various other things which go with the modern army.

* Not corrected by the Honourable Member.

Now, Sir, the Government of India, out of a little sympathy of its own, and somewhat pressed by the representatives of the industries, introduced a 60 per cent. excess profits tax. Some time after that I brought forward a Resolution asking for the enhancement of the excess profits tax to 100 per cent. I did not meet with any success. But now I feel that even this Government will realise that enough profits have already been made. Perhaps the House has no idea of the extent of the profits which are being made by industrial concerns. It is no longer something out of the ordinary to find excess profits 100 and 150 per cent. that of the standard profits. The share market, which is an index of the prosperity of the industries, shows, on the whole, that prices have gone up 250 per cent. of what they were at the end of August. There are certain shares, Sir, of which the prices have gone up three to four times higher than what they were at the outbreak of war. As far as non-registered companies are concerned—I mean private individuals and unregistered firms—their profits are colossal. But they have one great advantage that they cannot be caught by the Finance Department.

THE HONOURABLE MR. R. H. PARKER: What about super-tax? That catches you all right!

THE HONOURABLE MR. HOSSAIN IMAM: They cannot be taxed at all. I know of one instance which is very well known, I think. They keep their accounts in such a manner that you cannot catch them. It is well known that one of the richest men in India, about five or six years back, was always showing a return of loss, and perhaps now he has been caught and he has been taxed a little to excess profits and super-tax. He is a Bombay man. One of the easy methods of evasion is to show part of the profits as profits from agriculture. The agricultural part shows a profit of Rs. 50 lakhs whereas the industrial part of the same concern shows a loss of Rs. 5 lakhs. These are the easy methods by which people have been trying to avoid the tax. Avoiding tax is not looked down upon as anything bad.

THE HONOURABLE MR. R. H. PARKER: Oh, yes, it is.

THE HONOURABLE MR. HOSSAIN IMAM: People are proud of evading tax and they brag about it sometimes. But now they think they might pay and so they have stopped bragging about it. Nevertheless, it must be realised that the whole amount of the orders placed by the Government since the war started as well as disbursements of the Government in other Departments like the Public Works Department, Defence Department buildings, M. E. S. buildings and others is not less than Rs. 450 crores a year during the last two years. The profits, even on a conservative estimate, would be something in the neighbourhood of Rs. 150 crores. The excess profits tax on this, if it was collected, should be about Rs. 50 to Rs. 60 crores more than what you are collecting now. The grouse of the industrialist is—and to a certain extent it is justified—that they have to make all their profits from a restricted number of consumers. The Government in the Supply Department does cost accounting and give a small percentage of profits. But, as is well known, nearly 40 per cent. of the production of the textile mills is taken up by the Government. A small portion, coming to something like 20 per cent., is exported to outside countries. There too they do not make much profit. So the whole of the profits which the textile mills are making is derived from the poor consumers of India. I have been given a table showing the effect of war taxation by the courtesy of the Federation of Indian Chambers of Commerce which shows that if the war profits is up to 50 per cent., the industrialists do not gain anything. The excess profits tax, and the additional income-tax take away the whole lot with the result that they are left with a small margin of less than 1 per cent. In order to make any appreciable profits, what they have got to do is to double their profits. Then they are able to get a 12 per cent. addition on their standard profits. That addition has to be derived not from all the productions but from the 40 per cent. that is left for the consumption of Indian consumers. That means the goods supplied to them are supplied at something like three times their pre-war prices, if they are to gain a profit of even 12 per cent. on the standard profits. But the share market shows that the prices are more than 100 per cent. higher than what they were in the pre-war days. That means they have doubled their profits. Otherwise, the investing public would not buy shares. Leaving aside the speculative shares which are no guide, if you look at the investment shares, sound and progressive concerns which do not increase their profits by leaps and bounds and which do not make

[Mr. Hossain Imam.]

their profits go down in the same manner as the industry is growing, they must be making a profit of not less than five times their standard profits in order to maintain a dividend to the public of double the amount which they were giving in the pre-war days. It is only a matter of account. Are the Government justified in allowing this legalised robbing of the consumers? That is why I want that the excess profits tax should be so increased that the incentive to get a part of this excess profits tax should not remain very tempting. If excess profits tax is paid and they are left with a small margin there will not be this tug of war between rising prices and increasing taxation. I realise, Sir, that the Government feel that unless they give some incentive to industries they are not likely to work up to the excess profits. That is why I am not asking for a cent. per cent. taxation as is the case in the United Kingdom.

Now, I come to the other part of my Resolution, to lower the taxable limit* from Rs. 36,000 to Rs. 10,000. This will not put in a great deal of money in the pockets of the Government, the Central Board of Revenue, but it will have one advantage. There are concerns engaged in war supplies making huge profits, but they manage to show it only as a little over Rs. 36,000, so that they have no excess profits tax to pay; they only pay income-tax and super-tax. It is initially wrong that they should be left free. If there are three brothers and two of them are working together and the third independently, and the former make a profit of a lakh and the latter a profit of Rs. 50 lakhs, the two brothers working together are taxed more than the third brother. Secondly, this provision was made because you do not provide in the Act itself a minimum profit, although I am told that the Central Board of Revenue have been considerate and wherever in the standard period there has been deficiency of profits they have allowed 4 per cent. profits on the invested capital. The recommendation in Part (c) I understand is already the policy of the Government. I am glad to hear it and I learned it only when I came here. But when I ask for a reduction of the free allowance, I only ask the Finance Member to do what he originally desired to do. His original proposal did not give the exemption limit at Rs. 36,000. He was tempted to do so by the Assembly and I think he was not strong enough to withstand it.

As regards the last part of the Resolution, I wish especially to invite the attention of the Government to it, that no standard profits should be in excess of the amount which the assessee has shown as his income during the period of standard profits. For instance, a man submits a return of an income of a lakh. The Income-tax Department does not believe that return and taxes him on two lakhs. He has tried to evade taxation during the standard period from 1937—39. I think there are any number of such instances in which the assessee tried to dodge taxation and submitted a smaller return of income than was assessed by the income-tax authorities. In such cases I would penalise the person by making the assessment on standard profits, subject to the safeguard that they must give a return of 4 per cent. on invested capital if he has got any invested capital. There are firms which make profits of lakhs and crores without having any invested capital at all. They are financiers who make money out of nothing. I have known instances where the profits have been multiplied but the capital is being reduced.

In conclusion, I should like to invite the attention of the Government to the facts which I have placed before them. I know that it would not be possible for my Honourable friend the Finance Secretary to give me a categorical reply but when he frames his Budget I hope he will keep before him the principle of the United Kingdom in mind that the war should not be an occasion for profiteering, and if that objective is before the Government we will be satisfied.

There is one thing which I did not mention in this Resolution but which has come to my notice by discussion with industrialists. I feel that there is a legitimate grouse which the Finance Department are trying to meet. The grouse is that when additional profit is made the machinery has to be run for additional time, one, two, three shifts. Now, to give standard depreciation only to both mills, to the one which runs one shift and to the other which runs three shifts, is absurd. A man who runs his mills three shifts is ruining his machinery and his machinery will deteriorate much more quickly than the machinery of the man who is running his mill only one shift. They therefore demand that there should be a differentiation in

the depreciation allowance given to mills according to the hours they are worked. While I do not wish that there should be undue profits I also do not like that those who are patriotic enough to supply me with things now should be penalised and it is only just and proper that the Government should look at both sides of the picture. The safety of the industry is necessary. No one knows what price will be charged for replacements when peace comes and a lot of machinery would be ruined. They would have to be replaced and it is for this reason that I have been a strong advocate of Government paying them back a part of the excess profits tax which is charged now so that there may be something to fall back upon later. Many of the small companies lead a hand to mouth existence. Strong companies of course do not require help. It is more with the desire of establishing a sort of provident fund—shall I call it—for the industries that I have brought forward this Resolution, so that the present procedure of free deposit should be abolished and compulsory deposit should be introduced and 20 per cent. should be returned to the industry to form a reserve fund for replacements.

Sir, I move.

***THE HONOURABLE MR. P. N. SAPRU** (United Provinces Southern: Non-Muhammadan): Sir, our Party is unable to lend its support to the Resolution which has been moved by the Honourable Mr. Hossain Imam.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): Capitalists!

THE HONOURABLE MR. P. N. SAPRU: We are neither capitalists, nor communists. We are just sensible Nationalists and good, decent, progressive men.

Sir, our first objection is that the complete budgetary picture is not before us and this Resolution anticipates the Budget. We do not know what arrangements the Finance Member has in mind. We should like to consider the budgetary picture as one whole. We should like to know exactly how our position stands before we commit ourselves to any doctrinaire formula such as has been suggested by the Honourable Mr. Hossain Imam.

Sir, few people would go farther in the matter of taxation than I would because I claim to be definitely more towards the left than Mr. Hossain Imam is or can ever hope to be, but I exercise a little commonsense in considering these questions of taxation. You have to work a capitalist system and you cannot change it into a co-operative commonwealth almost overnight. I want the system to be changed into a co-operative system but probably he does not want it. But if you wish to work a capitalist system then you must keep the incentive to effort alive and particularly it is important to keep the incentive alive in wartime. Sir, it is all right to talk of the rich capitalist getting richer but after all the country as a whole is not very rich, the number of people in this country who are rich is strictly limited. It may be the misfortune of Mr. Hossain Imam's community that the number of industrialists in his community is not as large as in the other communities. It is not our fault that they lack in enterprise and initiative to a greater extent than members of other communities and I do not see, Sir, why the Indian capitalists should be specially marked out for special attack. Sir, we have also to remember that after the war there may be lean years and no doubt capitalists are making large profits today but they have to guard themselves against lean years. We have to think not only in terms of immediate needs but also of post-war reconstruction.

A further point that strikes me is that what a National Government may do a Government which has not the popular backing may not do and therefore it strikes me that it would be extremely unwise on our part before we have the entire financial position before us to commit ourselves to any such proposition as is contained in Mr. Hossain Imam's Resolution. For these reasons, Sir, I wish strongly to oppose this Resolution on behalf of our group.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): Since I entered this House I have been noticing that my Honourable friend Mr. Hossain Imam has some grouse or other against the Indian capitalists. I do not say that because his community has not got a large number of industrialists, therefore, he is attacking the Indian capitalists, but I do not understand why he should always try to attack Indian capitalists in one way or other. It is an admitted proposition, Sir, and I believe my Honourable friend Mr. Hossain Imam will agree with me, that the growth of industries in India is of recent origin. Whatever goods we required

* Not corrected by the Honourable Member.

[Mr. V.V. Kalikar.]

we had to import from other countries and during this period of war we are feeling the pinch when we do not get the goods from outside. If you begin to attack Indian capitalists in this way I am afraid instead of encouraging the Indian industry you will be helping to kill the industry and you will be helping outsiders to get their hold on the Indian market.

Another thing is this: The Indian capitalists may also attack the Indian zamindars. Mr. Hossain Imam is a big zamindar; I am a very small zamindar. I can understand Mr. Hossain Imam's complaint against the Indian capitalists in not giving proper wages to their labour, in not making good arrangements for the children of their labourers or in not looking after their sanitation but I cannot understand his attitude, Sir, that he should, in season and out of season, attack the Indian capitalists and discourage them from producing Indian goods. He must look at things from a Nationalist's point of view and not from any particular communal point of view. I do not think he is looking at the proposition from his own community's point of view but I must ask him and request him to look at the proposition from an Indian's point of view. The Indian capitalists may be committing some mistakes—I do not deny that—but that is not the way to attack them, in season and out of season, and try to kill the Indian industries. If he persists in this way, Sir, I do not see any bright future for Indian industry. I therefore oppose the Resolution moved by my Honourable friend.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): I am rather surprised that the Honourable Mr. Hossain Imam has introduced this Resolution today because it seems to me that it is a matter which will come before us in the normal way of the Budget but as he has done so I would like to make one or two comments on what he has said. He seems to assume—I hope I am right in saying this—that a 30 per cent profit is normal. I think he meant 30 per cent on turnover. I assure him that it would be very unusual. Then he drew attention to the fact that in the textile industry, what he called "the enormous profits being made" were taken from the masses. That they do not come from Government contracts or export but from the masses of India. Even if this is true—I am not sure that it is true—to a large extent it is also true that taxation must also come from the masses in the normal way, most of it. Then he referred to the very high value, the high prices in the share market. Well, no doubt that is so but I think he was wrong in assuming that share prices are necessarily related to real values. It is partially a question of relative values.

Then, Sir, I agree very strongly with his comments on depreciation of machinery. That is a very important point which ought to be taken into account. There are difficulties, because it is not always easy to know whether a machine actually was working 20 hours or 24 hours or 13 hours or what.

THE HONOURABLE MR. HOSSAIN IMAM: What about production statistics?

THE HONOURABLE MR. R. H. PARKER: There is something in that. It is clearly an ordinary charge against production, and for that purpose there should be a larger depreciation allowance for income-tax purposes and for purposes of the excess profits tax.

Then, Sir, the Honourable Mr. Sapru very rightly drew attention to the fact that capitalists have always to take into consideration not only their lean years, but what I would call their lean investments as well. I have had a lot to do with capitalists in England, and you will find very often that a man will have very large investments which are bringing in very large incomes, and very large investments which are bringing in very large losses. You cannot always select only good investments. If you are going to take the dive, you have to take the risk, and sometimes you find yourself in the wrong pool.

I must say that it is perhaps rather humorous that the Honourable Mr. Hossain Imam, who himself apparently escapes the excess profits tax, the income-tax and the super-tax on his large agricultural income—it is humorous that he should attack other people in this way!

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, the Resolution before the House consists of four parts. Of these, the first two parts affect the level of incidence of a taxation measure—the Excess Profits Tax Act—and, as the speakers

on this Resolution have recognised, it would place me in a position of severe embarrassment if I were to attempt to speak on these two parts on their merits, or even to give any hint at this stage of the Government's attitude towards them. As the Honourable Mr. Sapru pointed out, it is a recognised and accepted procedure that at the time of the Budget the Government come before the Legislature with a complete picture of the finances of the country as a background of their proposals in respect of various taxation measures, so that the picture can be viewed as a whole and against that background. It is impossible to pick out portions of this picture in advance and discuss them piecemeal and in isolation. Therefore, on these two parts I am afraid I cannot speak on behalf of the Government, and I trust that the Honourable the Mover will not press his Resolution, because, if he did, on that ground alone I would have to oppose the Resolution on behalf of Government.

Portions (c) and (d) of this Resolution refer not to the incidence of the tax but to the working of this measure, and I might perhaps make a few observations on those two parts. Portion (c) recommends that no standard profit should be less than 4 per cent. on the invested capital. Now, Sir, Government regard such a rigid provision as entirely unnecessary. A proposal on these lines might have some point if the basis of the Act was that of a rigid determination of standard profits. But as a matter of fact the Act proceeds on an entirely different basis. The provisions are far from being rigid, and there is ample scope in the Act for flexibility in this matter. In any case where the standard profit as at present worked out is less than 4 per cent. on the invested capital and the assessee considers that this standard profit is inequitable, he has two remedies. In the first place, under section 6(3) of the Act he can appeal to a board of referees, who have power to increase the standard profit. Then, under section 26(1) he also has power to make an application to the Central Board of Revenue. Now the broad powers given to the Central Board of Revenue under section 26(1) are entirely untrammelled and unfettered either in an upward or in a downward direction. The Central Board of Revenue is thus perfectly free to be guided by the equities of the case, and solely by the equities of the case. As the Honourable the mover has said, he has known of no case where in actual fact the Central Board of Revenue has assessed the standard profits under this section at less than 4 per cent. on the invested capital. My own impression has been the same, and I do not think that such a case has ever happened. But in a complicated and intricate field such as the excess profits tax, it is impossible to say that such a case may not arise. In a field like this we are always liable to come up against the unexpected, and it is impossible to say that no case would ever arise in which it would be inequitable to fix the standard profit at less than 4 per cent. No such case has yet arisen. No such case may ever arise. But it is impossible to say at this stage that no such case will ever arise. If we were to fix a rigid minimum, there is no reason why we should not proceed also to fix a rigid maximum. But as a matter of fact in deciding cases under section 26(1) the Central Board of Revenue has several times had occasion to fix the standard profit at a figure in excess of the statutory percentage applicable to the case. Therefore, when there is this flexibility in respect of this particular matter in the administration of a very difficult subject, it seems quite unnecessary to impose by law one particular rigid condition.

I come now to part (d) of the Resolution, that the standard profit should not be higher than that shown in the return submitted by the assessee. Of course the Honourable Member realises that part (d) might quite frequently be mutually contradictory with part (c). But there are other reasons why Government would find it quite impossible to accept part (d) as it stands. In the first place, this amendment to the Act, if made, would operate to the disadvantage of assesses whose assessments are still open. There are still many assesses who even for the first chargeable accounting period have not yet had their assessments made, and unless we were to reopen all the assessments that have already been made—a course which would obviously be quite impracticable—a change in the Act at this stage would obviously be discriminatory as between assesses whose assessments have been completed and assesses whose assessments have not yet been finalised. A second point is that it would take, in the Government's opinion, an unfair advantage of assesses. We have to remember that income-tax is an extremely complicated subject. The Honourable mover was apt rather to over-simplify the problem when

[Mr. C. E. Jones.]

he referred to those who wilfully put in an unduly low estimate of their profits for purposes of their income-tax return. He said they were trying to evade tax and therefore they should be bound by their returns for purposes of excess profits tax. But these would-be tax evaders do not cover

12 Noon.

the whole field of our income-tax assessors. We have many a *bona fide*, genuinely honest assessee who does his best to put in a correct income-tax return. Take a firm for example who employ even a Chartered Accountant for the purpose. Their Chartered Accountant applies the principles of the Income-tax law to the complicated facts of this firm's financial history for the year and he says :—

“On the facts as we see them, and on our interpretation of the law as we read it, this is our estimate of the firm's assessable profit. But we are open to discussion. We are ready to produce further information if you desire it. We are ready to accept a different interpretation of the law if you convince us, or to take the matter to the Courts if we cannot agree with your interpretation of the law. But when we are satisfied on these points, if you come to a different estimate of our assessable profits from our own, we are perfectly willing to accept your estimate and to pay accordingly”.

Such a position is everything that could be desired. But if it so happened that the assessable income so ascertained turned out to be more than their original estimate put forward in a perfectly *bona fide* and honest manner, then according to the Honourable Mr. Hossain Imam's proposal, that firm would be penalised in excess profits for so long as that tax remained in existence. In any case Government would not consider it fair to take advantage of the honest mistakes of their assessors in the way that is proposed. There is a provision in the Act, one of the provisions to rule 1 of Schedule I, which lays down that—

“Where the profits during any standard period have already been *determined* for the purpose of an assessment under the Indian Income-tax Act, such profits as so determined shall, subject to the adjustments required by this Schedule, be taken as the profits during that period for the purposes of excess profits tax”.

That provision, I submit, Sir, is reasonable and fair and as far as we need go. For these reasons I regret that the Government are not able to accept this Resolution.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, it was today a revelation to me how exploiters can all unite together, whether they are white or brown, foreign or indigenous. It is easy to profess things and to say that you believe in equity, social justice and well-being of labour and of the common man. It is when the time for the test comes between the poor, down-trodden, hungry masses and those pitiable monsters who are making money out of the troubles of others that you realise whether there is truth in their profession or it is a merely lip service to their cause. I do not talk with mental reservation, Sir. The Council of State proceedings are there. From 1931, the first year and the first session when I joined, right up till now, I have taken up the cause of the common man against the exploiters, not only white, but also brown exploiters. I am unashamed of that. The Honourable Mr. Sapru gives it a communal colour, and says that it is the policy of my particular community. I could not put my claim for Pakistan on much stronger grounds than by giving it an economic basis presented by Mr. Sapru for my demand of being freed from the oppressions. But I am unashamed to say that in a State which I conceive as my homeland, I would not allow any one to exploit me. I do not pay merely lip service to Russian ideology and then give my support to indigenous exploiters in their holy war of robbing the masses and the hungry. Sir, I do not wish to continue in this strain for any length of time. I know—

THE HONOURABLE THE PRESIDENT : Are you prepared to withdraw the Resolution ?

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I quite realise the difficulties of Government and the desire of my friends who have, for a pretty long time, somehow or other, carried on work with us in spite of their tendency to exploit. My Honourable friend Mr. Kalikar invites my attention to one fact, that I do not pay income-tax and therefore it ill-behoves the zamindars to come forward. My Honourable friend the Member for Civil Defence comes from a Province where the Congress has imposed its beneficial effects. I call the manner in which the rents of the zamindars have been reduced beneficial effects. I do not grouse against the Congress because they were there. My Honourable friends from Bengal do not know what has been done in the Province of Bihar and the United Provinces. We have been

subjected not only to income-tax but a permanent reduction in our income has taken place varying from 25 to 50 per cent., and we are not harvesting the benefits of the rise in prices in these two Provinces at least because our rents are paid in cash. Therefore, we are not exploiters as we are supposed to be by the industrialists and as paraded by the newspapers. It is really the exploiters who go in the garb of sheep. Sir, I shall be laying on the table these statements* which, as I said in the beginning, have been given to me by the courtesy of the Federation of Indian Chambers of Commerce. They show what the profits would be at the present rate of taxation and if my recommendation of 80 per cent. is accepted.

Sir, realising the difficulties of the Government, I do not wish to press my Resolution to a vote.

THE HONOURABLE THE PRESIDENT : Is it your pleasure that leave be given to the Honourable Mr. Hossain Imam to withdraw his Resolution ?

(One Honourable Member objected.)

THE HONOURABLE THE PRESIDENT : Even if one single Member opposes I have no alternative under the rules but to put the Resolution to the vote.

THE HONOURABLE THE PRESIDENT : Resolution moved :—

“ This Council recommends to the Governor General in Council to make the following changes in the Excess Profits Tax Act, 1940—

(a) to increase the percentage to 80 per cent., (b) to lower the taxable limit from Rs. 36,000 to Rs. 10,000, (c) that no standard profit should be less than 4 per cent. on the invested capital, and (d) that standard profit should not be higher than that shown in the return submitted by the assessee.”

Question put :

THE HONOURABLE THE PRESIDENT : I think the “ Noes ” have it.

THE HONOURABLE MR. HOSSAIN IMAM : Division, Sir.

THE HONOURABLE MR. R. H. PARKER : On a point of order, Sir. May I draw attention to the fact that nobody said “ Aye ” at all ?

THE HONOURABLE THE PRESIDENT : That does not matter. A Member has a right to call for a division.

The Council divided :

AYES—2.

| Menon, Hon. Sir Ramunni.

NOES—31.

Hossain Imam, Hon. Mr.

Ataullah Khan Tarar, Hon. Chaudhri.
Bozman, Hon. Mr. G. S.
Buta Singh, Hon. Sardar.
Charanjit Singh, Hon. Raja.
Conran-Smith, Hon. Mr. E.
Dalal, Hon. Mr. M. N.
Das, Hon. Mr. N. K.
Devadoss, Hon. Sir David.
Ghosal, Hon. Sir Joana.
Hartley, General the Hon. Sir Alan.
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.
Holdsworth, Hon. Mr. B. G.
Jogendra Singh, Hon. Sir.
Jones, Hon. Mr. C. E.
Kalikar, Hon. Mr. V. V.

Khurshid Ali Khan, Hon. Nawabzada.
Kunzru, Hon. Pandit Hirday Nath.
Mahomed Usman, Hon. Sir.
Mitha, Hon. Sir Sulman Cassum Haji.
Mukherjee, Hon. Sir Satya Charan.
Nihal Singh, Hon. Sirdar.
Ogilvie, Hon. Mr. C. M. G.
Parker, Hon. Mr. R. H.
Pillai, Hon. Mr. N. R.
Ray Chaudhury, Hon. Mr. Kumarsankar.
Sapru, Hon. Mr. P. N.
Sinha, Hon. Kumar Nripendra Narayan.
Sobha Singh, Hon. Sardar Bahadur.
Sundaram, Hon. Mr. K. V. K.
Srivastava, Hon. Sir Jwala Prasad.
Wilson, Hon. Sir Leonard.

The Motion was negatived.

RESOLUTION *RE* CO-ORDINATED POLICY IN RESPECT OF WHEAT AND OTHER FOODSTUFFS.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, with your permission and with the consent of the Secretary of the Food Department, I should like to add the following words at the end of my Resolution :—

“ and further recommends that a similar policy should be followed in regard to other food-stuffs.”

I hope, Sir, that you will have no objection to it.

THE HONOURABLE THE PRESIDENT : I think your Resolution as it stood originally was a restricted one, but this is a very sound suggestion of yours and I have no objection, subject to what Government might say.

* See Appendix at the end of these proceedings.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : If this Resolution is widened, we should also be permitted to move the Resolution which we have given notice of as substitutes or amendments to this Resolution.

THE HONOURABLE THE PRESIDENT : It is not on the list of business for today.

THE HONOURABLE MR. HOSSAIN IMAM : This addition is being made now without notice.

THE HONOURABLE THE PRESIDENT : With the consent of the President any Resolution can be amended at any time before the Motion is made. The matter which you refer to is not before the House. I cannot take cognisance of it now.

THE HONOURABLE MR. HOSSAIN IMAM : The Resolution as it is originally worded refers to one commodity alone and therefore it does not clash with the Resolutions which will come up later.

THE HONOURABLE THE PRESIDENT : When that Resolution comes, I shall give my opinion. I am not in a position to give it at this stage.

THE HONOURABLE MR. B. G. HOLDSWORTH (Food Secretary) : I have no objection, Sir.

THE HONOURABLE THE PRESIDENT : Then I will allow it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Mr. President, I beg to move :—

“ This Council recommends to the Governor General in Council that as the recent removal of control over the price of wheat is likely to affect the consumer adversely, it is essential that a co-ordinated policy should be followed throughout the country in order to protect the interests of the consumer, and further recommends that a similar policy should be followed in regard to other foodstuffs.”

Mr. President, the history of price control, though not a long one, is a very interesting one. Soon after the war commenced the Central Government empowered the Provincial Governments to control prices and subsequently they explained in what circumstances the Local Governments should make use of the power conferred on them. The matter was considered both at several Price Control Conferences and at least at one Food Advisory Council meeting. The Food Advisory Council, which was opened by my Honourable friend Sardar Sir Jogendra Singh on the 24th August, 1942, went so far as to recommend that price control should be extended to cover all suitable foodgrains which are competitive, regard being had to their normal price parity. This Conference desired that the increased cost of production and other factors which operate on prices should be taken into consideration so that the producer might be given a fair deal but it was clearly of opinion that the price not only of wheat but of other foodgrains should be controlled. A few days later, Sir, the Sixth Price Control Conference was held. A communique was issued before it reviewing the proceedings of the former Price Control Conferences which show that the idea of controlling food prices became stronger and stronger as time went on and at the Sixth Price Control Conference the Honourable Mr. Sarker, who is now in charge not only of the portfolio of Commerce but also of the Food Department, said with reference to the criticisms alleged against the policy of price control :—

“ It is one thing to say that price control in India has been deficient and it is quite another to argue from this premise that we should give up this business of price control in despair. I have given very anxious thought to this aspect of the problem and I feel convinced that price control is essential and desirable under the present circumstances ”.

Later on, Sir, he said in the course of his speech :—

“ Our experience of conditions during the last war as also in the recent past leaves no room for doubt that in the absence of control prices of foodstuffs would soar up imposing severe hardships not only on industrial workers and middle classes in urban areas but also on the rural population in areas where foodstuffs are in short supply. We can hardly afford to view with equanimity the possibility of an inordinate rise in the cost of living of urban classes, particularly of industrial workers and the grave repercussions it is likely to produce on the progress of the war effort ”.

Sir, the case for price control could not be put more strongly than it was put by the Honourable Mr. Sarker. We thought, in view of the recommendation of the Food Advisory Council and the emphatic pronouncement made by Mr. Sarker that price control would not merely be adhered to but would be made effective. Yet on the 25th of January we were suddenly told that the Central Government had abandoned the idea of controlling the price of wheat. Now we are entitled to know, Sir, why a control imposed after prolonged consideration and in pursuance of the

recommendations of the Food Advisory Council and the Price Control Conferences was suddenly removed. I have read the communiqué issued by Government on the 25th of January with a great deal of care. It seems to me, Sir,—I hope I am doing no injustice to the Punjab Government,—that the Government of India had to confess that they could not control the price of wheat owing to want of co-operation from the Punjab Government. We have heard, Sir, various rumours on this subject. It has been said that the Punjab Government, which was subjected to the pressure of capitalists both outside and inside the Government, did not desire to co-operate with the Central Government in controlling the price of wheat. I do not know, Sir, to what extent this is true but the matter is of such fundamental importance that I think we are entitled to ask Government to throw more light on the subject than they have done so far. The public must be informed of the real causes of the abandonment of a scheme which had not been agreed to in a hurry. Apart, Sir, from the cause that I have mentioned there may well have been another cause. We know that there is a difference in the complexion of the Provincial Government in the Punjab and the Central Government. The Provincial Government is a popular Government while the Central Government owes no responsibility either to the Legislature or to public opinion and the Ministers of the Punjab Government, who naturally desire that they should not lose their position with the electorate, hesitated to carry out the wishes of an irresponsible Central Government. Had a National Government been in power at the Centre then whatever the difficulties in the way of price control might have been, whatever unpopularity it might have meant the Provincial Government would have co-operated with the Central Government, for they would then have been able to say to their electorates that they were doing so not at the behest of a bureaucratic and irresponsible Government but in the national interests. Sir, this seems to me to be one of the most important reasons for the failure of the Punjab Government to co-operate with the Central Government. It shows that, like many other measures, the question of food control too is one, at any rate the question of price control is one which cannot be handled successfully by a Central Government constituted as the present Central Government is.

Sir, during the last few weeks the Honourable Mr. Sarker has expressed his views on the question of price control and the supply of food on several occasions. He has given us statistics in profusion forgetting that statistics, however reassuring, are not food, and that no amount of statistics which he may place before the public can satisfy the hunger of starving people. His statistics may be perfectly correct. But the statistical position, though it may be sound, can give no comfort to the consumer who is either unable to purchase the foodgrains that he needs or is able to purchase them only at a very high price. Sir, the Honourable Mr. Sarker, who told us in September last that the question of food supply and price control did not relate merely to urban areas but also to the rural population in areas where foodstuffs are in short supply, is reported to have said yesterday in another place that the scarcity was—

THE HONOURABLE THE PRESIDENT: Is the Honourable Member reading from a newspaper?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am not quoting from it: I am merely keeping it before me in order to make sure that I do not misrepresent him.

Sir, he said in another place that the scarcity of which they were hearing so much was confined entirely, or almost entirely, to urban areas, and that there was no famine, or at any rate no serious famine, in the rural areas. I am sure he was perfectly aware of this when he spoke at the sixth Price Control Conference in September last; but he did not take so light a view of the matter then. What he told us then was that even if the question related entirely to urban areas, it would still be one of considerable importance, one to which Government should pay all possible attention. But not satisfied with this, he tried to strengthen his case by pointing out that there were rural areas also which were suffering from insufficiency of foodgrains, and which would therefore be as acutely affected as the urban areas, the interests of which might not be supposed to be important enough to require action on the part of Government.

Sir, apart from the other statistics which have been put forward repeatedly during the last few weeks by the Honourable Mr. Sarker, he has told us that the export of foodgrains amounts to between 1 and 2 per cent., which is less than the normal

[Pandit Hirday Nath Kunzru.]

exports from the country before the war. Now, Sir, this statement is made to reassure the people that the needs of other countries are not depriving them of a more than a very small part of the food to which they are entitled. But it is necessary to consider in this connection what the normal surplus in this country is. My Honourable friend Sir Jogendra Singh, speaking at the Food Advisory Council on the 24th August last, said :—

“ The normal production of wheat ranges round 100 lakh tons, and the last harvest yielded about 100·7 lakh tons, which would more than cover our normal consumption of about 99 lakh tons, but falls short of our estimated total wartime requirements of about 104 lakh tons ”.

He was speaking there only of wheat ; Mr. Sarker referred to all foodgrains. But I suppose that the foodgrains mainly exported out of the country are wheat and rice, and consequently I shall deal with the production of wheat and its export as perhaps the most important aspect of export of foodgrains. Now, Sir, the Honourable Sir Jogendra Singh's statement makes two things clear. One is that even in normal times the country cannot afford to export much ; it can export only about 2 per cent. of the total crop of wheat even in a year in which the harvest is good. The other fact which was made clear by the Honourable Sir Jogendra Singh is that, whatever the position might have been before the war, whatever exports might have been possible then, they were no longer possible, because the total requirements exceeded the total production of wheat. In the light of these facts, what is the use of my Honourable friend Mr. Sarker saying that the export of foodgrains at the present time was less than it was before the war and not more than 2 per cent. ?

Now, the reasons for the increased requirements of foodstuffs are well known ; they were dwelt on by the Honourable Mr. Sarker himself at the sixth Price Control Conference. There are two main factors to be considered in this connection. One is the increased requirements of the War Department,—and the other is the greater purchasing power of the people. It may be true that the shortage in some of our lean years was even greater than the shortage at the present time and amounted to as much as 14 per cent. But can that be any comfort to us at the present time ? We can well imagine what happened to our people when a shortage of as much as 14 per cent. occurred in the foodgrains of this country. There must have been a famine in certain areas and the people must have suffered considerably at that time. A good many people must even have died of starvation. For Government to say that the situation at the present time is better than it was when there was a greater shortage of foodgrains is to show their utter failure to realise the importance of the problem. If they have a genuine regard for the people, if they feel any sympathy with them, if they realise the urgency of their needs, they will never ask us to be content with the present situation because it is better than it was in the past in a famine year. The facts that I have placed before the House make two things clear. One is that whether the quantity of exports be large or small, it is affecting the food supply in the country, as according to the statement of the Honourable Sir Jogendra Singh we did not produce, at any rate in the year to which he referred, enough food for the requirements of the country. The other is that the requirements of the country are now more than they were before the war because owing to their increased purchasing power the people are in a better position at the present time to purchase their requirements. I have confined my attention to wheat, but as the prices of other foodgrains have risen in sympathy with wheat measures relating to the adequate supply of wheat will ease the situation in respect of other foodgrains also.

Sir, I have dwelt at length on these factors because I know the acute sufferings of the people in some parts of the country on account of the shortage of food. I come from a Province, Sir, which is comparatively fortunate in respect of food supplies—the United Provinces of Agra and Oudh, though even there the price not merely of wheat but of *jowar* and *bajra* has risen considerably. But other Provinces which are less fortunately circumstanced than the United Provinces, like the Bombay Presidency, are suffering in a way of which people belonging to the Punjab and the United Provinces can have no idea. I will ask any Honourable Member who wants to know what the position in Bombay is to go there for a day and to see with his own eyes the queues at the Government shops. Let him meet people of all classes and ascertain their grievances from them. The difficulties of the housewives cannot be adequately described. When a Government shop is to open at 8 A.M., queues are formed at it

from early in the morning, say, from about 5 A.M., or even earlier. The Bombay newspapers have, I suppose, given Government some idea of the sufferings of the people of that Presidency where there is a deficit, not merely of wheat and rice, but even of *jowar* and *bajra*. A situation like this calls urgently for an effective remedy. The remedy must be adequate and must be immediately applied. The first condition of success in the application of any remedies that might be suggested is that a uniform policy should be followed throughout the country. But there is no uniformity in the policies followed at present by the Central and the Provincial Governments. The Central Government have decontrolled wheat but some of the Provincial Governments have not. The Governments of Sind, the United Provinces and Bihar have announced that their policies would continue unchanged, notwithstanding the de-controlling of wheat by the Central Government. The Central Government will purchase its foodgrains, I suppose, not merely in the Punjab but also in other Provinces, for instance, in Sind and the United Provinces. How do they propose to get the supplies they will need if, when maintaining price control, they were unable to purchase sufficient supplies? How are they going to obtain supplies in those Provinces where price control has been retained? If it was possible, while maintaining price control, to get these supplies, why was it abandoned by the Central Government? If it was abandoned only because it was not possible to get adequate supplies, why are the Provincial Governments retaining price control? This is an important point on which I should like to get information from my Honourable friend Mr. Holdsworth.

Again, Sir, I should like to point out that the Sind Government have said that although they would keep prices down in their own Province, they would sell wheat to the Central Government only at the price at which they are able to purchase it from Sind's neighbours. If this information which was published in the papers a few days ago is correct, I should like to know whether the policy that is to be adopted by the Sind Government is one which has the approval of the Central Government or is one that ought to be followed in the interests of the country at large. The Honourable Mr. Sarker has repeatedly told us that the whole country ought to be treated as one economic unit and that unless this is done no solution could be found for the problem of obtaining and distributing food. How are the Central Government going to succeed if the Governments of surplus provinces not merely follow a policy of their own but regard the deficit areas practically as not belonging to the country to which they do?

Another question, which is related to the one which I have already dealt with, relates to the inter-district movement of foodgrains. The Bihar Government has announced that it will control the movement of certain foodstuffs from one district to another. But this, I think, is an even more serious problem than the problem of inter-provincial movement, and if this kind of check is maintained, is not a further complication introduced militating against the success of the policy which the Central Government are trying to pursue? Sir, it seems to me that the Central Government, in spite of the policy which it has announced of the creation of a central food purchasing agency and the arrangements it has made for the distribution of foodgrains, is not likely to meet with success unless it has the full co-operation of the Provincial Governments and this co-operation, I regret to say, has not yet been received.

Another factor to which Government ought to pay attention is that of transport. They are undoubtedly aware of the statement made by the War Transport Member the other day that high priority was being given to foodstuffs by the Railways. But, Sir, I can point out cases in which sufficient transport has not been provided for the conveyance of foodstuffs. High priority by itself is not enough unless there is a sufficiency of transport. Now, in my own Province we are concerned with three railway systems, the E.I.R., the G.I.P.R. and the B.,B.&C.I.R. On the E. I. R. a larger quota of wagons is being provided for foodstuffs than, I understand, on the B.,B.& C.I.R. and the G.I.P.R. Owing to this while foodstuffs may be easily moved from Saharanpur to Agra, if they are to be sent from Agra to Dholpur or Gwalior or Jhansi, sufficient transport will not be available for it. There are such bottle-necks in various parts of the country from which food cannot be moved easily. If Government desire that they should supply the deficit areas with enough food,

[Pandit Hirday Nath Kunzru.]

then as part of the co-ordinated policy which I have recommended they should look further into this question of transport than they have done up to the present time.

There are just one or two points more which I shall refer to briefly before I sit down. Sir, we have read a great deal lately about the sins of the cultivators and consumers. They have been branded as hoarders by the Provincial Governments and at times by the spokesmen of the Central Government. That there has been hoarding in some cases I do not doubt. But considering the circumstances of the country, considering the anxiety that existed a few months ago, I ask the House to consider whether it was unreasonable on the part of the cultivators or the consumers to try to provide themselves with sufficient food for at least six months. Mr. Sarker recognises this fact in one of his speeches and yet I find that all over the country wild charges are being brought against those who are acting merely in self-defence. But apart from this, there is another factor, for which Government are responsible, which has created this difficulty. That is the constant increase in prices. The index numbers of both Bombay and Calcutta show that prices have risen considerably. Take the Calcutta index number, for instance. It has risen from 115 in 1939 to 227 in November, 1942 and I am sure that this figure of 227 was based on the wholesale prices fixed by Government. This index number has no relation to the actual prices prevailing in the market. If the actual prices were taken into consideration, the rise would be even more marked.

THE HONOURABLE MR. HOSSAIN IMAM : Is it for primary products of all ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Naturally it contains a number of things—all those things that are included in the Calcutta index number. I do not want to discuss this question at any length, because this is not the time for considering it in detail. This is not the occasion for considering it in detail. But I cannot help saying that the currency policy of the Government, I mean the expansion that has taken place in currency during the last three years, has had an inflationary effect. It has caused a tremendous rise in the prices of foodstuffs and cloth and if Government are solicitous of the interests of the consumers, if they are not content merely with supplying foodgrains at prohibitive prices, it is necessary that they should take their policy in this connection seriously into account. Unless they relate their currency policy to other vital considerations affecting the welfare and economy of the country, I am afraid that the question of food supply and its distribution will in future become even more difficult of solution than it is at the present time. This inflation, this constant rise in prices, was another reason, as I have already said, why cultivators, at any rate those who had a large surplus, were unwilling to part with all of it at once and why consumers were anxious to obtain their food supplies as early as possible.

In conclusion, Sir, I shall refer briefly to the importance of obtaining foodgrains from abroad. The Honourable Mr. Sarker announced the other day that wheat which had been purchased from Australia would be soon available not merely for the army but also for civilian consumption. Now I do not know, Sir, whether shipping has been provided only for the wheat which we are to get in March and

1 P.M.

April and which, I understand, amounts to about 30,000 tons or whether His Majesty's Government have agreed to release sufficient shipping to supply the needs of this country throughout the coming year. If we are going to get only 30,000 tons of wheat that will not solve the problem of the country in the least. If, however, the policy of supplying enough shipping to meet the needs of the country has been accepted then the position is entirely different. The question will then only be one of getting that additional quantity of wheat which would enable Government to feed the people and prevent the price of wheat from going up. I am not unmindful, Sir, of the interests of the grower. I know the hardships that he suffered from in the past during the long years of depression. I should like him to get a good price for his crops but we cannot allow it to soar to any heights. We must pay some regard to the needs not merely of urban areas but those of labour and the rural population of the deficit areas.

Sir, these are all the suggestions that I wanted to make. I hope that my Honourable friend Mr. Holdsworth will be able to deal with all the questions that I have raised and to assure us that Government are going not merely to supply us with statistics but with adequate food for our requirements. It is necessary, Sir,

if Government desire not merely to get food but also to distribute it, to obtain the co-operation of the public. I should like to know what steps they have taken in this connection. What is the Central organisation that has been created in order to bring non-officials into touch with Government? I should further like to know whether there are any arrangements in the Provinces, from the Provincial Government down to the district authorities, for maintaining contact between Government officials and the representatives of the public. This is absolutely necessary, especially as Mr. Sarker referred at the Price Conference he held the other day to the question of rationing in urban areas. He even said that a Food Expert had been got from England in order to help in the rationing of food. Now, Sir, the rationing of food would have been desirable had Government obtained control over the supplies of food at reasonable prices but they have removed all control over the price of wheat. One may conclude from this that sufficient supplies of wheat will be obtainable in all parts of the country as they are now obtainable in the Punjab. If this happens how does the need for rationing arise? In England the situation was different from that in this country. Besides rationing has, if I may say so, partly been used in order to subsidise the consumption of food by the population. Do Government mean here too to give food subsidies? Do they want to cheapen the cost of food for the people, particularly the poor people living in urban areas? If that is not their policy I should like to know why rationing is being thought of and in particular why a Food Expert to advise on rationing has been or is being imported from England.

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

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, I rise to support the Resolution so ably moved by my Honourable friend Dr. Kunzru. I shall confine my experiences to my own Province of Bengal.

I must say at the very outset that the price control scheme of the Government has proved a total failure. Want of foresight and imagination on the part of the personnel was the first and main cause, the second was lack of rationality in the *modus operandi*, and the third was the too great anxiety and interest betrayed for every thing concerning military and semi-military to the utter neglect of the entire civil population. The civil population who have all along maintained this costly administration, both civil and military, by contributing plentifully towards all taxes, direct or indirect, would never grudge supplies for the military when they had already been committed to this war. But the over zeal of our administrators has often outrun their good sense and discretion. All sorts of favours and facilities for the buying of essential commodities in large quantities are bestowed on the Government agents euphemistically known as military contractors without any thought and consideration for civilian needs. So as soon as it goes round that purchases are to be made for the military, the natural disturbing psychological effect of an unconscionable uprise in prices overtakes the market. All and sundry with any essential commodity to dispose of begin to withhold their stocks so as eventually to have the prices soared up, because they know that if for the military their stocks will not be utilised, they will have a better chance in the otherwise depleted market. The inevitable economic law governing demand and supply then comes into play. When demand distinctly rules the situation, supply naturally becomes dearer and dearer. Big European employers of labour—big firms and establishments—big and wealthy people in imitation of the Government also have taken to buying and storing huge stocks of essential commodities. Now, it should not be forgotten that everywhere the local produce *plus* the imported produce has a certain mathematical limit. So when the military, big civil establishments and big and wealthy people, all combined to buy up and hoard all the available stocks the natural consequence is dearth and scarcity for those who do not come in that category. From one step to another the Government of my Province has gone on grossly bungling and blundering till such of our essential commodities, as rice and coal, of which the Province has plenty, being her own natural products, tended to disappear from the market for days and weeks, available only at unheard of fancy prices. Our Railways,

[Kumar Nripendra Narayan Sinha.]

most of which belong to the Indian taxpayers, instead of coming to their rescue in such a dismal situation, has rendered confusion worse confounded by their senseless treatment in booking and despatch of goods. This sort of restriction in civil transport from province to province and from place to place has spelled further disaster in the prevailing disordered situation, which could have been somewhat indirectly eased if rationing of petrol for civil needs and withdrawing of plentiful buses from public transport services had not been simultaneously affected the acuteness of the transport problem. In my opinion slackness and inefficiency in the Price Control Department everywhere has suffered hoarding and profiteering to go unchecked rather sinfully. The administration could come to no help of the hapless consumers but only looked on their helplessness with inert listlessness. In one particular I can be positive that the distressing scarcity of essential commodities that was created by the Government by their systematic bungling of their price control policy was responsible in a great measure for the untoward happenings of the recent unfortunate civil commotion movement. Shortage of essential commodities may be one of the chief reasons for the prevailing uncommon situation. But statistics are needed to convince one in that respect. But when some of our Provinces refuse export of some of their surplus commodities, matters become quite disheartening indeed. If Bengal is made to export rice to Ceylon and Indo-China, she has the right to call upon the Government of India to induce the Punjab and the United Provinces to send some of their wheat to Bengal and Bihar, some of her cereals and ghee. A considerable number of United Provinces, Punjab and Bihar labour live and earn a living in Bengal from year's end to year's end and it is for their sake, if not for any other consideration, those Provinces must be helpful to Bengal, otherwise question of retaliation will arise.

The real need of the situation is absolute contact between the price control authorities and the civil population, so that the latter's grievances may be duly removed and suggestion for betterment of the scheme may be forthcoming, in order to run the policy with proper regard to civil needs rendering the Railways and steamer services helpful to civil transport also. It is necessary that in each district and subdivision there should be a controlling board consisting of both officials and non-officials to give effect to this scheme. My next suggestion is that the State should come forward to buy up all the essential commodities everywhere and then distribute them both among military and civil population according to their respective needs, as then there would arise no complaint from any quarter with regard to excessive hoarding and profiteering.

THE HONOURABLE SIR A. P. PATRO (Nominated, Non-Official): Sir, the Honourable the mover in a very clear statement has endeavoured to convince us that a uniform policy throughout the country would enable the control of prices and also relieve the consumer from the present high prices. He has no reason to doubt, from the statements made by the Members of Government, that control of all products would be necessary and would be desirable, in view of the fact that the prices are not uniform at all. Sir, this may seem to be very simple on the face of it, but it opens up a larger question, that of the relations between the Centre and the Provinces. The Honourable the Mover has no doubt pointed out how the Punjab Government was able to ignore, at least to negative, the proposals of the Central Government to control food prices in that Province. Similar instances there are in other Provinces where interference on the part of the Centre is resented very much, if not by the Adviser-Governments, at least by the public in those Provinces. The public in those Provinces have protested against interference from the headquarters here who have no knowledge of the local conditions in the Provinces. In a Province itself, conditions differ as between one district and another. There are districts where there was scarcity owing to failure of rain, and there are other districts where there was a bumper crop. Therefore, a uniform principle of control applied to all the districts in a Province or to all the Provinces in India seems to me an impracticable proposition. In the two days' debate initiated by the Honourable Mr. Sarker, he has said that comparing the produce of the years before the war and in the previous year, the deficit of food products was only 4 per cent. and no more. This 4 per cent. is not more than what it was in the years before the war. Nor could it be said that this deficit of 4 per cent. should cause any alarm or unrest

in the country. In urban areas there is great scare and the scare is caused by several reasons which I shall explain shortly. In the distribution of foodgrains the question of transport has to be considered. The Honourable member seemed to think that the agriculturist is hoarding and is not letting out his produce. But it is not he that is hoarding, it is the *dania*, the *Marwari*, who is doing it. These profit-makers purchase from the producer and hoard it. This is one of the causes. The other cause is that the inter-transport of foodgrains from one district to another has become very difficult. It is difficult to get wagons. The Railway Member may say that he is giving priority to the carrying of foodgrains. But what happens in actual practice is different. In the districts we tried that the produce might be sent to a neighbouring district where there was scarcity, we could not find wagons to do so. Transport becomes difficult and this necessarily caused greater alarm among the people. Therefore, the question is not purely one of control of prices. How could the Central Government control prices in the Provinces and districts with regard to retail as well as wholesale prices and sales? In the urban areas persons receiving fixed incomes per month find it difficult because the prices are high, and in the non-agricultural areas the poor people suffer on account of the hoarding profiteering of foodgrains by these middlemen. The poor people who receive their supplies from the village itself are not able to get them from the big ryot or from the *sowcar* in the village. Therefore, in the rural areas, it is the poor people who are suffering, not so much on account of the food not being available, but on account of the unwillingness of these big ryots to help the poorer ryots. In Madras there is another difficulty added. Our Congress Government passed legislation discounting the credit of the agriculturist and therefore the richer people are very reluctant to lend support to the poorer agriculturists as they were doing before. Therefore, on account of these special causes that prevail in different districts, alarm is raised, not so much by the agricultural classes but by the professional classes. I do not support the Government in their procedure. The Government have thoroughly failed to be able to supply at proper prices. They have appointed some agents, some Controllers of Prices. They have appointed such officers in the districts and the taluks and they have also asked the tahsildar to be the Controller of Prices. This official interference with regard to the circulation of grain in the districts has led to secreted grain and not showing it even to the revenue authorities. So, official interference is not at all conducive to help the circulation of foodgrains unless its control is efficiently organised. Hence the control should not be there solely from the Centre but the Provincial Government should have sufficient freedom to be able to study the economic conditions that are prevailing in the rural areas and organise and arrange the necessary control of the retail prices. I do not see any difficulty at all with regard to the wholesale price. That the Government could control. But, in regard to the retail price, the difficulty is, how can control be effected unless there is response from the people themselves? We have had in our Province some price control committees appointed and they co-operate with officials and in such cases there has been some help. Otherwise, it is very difficult for the officials themselves to be able to obtain any control over retail prices. Suppose the poor man comes with his two annas or four annas for purchase of rice and the shopkeeper says, "No, I have no rice to sell". What could he do? That cannot be controlled by the officers, nor by the mandates issued from the Centre. The retail price control, which is necessary to help the rural population, is to come only from the districts and the Provinces. Uniform control, adopted by resolutions, is very good reading on paper, but this would not enable the poor man to get even a morsel of food. If you examine the question from this point of view, you will find that uniform control would not be a practical remedy. In order to help the people the Railway Administration must make it a point to release wagons for the purpose of carrying food. The Railway Member has passed the order that priority should be given for carrying food. But we know that there are numerous complaints that on account of demand elsewhere the railway authorities are not able to supply sufficient wagons to carry food from one district to another or from one province to another. Another fundamental fact which has to be remembered in this connection is that India in the matter of rice was never self-supporting. We were indenting on Burma, on Siam. About 140 million tons of rice were imported every

[Sir A. P. Patro.]

year from Burma and about 40,000 to 50,000 tons from Siam. All this used to be absorbed in India. Now, these two sources of supply are cut off and hence there is shortage in addition to the general shortage of 4 per cent. in 1943. These causes are there. But the question is, what is the Government to do in the matter? The Government ought to control hoarding. It is from the middleman that the real difficulty arises and they must control the middleman and not the wholesale producer. A cultivator who produces keeps what is necessary for him and throws the balance into the market and he is quite satisfied with the price that he gets for it. But it is the middleman who purchases from him that causes the difficulty. The Madras Government in one case discovered that there were hundreds of bags of rice available, but the man would not sell it. He was keeping it in order to get still higher prices. People suffer on account of the hoarding by the middleman and the avarice of the retail seller. The retail seller would not sell for fear there would be control, for fear that he would be punished, and the poor man not being able to get food feels it very much. In the urban areas there is difficulty because people get fixed salaries and when the price rises they are not in a position to meet the increased cost. Transport difficulty must be got over. If retail control by the Provinces and by the district authorities and taluk authorities is to be organised in a proper manner, there should be co-operation with non-official agency in the matter of discovering sources where foodgrains are secreted, and if this is done much of the difficulty would disappear. To me therefore a uniform application of the principle is not at all a sound remedy. It has been said that the requirements of the people are more now because they have money. I do not think that that is a very serious argument. Has the purchasing power of the people increased? He will not spend more than what he was doing in the previous years in the matter of food. On the other hand, considering the present time, he would be more careful to save as much as possible of the money for future years. Hence it is not right to say that because people are able to buy more food, therefore they should be provided for. The question is whether the ordinary necessities of life of the householder are met or not. We must remember that we are living in very hard times. In other countries we find that the economic distress is so great that the sacrifice is appalling. Even in Great Britain people are suffering for want of proper food, both in the matter of quality and quantity. In America also people are in the same condition. The other day I had a talk with one of the Chinese representatives. He was telling me that in Chungking people could not get sufficient bread. Therefore this scarcity of food is not peculiar only to India; it is common to all countries which are affected by the war and which are in the war. War conditions necessarily make us more economical and to make more sacrifices. We were getting on very well even in years when there was a larger deficit in the matter of foodgrains. In 1942-43 there are no famine conditions at all, nor is there any scarcity prevailing except in some districts to which food must be transported. Relief should be given to people in those districts. To me therefore it is not a practical proposition that the Central Government should control all the Provinces with a uniform rate of price. Discretion and judgment should be left to the Provincial Governments and to the district authorities to adjust prices of food, so that hoarding and secret- ing of foodgrains may be discounted as much as possible; the authorities on the spot are better able to judge than the authorities in Delhi and therefore to me co-ordination is not practicable in the circumstances in which we are at present.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) : Mr. President, the decision to de-control wheat is somewhat unexpected especially in view of the recent speech of His Excellency the Governor General at the annual meeting of the Associated Chambers of Commerce at Calcutta, for the general feeling of the public was that Government would strengthen its price control policy. It had also been felt that Government would further raise the price of wheat in order to meet an anomalous situation whereby the price of certain pulses like gram, for instance, was higher than the price of wheat. The primary idea of the Government of India in the adoption of this policy is to make hoarders disgorge their stocks and let the price of wheat attain its own level. A restraining influence on the supplies at these surplus Provinces is the rumour that Government's de-control policy is a

prelude to their seizing the stocks at less than the market prices, once sufficient quantity starts coming in. I only hope that Government will give an assurance that they will not play fast and loose with these markets. Thanks to the sustained and strenuous efforts of the Commerce Member the United Nations have now taken upon themselves the responsibility of providing shipping space for the export of wheat from Australia. Care should now be taken to see that the needs of the Defence Department do not clash with civilian needs in respect of this particular commodity.

The intention of the Government of India now is, Sir, to set up Purchasing Agencies in the surplus Provinces and in such of the Indian States as are willing to co-operate. It remains to be seen what these Provinces and the Indian States will do. The Commerce Member is plainly not for coercion to enforce uniformity in the matter of price control but he wants to leave it to the good sense of the Provinces and the Indian States. I am afraid this will again mean conflicting interests between the Centre and the Provinces and the Indian States.

In the consuming Provinces it is reasonable to suggest that in fixing the revised wholesale and retail price of wheat account will be taken of the price that Government have to pay for the Australian wheat and the internal price should be fixed in parity to the same. If there is any initial loss suffered by Government on account of their paying a higher purchasing price in the Punjab they should make it good.

But the crux of the whole problem of difficulties with regard to all the foodstuffs lies in the fact that there is no co-ordination of policy between the Centre and the several Provinces. Every Province, every unit, follows its own line of policy and that is the cause of this chaos from which the consumer is suffering. I repeat again, Sir, it is this halting, half-hearted and un-co-ordinated policy of Government between its several units with respect to all foodstuffs which is the cause of the debacle in the food situation of this country. I support the Resolution and I hope, Sir, the Honourable the Government Member in charge of the Department will accept this very essential and modest Resolution.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : The other House has been allotted two days especially to consider the food situation (*Hear, hear*) but the elder House is as usual forgotten by the Government, and treated in the way in which perhaps it deserves to be treated because of its habitual support for the Government.

My personal concern, Sir, with this Resolution is that I wish to see that want and misery is removed. It matters not who deals with it, or how they deal with it or what they do. It is immaterial. The *desiderata* is that there should be less misery and less discontent because we are concerned with a thing which is essential for the maintenance of life—foodgrains. I have to see whether the Government has taken ordinary precautions which are expected from a civilised Government or has it failed in that respect.

Firstly, Sir, I find that there is a great difference between what one Honourable Member says and what the other Honourable Members may have to say on the same subject. We had an example the other day in the Assembly when figures for production of paper were quoted at variance with each other by the Honourable the Labour Member and the Member for Commerce. On this subject, which we are dealing with now—foodstuffs—too there seems to be a great deal of difference between what Sir Jogendra Singh, the Member for Agriculture, says and what the Food *cum* Commerce Member, Mr. Sarker, says. Today's papers say, Sir, that the food shortage is not of an alarming character and under that the figure is given of 2 million tons as being necessary during 1943. I have read the news item, Sir, but it does not say whether it deals with all the foodstuffs or with any particular foodstuff. Now if 2 million represents 4 per cent. of the requirements an ordinary accountant will tell you that we consume 50 million tons in a year. 50 million divided by 365 days and 40 crores of people gives an absurd return of Rs. 30 weight of foodgrains for each individual each day. These are the statistics which are placed before us—less than six chittaks per person per day. Is that the total consumption of India? What is the good of juggling with figures? Let us have plain, simple truth without its being twisted into special shapes in order to assure us and to calm us and to tell us that there is nothing wrong. There is a great deal of discontent in the country and that discontent has been brought about by the inaction of the Government.

[Mr. Hossain Imam.]

The Government has signally failed as it always fails because of its grotesque character and its seclusion from the public, its remaining in *purdah* from those who live in the countryside. It is a Government which may be suited for peacetime but is very ill-suited for the stress of the war. It is especially unable to cope with the situation which rises up due to the fact that you have to deal with big monied interests. The capitalists are everywhere, Sir. Our old friend Sir Jogendra Singh is very keen for agriculturists and rightly so. Once in this House he questioned whether it was proper that there should be price limits where agricultural producer is concerned. Let me remind him and the House that there is all the world of difference between the prices charged from the consumer and the part that trickles down to the poor cultivator. There are so many intermediaries. If you want to find out what is the condition I would invite the attention of the House to the publications issued by the Department of the Honourable Sir Jogendra Singh, the Department of Agricultural Marketing, which will tell you in so many words for each and every commodity what is the proportion which reaches the actual cultivator and how much is taken up by the middlemen.

The world is now in the midst of a war, a totalitarian war, a war in which the national resources are controlled and utilised to the best purposes, not only in Nazi Germany, not only in Bolshevik Russia but even in that citadel of democracy, the U.S.A. There also you will find that there are farm boards, O. P. A. and other institutions of the Government which have taken complete control of production and its distribution. It is only this inefficient and unimaginative Government which tries to muddle through and leaves everything to find its own level and interferes on occasions when such interference is most ill-suited and most ineffectual. Let me cite to you the one instance with which this Resolution started to deal—the de-controlling of wheat. It was the greatest—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Blunder ?

THE HONOURABLE MR. HOSSAIN IMAM : Not blunder. I am almost tempted to say that it was cheating. It placed those who wanted to serve the country in a position of disadvantage. Those who did not hoard, those who brought their goods to the market, were given a smaller price. You place a premium on hoarding. You give very high prices to those who corner. You play into the hands of those who want to dictate to you. And yet you want to be regarded as an efficient Government ! How many statements had you made that you would not budge an inch from what you had decided in the way of fixing a price ? Last year we heard in this Chamber itself that the price of wheat was raised by a small margin and that this price would be maintained at least till the second harvest came in. It is folly for the Government to say that they cannot do anything. They cannot do anything because they are not efficient, because they are not imaginative enough to exert themselves. They will not allow anybody even to advise them, because they think that they are the wisest of all. Look at this fact. We are dealing with the subject of food, and the anomaly of it is that the Member who produces food—I mean the Member in charge of Agriculture—has nothing to do with it. The Head of the Commerce Department, that is, the Department dealing with those who do not manufacture and do not consume but who only trade in food—the Head of that Department deals with the subject of food. Why should there be this sort of un-co-ordination within the Government itself ? The right method of dealing with this question was to entrust this subject neither to the Commerce Member nor to the Member for Agriculture, but to a separate Member. Food is a subject which wants all one man's attention. I am not making any remarks about any one's personal abilities. I am not bringing in personalities. I am only stressing the importance of the subject. In other cabinets of the British Empire they have a separate Food Minister. But in this country economy comes in, and politics comes in, when it is a question of doing the right thing by the people.

Mfy I say, Sir, that there can be no two opinions on this subject of there not being a concerted plan and organised handling of the food situation ? Look at the way in which Government pick and choose one commodity and another for control. Then they are browbeaten and made to give up that commodity, and they are paying blackmail to hoarders. What confidence can a Government of that nature command ? They have placed a premium on hoarding, and dealers in all commodities

will take their cue from their action as regards wheat, and they will try to corner and hoard the commodities and keep them underground until Government give up control.

Let me tell you this. The magnitude of India, its vast population, its vast size,—all these are its weakness as well as its strength. Only if there is a proper handling of the situation from the bottom right to the top can food control succeed. But if you intervene in between, if you say, "Do not touch the growers; do not touch the carriers; do not touch this man; do not touch that man;"; if you come in and catch hold of one person or one retailer or one wholesaler here and there that will only aggravate the trouble. You will never cure it that way. It is only a Government as benighted as the Government of India which could have taken such a long time to realise that the food situation has to be handled with care and with imagination and with thought. I have heard a very bitter complaint against the Government of India. I cannot vouch for its correctness, but I heard it from a reliable source that the Bengal Government wanted to reduce the acreage under jute and to grow more rice on the land thus released. We know, Sir, how acute the rice situation is in Bengal. But it was the Government of India which intervened and pressed Bengal to grow more jute, with the result that they are having to pay famine prices for rice. In Calcutta coarse *mota* rice is selling at Rs. 13 a maund. If you have no imagination, why tackle the subject at all? Why cannot you leave it to others to tackle it? If you do wish to tackle it, for God's sake tackle it as it should be tackled. If you do not know how to tackle it, call the representatives of the people; call the trade; call the representatives of consumers. Call these people and discuss the matter with them. You hold conferences. At these conferences big speeches are made by one or two or three Government representatives and by one or two people coming from outside. They sit here; they talk; and they disperse. Work is not done by such methods. You should have sub-committees. You should deal with the matter in a businesslike manner—in the way in which commercial people deal with it.

THE HONOURABLE THE PRESIDENT: The Honourable Member's time is up.

THE HONOURABLE MR. HOSSAIN IMAM: I am concluding, Sir.

Therefore, Sir, I appeal to the Government not to tinker with the problem. Tinkering with this subject will not do. You do not cure the trouble merely by creating a Food Department in the Secretariat. Even the provincial officials are complaining of the un-co-ordination in the Government of India. The public are complaining. The trade is complaining. The officials are complaining. I do not know whom the Food Department has pleased. There cannot be a worse example of mishandling—or rather of want of handling of the situation. Of course I must not give discredit to a department which was created only two or three months back. But the very fact that it took the Government three years and more to feel the necessity of having a Food Ministry speaks volumes about the incompetence of the present Government.

Sir, in conclusion, I request Government to consider the whole situation dispassionately and non-politically and deal with it as it deserves to be dealt with.

THE HONOURABLE SIR JOGENDRA SINGH (Education, Health and Lands Member): Sir, I had no intention to take part in this debate, but questions have been raised which from my side require a clarification.

One thing is clear, and it is that the policy of control is a means to an end and not an end itself. That end is to secure food and make it available in all the Provinces of India. If control succeeds in doing this, then it may be said to fulfil its purpose. I should like to bring it to the notice of the House that as the digestive system works subconsciously and serves all the needs of the body, so the normal trade functions and carries production to where it is needed without any outer expression. Members of this House should consider which is the best method, the normal method which functions without any disturbance or whether it is advantageous to disturb the normal organisation. I am merely putting this point of view before the House—to consider which is the best way of meeting the end in view. The end is only this, that food should be available in all the Provinces in the villages as well as the towns.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: At reasonable prices.

THE HONOURABLE SIR JOGENDRA SINGH : I come to the question of price^s and I think the Honourable Pandit Kunzru will be ready to consider the price problem from the purely scientific point of view. What is price? Price measures in money in relation to money available in a country—the money value of all kind of goods. Price is therefore not a permanent fixture. Price changes with the decrease or increase in the volume of money in circulation. The increase in price in India is not a singular phenomena. Prices have advanced in all the countries of the world. Prices have advanced in England—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Not so much as India.

THE HONOURABLE SIR JOGENDRA SINGH : I would refer the Honourable Member to the League of Nations index figures. If he looks at them he will find that the prices have increased substantially. He will also find that agriculture in England is subsidised. He can then strike a balance and see whether the price level in India has shot up beyond the boundaries of natural price structure.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I referred to the food subsidies myself.

THE HONOURABLE SIR JOGENDRA SINGH : I am merely bringing this to your notice that price is subject to many factors which are not within control. Price must move up and down in response to demand and available supply, on account of increased circulation in money, on account of increased costs of production, on account of increased freight charges. If you take all these into account then you could see whether the increase in the price has been unusually high. All these factors should be taken into account. May I repeat again. Production and demand, volume of money in circulation, the cost of production, freight charges, the cost of distribution, and so on, should all be taken into account. As these are not stationary, the price cannot remain stationary. As these change the price changes. It is not possible to maintain a price when the factors on which the price structure is built are in a state of flux. I should like to bring before the House another factor—the production factor. We must not forget that the most effective way of controlling price is to increase production. If the commodities are available in a larger measure than are required, the price must go down. It must rise with scarcity. You might also examine how scarcity is created these days. A good deal has been said about hoarding. If each Province and State are allowed to control its foodstuffs and refuse to allow the other Provinces to take their surplus, it would be right to say that the consumers and producers are hoarding because the Provinces and the States are hoarding. There is no movement of food from one Province to another. We must discover the factor which promotes hoarding. If there were no hoarding and food were flowing from one Province to another freely, it is quite possible that the prices would become normal, adjust itself to the present existing conditions. A good deal has been said regarding the lifting of the ban on the prices of wheat. Remember that with the lifting of the ban the black market in the Punjab has disappeared. I wonder if my Honourable friends were satisfied when price was controlled, but it was the black market price which prevailed. It was much higher than the controlled price. When the ban was removed the price shot up, but as the supplies are now flowing into the market, the price is slowly going down, and if there were more supplies available, I have no doubt the price will take a further turn downward. What I want to point out is there are two or three things to consider in relation to the food problem. We must study the psychology of the producer. If the producer is satisfied, you may depend on it that the production will increase and if there is increased production available in the markets, you may depend on it that the price will not shoot up, but go down. When you talk about prices, you must take all the factors on which the price structure is built up into consideration, you cannot neglect the fact that if the producer's cost of production is increased, it cannot fail to effect the prices. The third factor is the problem of movement of foodgrains from one Province to another. It is problematic, as Sir A. P. Patro pointed out, whether it is possible for the Centre to establish control over all the surplus food in the surplus Provinces and carry and distribute it in the deficit Provinces, or whether the more natural course is that the trade should function as it functioned before the war began. There is something to be

learnt from the last war. Perhaps those who are old enough to know will agree that in the last war there was no scarcity of food, and for the duration of the war the prices did not rise unusually, the trade continued to function. In this war we have been following the West and what is good in the West is not good in the East. We have tried to control and distribute as they are doing in other countries. The result is that we have not been able to do what is necessary to procure and distribute food efficiently. This problem needs careful consideration from all of us. It is not a problem which can be dealt with in an academic manner. All the factors should be fully considered and one of the greatest factors which would operate is to give an incentive to increased production. If the producers are satisfied, they will put forth all their energies and produce more food, and if more food flows into the market, the prices will go down. In the matter of prices, please do not forget that if there is more money in circulation and yard stick of money is changing, it is not possible for any one to stabilise prices at the level when a different yard stick was available.

I am glad that the food problem is now getting the attention of this House and of the other House also. I am hoping that this vital problem will be considered with greater earnestness and greater knowledge. With the prosperity of the rural areas, there will be no scarcity either in the towns or in the villages. But if there is a scarcity in the villages there is silence in the towns also.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Mr. President, Sir, I rise to say a few words, as a landlord, about the Resolution moved by my Honourable friend Pandit Kunzru.

I am not in a position to vouch whether the present rise in the prices of wheat is due to the removal of the control over the price of wheat or due to the unscrupulous and malicious hoarding. But of one thing I am absolutely certain that the rise in the prices has definitely hit hard the poor. The price of *ata* yesterday was less than three seers per rupee. The plight of the people whose monthly income ranges from Rs. 15 to Rs. 20 per mensem, whether they may be menial servants, labourers or masses, with large family, is deplorable and hard. I honestly cannot be convinced how do they exist.

I would like to bring to the notice of the Government the famine condition that exists in the country without any famine. It is high time that the Government should take immediate steps to remedy this state of affairs, the consequences of which may be too grave and disastrous, as the Urdu proverb goes:—

“Bhooka marta, kiya na karta”.

In this connection I would like to put forward a suggestion, which might go a long way to ease the situation, that the Government should buy all the wheat from the hoarders by virtue of the Defence of India Rules, allowing a profit of, say, 6 per cent.; and then sell it to the public at a nominal profit; and the surplus could be used by the Government for army purposes. If this suggestion is adopted everyone will be fed, the zamindar will make a reasonably good profit and the public will not be hard pressed. This system was adopted by certain Indian States and proved very successful.

It is generally believed that the zamindars are profiteering and they are responsible for these abnormal prices but nothing can be more far from the truth. It is the middleman who is profiteering. Even if by any stretch of imagination it may be taken that the zamindar does, I, as a zamindar, would appeal to their good sense to forego that profit for humanity at large.

THE HONOURABLE MR. B. G. HOLDSWORTH (Food Secretary): (Mr. President, Sir, I trust the House will extend to me the courtesy that is usually extended in the case of a maiden speech. When I saw the terms of the Resolution to which I have to speak this afternoon, I felt that the task before this particular maiden was not likely to be very difficult. I may say at the outset that as the Resolution stands, the Government of India are perfectly prepared to accept it. We believe that a co-ordinated policy has much more chance of solving the food problem in India than un-co-ordinated attempts by various administrations. Unfortunately, however, the Resolution as moved was not quite as innocuous as it appeared on the paper and instead of finding myself faced with the simple task of stating that I accepted the Resolution I find that I have been put through a very stiff examination on all points connected with the activities of the Government not only of India but of the various Provinces in connection with food during the past

[Mr. B. G. Holdsworth.]

two or three years. I am afraid it is quite impossible in the time before me to attempt to answer the voluminous question paper which was put before me by the Honourable mover of this Resolution. I should, however, like to reply as far as possible to some of the more important points which he took. I must submit at the outset that because the Government of India have stated that the production position is not as serious as might be supposed that that does not mean that the Government of India thereby is treating the subject lightly; because we state that the volume of exports is not as great as it is sometimes popularly imagined it must not be supposed that we are not aware of the difficulty of maintaining exports when the supplies in the country are proving difficult. It is surely not to be said that the physician who attempts to diagnose the disease correctly is taking things lightly if he assures the patient that he is not suffering from various possible ills. If we are to do anything with the problem of food supplies in this country, it is essential that we should first of all obtain a correct diagnosis of the causes of our troubles and if we say that the cause is not serious under-production, if we say that the cause is not excessive exports, it does not mean that we are treating the case lightly or proposing lightly to continue to export the grains in this country far and wide. I may say that the exports from India have always been correlated with the situation in the country and that in recent months the volume of these exports has been very considerably reduced. When we attempted to diagnose the causes of the present troubles, we came to the conclusion—and I think from something that the Honourable the Mover said in his speech this morning that he will agree with that conclusion—we came to the conclusion that the root cause was lack of confidence. There were many reasons for such a lack of confidence. The year 1942 was a year of alarms. In the first place, the occupation of Burma upset our general idea that we were far removed from the war. It also interfered with the very substantial quantity of imports which we had hitherto enjoyed from that country. There were also rumours and fears, and people, institutions and even Governments began to take a very cautious line and to lay by for a rainy day. There was shortage on the markets and once you get a shortage on the markets the panic spreads. Nobody will release anything and everybody holds on to what he can obtain. It was with a view to restoring confidence, the confidence of the producer and the confidence of the trader, that the Government of India recently decided to remove the statutory maximum price for wheat. It was not because of the blandishments or the superior staying power of the Punjab Government; it was because the situation was acute. There was a definite shortage of wheat in the markets and wheat was no longer flowing in at the speed with which it normally did. The reason was well-known. While there was no wheat in the *mandis* there was wheat in every village. Controls had dammed the stream and it was essential to re-open that stream. For that reason the control had to go. It was realised that the removal of the control would mean that the price of wheat would shoot upwards. It did shoot upwards, but I am glad to say that the purchasing agents for the Government of India operating in the Punjab have during the past ten days managed to purchase some 60,000 odd tons of wheat, whereas during the six weeks immediately preceding they had only been able to purchase 8,000 tons. Not only have we now got supplies for the deficit areas of this country but I am glad to say that the price of wheat has fallen quite considerably in the process from the point to which it first attained.

It is quite easy to pass orders imposing statutory maximum prices. It is fairly simple to enforce those prices, but it is extremely difficult to ensure that while you are doing so the markets will remain stocked with grain. The experience of every administration not only in this country, not only in the East but also in Europe is that an effective enforcement of maximum prices is possible only where the Government has an almost complete control of supplies. Gentlemen, as soon as the Government of India is in a position to exercise complete control over the supplies of this country I guarantee that we shall be able to enforce maximum prices but until that day comes—and it is a day that will not come tomorrow—to obtain complete control of supplies in a vast country like India is no simple matter. It will require an enormous horde of officials. It would be impossible to obtain the necessary staff and to train them in a short space of time and therefore the Government of India decided that they would start with a less ambitious plan and their intentions

now are to exercise a limited control over supplies. We propose by means of agencies purchasing on behalf of the Government, working under the direct control and supervision of the Provincial Governments but on lines laid down by the Centre, to effect the maximum possible purchases in the ordinary commercial way not only in surplus Provinces but in deficit Provinces also, not with a view to exporting from the deficit Provinces of course but in order that the Governments of the deficit Provinces may have under their control the greatest possible quantity of the produce of those Provinces. We shall then be able to go to the surplus Provinces and say, "These Provinces which stand in need of your assistance have done all they possibly can to find their own supplies and you can now come forward to help them without any misgiving that you may be doing something which they have not cared to do for themselves". There will be purchases made in all the Provinces of this country and we hope that the Indian States will also join in the scheme and in that case similar purchases will be made in the States also. From the surplus Provinces we propose to export to the deficit Provinces in accordance with their requirements. All supplies so purchased will be consigned to the address of a Government officer or a nominee of the receiving Government. In that way we hope that the grain will not stray into the black market, for it is contemplated that although we have removed maximum prices in the primary wholesale market there will be a control over retail prices based on the actual cost of procurement in the primary wholesale market. I do not think that I can go into more detail of this scheme without trespassing on the time of the House but I should like to assure the Honourable the mover of this Resolution that there has been a very completely worked-out scheme placed before all the Provinces of India. This scheme will serve as the basis for a discussion in the course of this month between the representatives of the Provinces and the representatives of the Government of India at which discussion it is hoped that the scheme will be finalised and thereafter immediately put into execution. I may say that practically all the Provinces have accepted in principle the scheme which I have just outlined.

The Honourable the Mover in his speech this morning referred to certain instances in which some of the Provinces had as yet failed to follow the lead of the Government of India in respect of the de-control of wheat prices. I share his regret that the policy has not been uniformly followed, but, Sir, I have considerable hope that before very long we shall find that all the administrations will be pursuing a similar course. I agree that there must be Provincial differences; I agree that you cannot apply the complete system in all its details identically in every Province but the opinion of the Government of India is that if the principles are uniform there is more chance of solving this problem than if each Province goes entirely on its own way. I should like to assure the Honourable the Mover of this Motion that despite appearances many of the Provinces are already extending most active co-operation to the Government of India in its efforts to meet the food difficulties. He painted a gloomy picture of the situation in Bombay. I realise that not so long ago the picture which he painted represented the facts but I am informed that the situation is now much improved. In the last few weeks the Government of India have arranged for no less than 80,000 tons of foodgrains to be imported into Bombay. I do not suggest that that solves the problem of Bombay for the rest of the war, but it certainly does relieve the immediate difficulties.

In his speech this morning, the Honourable the mover asked if we were to receive only 30,000 tons of wheat from Australia in the months of March and April. I regret that I cannot at present say what the final quantity is that we shall receive from Australia. I can, however, assure the Honourable the mover that the figure which he has quoted is a long way short of what is already assured to us, and that if he had multiplied that figure several times he would have been nearer the mark than he was with the figure he quoted. I may add that the supplies which have so far been arranged are not necessarily the last word in the matter. Some of this wheat is already landed in India, and we hope that in the course of this month there will be still further shipments.

A reference was made to the intention of the Government of India to bring an export out from Great Britain. This expert is not, as is sometimes said, a rationing expert. The officer in question is a wheat expert who has had considerable experience of the operations connected with the State control of grains in Great Britain. It is,

[Mr. B. G. Holdsworth.]

Sir, generally conceded that His Majesty's Government have been successful in controlling prices and supplies. The Government of India thought it advisable, therefore, to obtain the assistance and advice of an officer who had considerable experience of State control of grain purchase and distribution, in the hope that he might assist them in developing their own plans along those lines. It is true that rationing is being talked of in some quarters. It is correct that the Government of India have advised Provincial Governments to make preliminary plans so that if necessary they may introduce a rationing system. But that is not in any way inconsistent with the position which we take, that the supplies in this country are adequate provided that we can get them on the market. It is merely a reasonable precaution that we should be prepared for even more difficult times.

In conclusion, Sir, the Honourable the mover urged that Government should arrange for liaison between itself and the public. I willingly accept that suggestion. Arrangements already exist in many places for the consideration of local problems by committees containing a number of non-officials—representatives of the trade and others. But I accept the suggestion all the more willingly because we are convinced that the only way that the problem can be solved is by the co-operation of Government and every individual citizen of this country. There is no other way in which the situation can be eased. If every one will do his best, if the producers will throw their produce into the common pool, if the consumers will refrain from laying up more than is necessary, and if everybody will set himself to oppose a defeatist and panicky attitude, this problem will be solved within a very short space of time.

Sir, as I said at the commencement of my remarks, the Government of India are prepared to accept the Resolution.

THE HONOURABLE THE PRESIDENT: Would the Honourable the mover of the Resolution like to reply after the debate on the Adjournment Motion, or would he like me to postpone the debate to the next non-official day?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I would propose that the debate should be postponed, if my Honourable friend Mr. Sapru could have a chance of moving his Resolution.

THE HONOURABLE THE PRESIDENT: He will have a chance. But the strain on the Council has been great. So I will give Members 10 or 15 minutes, and I will begin the Adjournment Motion at a quarter past four and conclude it at a quarter past six. But what about the Resolution that is under discussion now? Does he propose that it should be postponed to the next non-official day?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I shall be glad to see the debate postponed to the next non-official day. But I hope my Honourable friend Mr. Sapru will be allowed to move his Resolution.

THE HONOURABLE THE PRESIDENT: There cannot be any debate on that Resolution, of course, because the Adjournment Motion will conclude at a quarter past six. Personally I do not mind sitting till eight o'clock, but, as I said, the strain on the Council has been great.

THE HONOURABLE MR. P. N. SAPRU: I wanted to move my Resolution and reserve my speech for the next non-official day.

THE HONOURABLE THE PRESIDENT: I have no objection.

The position is that the debate on the Resolution of the Honourable Pandit Kunzru stands adjourned to the next non-official day. The Honourable Mr. Sapru may move his Resolution now.

RESOLUTION *RE* ORDINANCES PROMULGATED SINCE THE OUTBREAK OF WAR.

THE HONOURABLE MR. P. N. SAPRU: Sir, I move the following Resolution:—
“This Council recommends to the Governor General in Council to appoint a committee, with adequate representation of judges and lawyers, to review the scope of the Ordinances promulgated by the Governor General since the commencement of the war and their effect on the powers of the High Courts as criminal courts of appeal”.

THE HONOURABLE THE PRESIDENT: The Honourable Member can proceed with his arguments on the next non-official day.

The Council will adjourn till a Quarter Past Four, when the Adjournment Motion of the Honourable Mr. Sapru will be taken up.

The Council re-assembled at a Quarter Past Four of the Clock, the Honourable, the President in the Chair.

MOTION FOR ADJOURNMENT *RE* RESTRICTIONS IMPOSED ON THE *HINDUSTAN TIMES*.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, I beg to move:—

The adjournment of the House to discuss a matter of urgent public importance, *viz.*, the order of the Chief Commissioner of Delhi, dated February 12th, imposing fresh restrictions on the *Hindustan Times* on the publication and display of news, comments, etc., on Mahatma Gandhi's fast.

Sir, as the House knows, the news that Mahatma Gandhi had undertaken a fast was published in the Indian papers on the 11th of February. The *Hindustan Times*, along with other Indian papers, published that news. That news was, to Indians at all events, of over-shadowing importance. Naturally the headlines were—I would not say of a sensational character, because there cannot be anything sensational in a sacred matter, but were of a character that would draw the attention of the public. The *Hindustan Times* had these headlines in its issue of the 11th February: "Mahatma Gandhi begins three 'weeks' fast". Comparing them with the headlines published in the other Indian newspapers I do not find that the *Hindustan Times* was particularly guilty of bold headlines. For example, I find that there is another paper published here in Delhi called the *National Call*. I have great regard for that paper. The editor of that paper is a personal friend of mine and I should not like to say anything against the *National Call*. But I am just drawing the attention of the House to the fact that the *National Call* too had bold headlines, but it was not served with an order such as was considered desirable in the case of the *Hindustan Times*. I just mention this to show that there might have been some other motive than that of the preservation of public order in the step that Government took. These are the headlines of the *National Call*: "Gandhi-Viceroy correspondence. Satyagraha knows no defeat. Jail a way to spread message". Speaking quite frankly, this is, if I may say so, even a more sensational way of displaying the news than the one which was adopted by the *Hindustan Times*. Then it goes on: "'My fast an appeal to highest tribunal', says Mahatmaji." So far as I know, no order of the character which has been served on the *Hindustan Times* has been served on the *National Call* or any other daily newspaper except a paper called *Hindi Swarajya* which is believed to be a subsidised paper of the British Government. Sir, I have got the newspapers of other Provinces also. I have the *Tribune* and the *Free Press Journal* before me and I may say that the news was displayed in bold headlines by these papers also. What was, therefore, the particular offence which the editor of the *Hindustan Times* committed?

Sir, the order of the Chief Commissioner makes interesting reading. First of all it says:—

"All news, comments, reports of speeches, statements, pictures, photographs and other matter relating directly or indirectly to the fast on which Mr. M. K. Gandhi has lately entered, other than matter given to the Press by or on behalf of the Government of India or any Provincial Government, shall before being published in the said *Hindustan Times* newspaper be submitted for scrutiny to Lala Savitri Prasad, Assistant Press Adviser, Delhi, or other officer appointed by the Chief Commissioner for the purpose".

The only two agencies recognised by Government are the United Press and the Associated Press. They are responsible agencies and the news that could be published could only have been gathered from these agencies. Where was the necessity of serving an order that news shall be scrutinised by the Press Adviser before it shall be allowed to see the light of day? The second clause of the order says:—

"prohibiting the printing or publishing in the said *Hindustan Times* newspaper of any matter of the nature described in clause (i) above unless it has been submitted for scrutiny as required by that clause and has been passed by the appointed authority as suitable for publication".

A daily newspaper, if it has to submit every little item of news that it publishes to the Censor, might well stop publication altogether. Therefore, on the face of it, the order appears to me to be unreasonable from the point of view of a newspaper man. The next clause says:—

"prohibiting the use in the said *Hindustan Times* newspaper for any headlines, sub-headings or cross-headings relating to any matter of the nature described in clause (i) above, of any type exceeding one-fifth of an inch in over-all height".

[Mr. P. N. Saprū.]

This is a most amazing order. You can say that you do not want to have bold headlines. But to ask a paper to scrutinise too closely the headlines, to have an inch tape or a sort of measurement yard and then to measure the headlines—that is an order which it is very difficult for any newspaper to carry out.

“prohibiting the printing or publishing in the said *Hindustan Times* newspaper of any headlines, in connection with any matter of the nature described in clause (i) above extending over a width greater than that of two columns of the usual width”.

Sir, other newspapers have been publishing news under headlines which are perhaps greater than two columns of the usual width and yet no notice has ever been taken of what they were doing.

“prohibiting the use in the said *Hindustan Times* newspaper of any type or arrangement of type designed to give special prominence to any matter of the nature described in clause (i) above”.

Now, Sir, I have read the order of the Chief Commissioner *in extenso*. I should like to know, Sir, whether before this order was served on the *Hindustan Times* any warning had been administered to the *Hindustan Times*, any consultation had been held with the Editor of the *Hindustan Times* regarding the manner in which he must display the news regarding the Mahatma's fast. I should like the Government to throw light on this matter. My information is that no warning was administered to the *Hindustan Times* before this drastic order was passed. The conclusion therefore to which one is driven is that the *Hindustan Times* was singled out because the Editor of that paper happens to be the son of Mahatma Gandhi.

Sir, there is another matter to which I might make a reference. It may be said on behalf of the Government that there had been an omission on the part of the *Hindustan Times* to accurately reproduce certain words of the Mahatma and there was a printer's devil. Those of us who have any experience of the newspaper world—and I claim to have some experience of the newspaper world—those of us who have any experience of the newspaper world know what mischief the printer's devil can play with things that are written or said. The Editor has frankly and quite honestly admitted that there was an unfortunate error of the printer, the proof reader, and I should have thought that that explanation would be sufficient. As far as I can see the Editor could have no motive in omitting the words which are said to be important from the point of view of the Government. I will read out the Press Communique. Mr. Gandhi's words were these :—

“Circumstances may arise, as they have done before now, when I may have to fast as a free man. If therefore I am released there will be no fast in terms of my correspondence above-mentioned”.

Now, in the *Hindustan Times* the words “as a free man” were unfortunately omitted. The Editor explains that this was due to a printer's devil and I think that that explanation should suffice. I have myself often suffered at the hands of the proof reader. I wrote an article for a certain newspaper and when I read that article next morning I found that he had said just the contrary of what I had intended should be said. It had omitted the word “not” and the meaning of what I had written had absolutely changed. I spoke first to the Editor of the paper about it and he told the sub-editor in charge that this was not the sort of thing that should be done and that he ought to be more careful with the work. These mistakes do occur and what you have got therefore to make up your mind about is whether you regard this mistake as a deliberate and intentional one or whether you regard this mistake as an accidental one. If the mistake is an accidental one and not a deliberate one, I can see no justification whatever for the order of the Chief Commissioner and I see no reason for disbelieving the statement of Mr. Devadas Gandhi that the omission was not a deliberate one. Sir, no one wants to utilise the opportunity which the Mahatma's fast has given for inflaming racial passions. We do not think along racial lines. Take it for granted from us that we are in fact and in thought and in deed much more internationally minded than our British friends. We do not think along racial lines. Racialism is absolutely alien to the genius of our race. If you will read, Sir, the Hindu Scriptures, you will not find there a word for patriotism. Hindu sages always thought in terms of the universe, of the world. Their conception of life was different in many ways from the Western conception of life. To us you are the image of God and we cannot therefore harbour any ill-will against you. We who belong to the Hindu race, who are proud to describe ourselves as Hindus—I am not reflecting upon any other

religion, I have the very highest regard for every religion, because as a Hindu I cannot believe in absolute truth, I believe truth is relative—Sir, we who have that heritage cannot in life afford to think in terms of racialism. Believe me, Sir, that it has been our endeavour, it is our desire, that there should be the fullest co-operation between us and the British people not only in the prosecution of the war but also in the post-war world. We want freedom for our country; we want independence for our country, but we do not want to be classified as saboteurs or as men who have any sympathy whatever with those horrid fellows, the Fascists of Italy, the Nazis of Germany and the militarists of Japan. It is an aspersion, it is a libel, on Indian character to describe Indians as in any way sympathetic to the Fascist, Nazi or Japanese creed. I know that the present temper is surcharged with emotion on both sides. But I would like Government to take a rational, a reasonable, a humane view, of the situation and if they take a reasonable, a rational view of the situation, they will find that some of these administrative orders are very irritating, are very annoying. They do not serve the purpose they are intended to serve; they only accentuate an unfortunate situation. Do you think that headlines really matter to any man, that they determine a man's attitude towards the Mahatma's fast? No. They do not in the case of most men; I do not think they do even in the case of an ordinary man. There are persons who are above headlines and that is a fact that you must remember. I do not agree with the Mahatma. I have stated it publicly, and I will state it publicly here again, that it was an unfortunate error on his part to have passed the Bombay resolution. But whatever my view may be as to the wisdom or unwisdom of that unfortunate resolution which has led to so much trouble in this country, I must state publicly that I have the highest reverence for the Mahatma as a great spiritual leader. As a man he has done a very great deal for the uplift of this country and I should like therefore Government to realise that all these little things, all these pin-pricks, do not serve either the cause that they have at heart or that we have at heart. I should like, therefore, Sir, an explanation of how and why Government considered it necessary to single out the *Hindustan Times*. There are seven newspapers in Delhi. You single out the *Hindustan Times* and then subsequently discover a most moderate paper, a paper which is believed to be subsidised by the Government, and an explanation is due because we do value the liberty of the Press. The Indian Press has voluntarily submitted to severe restrictions. We all know that this is wartime; this is no time for encouraging the enemy. This is no time for standing up for liberty of the subject in its fullest sense. We have read all about the liberty of the Press but we know that there are times when in order to preserve liberty it is necessary to part with some liberty and it is for that reason that the Indian Press has submitted voluntarily and cheerfully to many restrictions.

THE HONOURABLE THE PRESIDENT : Your time is now up.

THE HONOURABLE MR. P. N. SAPRU : I will just finish, Sir.

But there is a limit beyond which human patience cannot go. If you want co-operation there must be co-operation on your side also and I would like to say this. It is no use blaming the Chief Commissioner of Delhi. He is merely an agent of this mighty Government, the Government of India, and therefore the direct responsibility for this order is with the Government.

With these words, Sir, I move this Adjournment.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce) : The Honourable Mr. Sapru in moving this Motion appeared to assume that the order was based on what had been done by the *Hindustan Times*. He does not seem to contemplate the possibility that perhaps what was in mind was avoiding what he refers to as mistakes, future mistakes not past mistakes, and I also feel—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What mistakes?

THE HONOURABLE MR. R. H. PARKER : Mr. Sapru has already referred to them. I personally feel that Mr. Sapru is confusing to some extent the difference between freedom and licence. I think he is dealing with a subject which is rather tender there. Freedom, I suggest, involves voluntary self-control and there is perhaps a lack of that. There is an obligation on the other side as well. In the case of a newspaper this means, I suggest, a fair report of all news, whether you approve of the view of one side or the view of the other side. You want a fair report of all. Now that is one of the defects, if I may say so, of the *Hindustan Times*.

[Mr. R. H. Parker.]

Then I would ask Mr. Sapru this. He says that headlines have no effect ; there is no intention that they should have any effect and that they do not, in fact, have any effect. Now in that case why did the *Hindustan Times* use them ? Why does the *News of the World* and the sensational Press of America use them ? Because they have not any effect !

That I think is all that I have to say, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, my Honourable friend Mr. Parker, in criticising Mr. Sapru, said that he was confusing freedom with licence. The ground on which he charged Mr. Sapru with having done so was that freedom implied voluntary self-control and that this meant in the case of newspapers that they should publish a fair report of all news, and he expressed the opinion that the *Hindustan Times* had not been fair to all the parties concerned in this respect. I cordially agree with him that freedom implies voluntary self-control but how is self-control to be exercised ? We must recognise some principles as applicable to our conduct before we can exercise any self-control. What are we to control ourselves about ? What are the things that we ought to avoid ? This my Honourable friend did not deal with but the All-India Newspaper Editors' Conference dealt with this subject very clearly in October last when it met in Bombay. That Conference disapproved of pre-censorship but while claiming freedom it advised the editors of newspapers to place voluntary limitations on their freedom of action. The resolution of the Conference on this point runs as follows :—

"The Conference, however, considers it necessary that editors should exercise restraint in the publication of such accounts and should avoid the publication of anything which—

- (a) incites the public to subversive activity ;
- (b) conveys suggestions or instructions for illegal acts ;
- (c) is an exaggerated report of unfounded allegations regarding excessive use or misuse of their powers by the police, troops and other Government servants or the treatment and condition of detenus and prisoners ; and
- (d) retards the restoration of the public sense of security.

Deliberate departure on the part of any newspaper from the general policy laid down in this resolution may be dealt with by the Provincial Governments in consultation with the Provincial Press Advisory Committee".

Sir, I hope that Mr. Parker will not consider it unfair of me if I judge the action that has been taken against the *Hindustan Times* in the light of the Resolution passed by the All-India Newspaper Editors' Conference, a part of which I have just read out and which I trust meets with the approval of my Honourable friend Mr. Parker. This Resolution, or rather the policy outlined in this Resolution, has, I understand, been accepted by the Government of India, and the proof of it lies in the fact that the Government of India have done away with pre-censorship. We have therefore to see whether the *Hindustan Times* in giving large headlines in announcing Mahatma Gandhi's fast committed any act contrary to the letter or spirit of the instructions or advice given by the All-India Newspaper Editors' Conference to the editors of newspapers. I think, Sir, he will be a bold man who will say that the *Hindustan Times* exceeded the bounds of legitimate freedom in this respect. I understand that when the question that is before us was discussed in another place this morning, it was said on behalf of Government that one of the charges against the *Hindustan Times* was that it did not co-operate with the Government in observing the resolution passed by the All-India Newspaper Editors' Conference in October, 1942. I do not know, Sir, what proof Government would desire on this point. But as a plain man I confess that I find it absolutely impossible to understand the Government point of view. I do not see that in acting as it did the *Hindustan Times* transgressed in the slightest degree the letter or spirit of the resolution of the All-India Newspaper Editors' Conference. If Government felt that the *Hindustan Times* had, in some way not understood by the ordinary man, violated the understanding arrived at between Government and the All-India Newspaper Editors' Conference, was it not incumbent on them to warn the *Hindustan Times*, and to take action against it only after the warning had proved fruitless ? Even had the Government of India given a warning to the *Hindustan Times*, I should have thought that they were interpreting the resolution of the Conference in an unwarrantable sense. The *Hindustan Times* has not done anything which contravenes any of the suggestions made by the All-India Newspaper Editors'

Conference. Nor could its action even remotely be regarded as making the maintenance of law and order more difficult.

Again, Sir, take the question of the restrictions now placed on the *Hindustan Times* with regard to the character of the type to be used in headlines and the width of the headlines. Now, had there been any order in force preventing newspapers here from using type of a particular kind in the display of news and the newspaper in question had contravened it, I could have understood the action taken by the Government. But I have been told that there were no orders in Delhi with regard to the publication of banner headlines. If what I have been told is correct, this is another reason why Government should have warned the *Hindustan Times* at least once before taking any action against it. On this point again I must refer to the debate that took place in the Assembly this morning. It was stated on behalf of Government that they did not want that news relating to Mahatma Gandhi's fast should be given prominence, and that they regarded the fast as a kind of illegitimate coercion to which they were being subjected by Mahatma Gandhi. Government might have desired that no prominence should be given to Mahatma Gandhi's fast; but the question is whether it is an offence on the part of any newspaper not to divine the Government of India's wishes or not to give effect to them in every particular. How could the *Hindustan Times* know what the Government of India wanted it to do? And how could it be reasonably expected to bow to every wish of the Government of India—when, in acting as it did, it was perfectly within its rights and was acting within the four corners of the resolution passed by the All-India Newspaper Editors' Conference, which has been accepted by the Government of India? If Government arbitrarily desired to place restrictions on newspapers regarding the display of news concerning Mahatma Gandhi's fast, they should have issued an order to that effect. It is most unfair that without informing the newspapers and without giving them any warning, they should proceed to act as if they had already issued an order and that the order had been violated by a newspaper.

As regards the legitimacy or otherwise of the fast, I do not think that can be a ground for the action taken against the *Hindustan Times*. Mahatma Gandhi has not fasted for the first time. He has fasted several times before. Government might not have approved of his action; nevertheless it was not regarded as a misdemeanour on the part of any newspaper to give full publicity to news concerning his fast.

If the Government of India have taken action on the two grounds that I have just considered, I am sure that they deserve to be condemned by all fair-minded men throughout the country and abroad. Mahatma Gandhi is a world figure. What happens to him is a matter of the greatest moment to every one who is interested in vital principles. It is a matter of fundamental importance to the people of this country. And if the *Hindustan Times* used bold headlines in order to draw public attention to Mahatma Gandhi's resolution to fast, it did no more than was its duty. Does anybody expect the *Hindustan Times* or wish it to display such news in the way that the *Statesman* does? No paper would be worthy of being regarded as Indian if it behaved in the mean way in which the *Statesman* is doing in dealing with news relating to Mahatma Gandhi's fast. Government perhaps want that the *Hindustan Times* should follow in the footsteps of the *Statesman*. I hope that the *Hindustan Times* will never fall so low as to follow such a dishonourable lead.

With these words, Sir, I support the Motion moved by my Honourable friend Mr. Sapru.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): Sir, I support the Motion so ably moved by my Honourable friend Mr. Sapru. The action taken by the authorities concerned convinces me of the fact that if the executive is armed with extraordinary powers those powers are likely to be abused. And in this case those powers have been abused. The first point that strikes me is, "Why should the *Hindustan Times* be singled out for this order?" As stated by my Honourable friend Mr. Sapru, is it because Mr. Devadas Gandhi happens to be the son of Mahatma Gandhi that this order has been issued against him? Is it because Mr. Devadas Gandhi does not follow the instructions of this irresponsible Government to act according to their advice that this order has been issued? The Indian press is already labouring under great inconvenience on account of the restrictions

[Mr. V. V. Kalikar.]

placed on them, and they have voluntarily accepted those restrictions and still, fresh restrictions are issued and their activities are controlled. If such a thing were to happen in England, the Executive would have been removed that very moment. Unfortunately, Sir, the Executive here is not responsible. We cannot remove it. But that does not mean that the Executive is entitled to indulge in abuse of power and commit any sort of excess. As pointed out by the two previous speakers, the Indian press has agreed to suffer inconvenience and has agreed to follow strictly the instructions issued by their Editors' Conference. Government have, I understand, removed pre-censorship. If the paper has not gone beyond limit, what was the point in issuing this order? The attitude seems to be rather vindictive. Why should the *Hindustan Times* be singled out for this particular order?

The next thing I want to know from Government is whether this order emanated from the Central Government or whether the Chief Commissioner is responsible for this order. I have seen the *Hindustan Times* criticising the action of the Central Government. Is it because the *Hindustan Times* does not appreciate the action of the Central Government and criticises it that this order has been passed by the Central Executive? Or is it because the Chief Commissioner does not know how to use his powers under the Defence of India Rules that he has issued this order in indiscretion? Sir, bold headlines or small headlines will not matter much with Indians so far as Mahatma Gandhi's fast is concerned. As I said yesterday, Mahatma Gandhi is a world-known figure, and the news of his fast, whether you print it in bold headlines or in small headlines, must create a flutter in the country. If you want to act in a way as to curtail the liberty of the press altogether, you ought to have stopped the news of his fast. But, after allowing the news to come out and after allowing other papers to print that news, it does not speak well of a civilised Government like you to issue such an order on the *Hindustan Times*. An independent editor does not want to take undue advantage of his position as an editor. He knows his own limitations. He knows also the times under which he has to cater to the needs of the public, and simply because he has to cater to the needs of the public he has to follow your orders whether they are reasonable or unreasonable. But there ought to be some limit on the part of the Government in humiliating an Indian paper. Sir, it pains my heart to see that these sorts of orders are issued by a civilised Government. I hope that Government would reconsider their policy in this matter and see that the Press, especially the Indian press, is not restricted in doing its proper duty to the public.

*THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, my Honourable friend Mr. Parker remarked that we expect that every newspaper must give a fair report. Every newspaper is expected to do this. After all, a newspaper is not any one's private property. It is the property of the public. I will deal with this aspect later on in another connection. Now I am on the question of giving a fair report of what happens in the country. This is a direction in which most of the newspapers have of late been defaulters. This morning, when this question was discussed in the other House, it was stated that this very journal, the *Hindustan Times*, omitted to make a report of part of the proceedings which took place in this Honourable House. It was stated by Mr. Abdool Suttar in the Legislative Assembly this morning that the *Hindustan Times*, in publishing the proceedings of the debate that took place in this House regarding the fast of Mahatma Gandhi, did not publish the speech of my Honourable friend Mr. Hossain Imam. It was really a very sad mistake. Such kind of suppression might give rise to a false suggestion. *Suppressio veri suggestio falsi*. Things of this kind are reprehensible and ought not to be allowed to take place in the press. But this kind of difficulty seems to be almost universal in the world. This seems to be one of the evils of the time. Newspapers which are expected to be quite independent have somehow or other deteriorated to the extent of being known as agents of certain individuals. Even in a place like England we have a press called the Beaverbrook press. This kind of partisan spirit is to be discouraged by all those who have the good of the country at heart as also the

interests of the public press at heart. So much, Sir, as regards the way in which the press has not been able to carry out its functions as honestly and as fairly as it is expected to.

As regards the freedom of the press, I am one of those who are very jealous of it. As I have said at the outset, the press is public property. The rights of the press are the rights not only of the editor and the proprietor of the press, but the rights of the press are co-extensive with the rights of the public. The public has got to know what is happening in the country, what feeling there is in the country and they should give a fair picture of what is happening round about. Every honest citizen must be given a fair opportunity

5-5 P. M. to formulate his own opinion. Since I hold this opinion very strongly, I am very strongly opposed to any undue restriction being placed on the liberty of the press. So far as this discussion in this House is concerned, I am not able to come to a decision. As I have been away from Delhi for some time and came here only last night, I have not been able to follow the things that have happened. If the publishing of Mr. Gandhi's fast in bold headlines is the only reason, I feel that it is not sufficient cause to gag the liberty of the press; but if there is anything more which I have not been able to know, it is another matter. But if it is merely publishing of that news with bold headlines, I feel that it is not a step which is altogether justified.

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary): Sir, I think it might be as well if I offered my remarks on this Adjournment Motion at the present stage, because I see that the speeches of one or two of my Honourable friends opposite reveal a gap in their knowledge or, shall I say, a lack of information, and it would be as well therefore if I gave the House some of the facts which surround this case. I am well aware that it is the privilege and practice of an Opposition to proceed on the immutable premise that Government are always in the wrong and it can, I think, only be on the basis of that premise that my friend Mr. Sapru suggested that Government had some sinister motive in picking out the *Hindustan Times* for their order and in fact—I think I am quoting him rightly—that they issue such executive orders as pin-pricks. It is hardly necessary for me to repudiate the suggestion that Government issue orders as pin-pricks. But I would suggest to my Honourable friend that Government is far too busy at the moment to waste their time in any case in issuing orders which are regarded only as pin-pricks.

I said just now that I would give the House the facts leading up to the order which was served on the *Hindustan Times* and I hope to show that the facts and the relevant editions of the *Hindustan Times*, in spite of what my Honourable friend Mr. Sapru has said, do speak for themselves and that out of its own mouth the *Hindustan Times* must stand convicted of having offended. Certain remarks were made about the freedom of the press but I do not propose to follow up that subject at the moment. I would only say this, that Government are concerned, and have always been concerned, to maintain good relations with the press; but they expect in return co-operation and reasonable compliance with those restrictions which in wartime and times of internal disturbance the maintenance of internal security inevitably demands. That the press in this country has enjoyed, and is still enjoying, a considerable measure of freedom from restriction cannot, I think, be denied. On the other hand, the responsible press have on the whole—and I am glad to be able to say it—shown a commendable sense of restraint and generally have accepted the necessity for certain restrictions on complete freedom in wartime. And here I think I shall only be doing justice if I repudiate on behalf of the responsible press the insinuation made by my Honourable friend Dr. Kunzru that certain newspapers were behaving meanly—I think he used the word "meanly"—because they realised their responsibility and were not indulging in banner headlines. It is in the light of those general facts that I would ask this House to consider the question now before them.

This Motion refers to fresh restrictions. Let me therefore say a word regarding the history of the previous restrictions on the *Hindustan Times*. At the beginning of September last the Chief Commissioner passed pre-censorship orders against the whole press in Delhi in respect of matter relating to the Congress disturbances. The *Hindustan Times* went out of publication and remained out of publication until the end of the year. In October the All-India Editors' Conference passed a resolution in Bombay enjoining restraint in the publication of news, etc., relating

[Mr. E. Conran-Smith.]

to the disturbances. In the light of that resolution the Chief Commissioner withdrew all restriction on the press in Delhi at the beginning of December. He informed them—I would ask my Honourable friends opposite to note this point—informed them that he would have no option but to take immediate action against any paper which disregarded the spirit of the Bombay resolution. Some time later the *Hindustan Times* announced its intention of republishing the paper from January the 1st. About the middle of December came Professor Bhansali's fast. The Chief Commissioner informed all editors in Delhi, including the editor of the *Hindustan Times*, that he proposed to issue no statutory orders on the subject but expected them in accordance with the spirit of the Bombay resolution to observe restraint and to submit matter relating to Bhansali's fast for press advice. On the very first day of its republication on January the 1st the *Hindustan Times* came out with a great deal of objectionable news relating to this fast and other matters, showing I think quite clearly that the paper had no intention of observing the spirit of the Bombay resolution. In consequence of this the Chief Commissioner had to reimpose the old pre-censorship orders on the *Hindustan Times*, with the addition of a specific order relating to Bhansali. That was the position at the time when Mr. Gandhi's fast started.

I will now give the House the facts in respect of Mr. Gandhi's fast. As soon as the news of the fast was announced, the Chief Commissioner of Delhi called an immediate conference of editors and communicated to them the wishes of Government in the matter of the treatment to be accorded to the news both initially and subsequently. The substance of the policy communicated was that in the interests of security the news should not be so handled as to work up public excitement and influence public opinion against Government. The House will be aware of the strain and stress which has been imposed on Government by the circumstances of this fast and I suggest that it is not unreasonable on the part of Government to ask for moderation in the manner in which this story was to be presented to the public. Moreover, Government, I think, can fairly claim that it should not be denied the right—and here again I would ask my Honourable friends to note this point—should not be denied the right of using the means at its disposal to defend itself when it is attacked, as the established Government has been attacked. I would quote the French saying:—

“Cet animal est très méchant : quand on l'attaque, il se défend”,

which I may translate for the benefit of those Honourable Members who do not know French: “This animal is very wicked: when it is attacked it defends itself” as illustrating the attitude which is sometimes adopted towards Government.

To return to the history of events. It was agreed that no statutory orders would issue in respect of the first day after the announcement of the fast to which there was reason to expect, the editors would wish to give prominence in the news. A letter was, however, sent to editors of all Delhi newspapers including the *Hindustan Times*, warning them—and here again I would ask Dr. Kunzru to notice this—warning them that if undue publicity continued to be given to Mr. Gandhi's fast a pre-censorship order would be passed against the offending editor without further warning. Yet the next day the *Hindustan Times* appeared with more full headlines and a great deal of news about Mr. Gandhi's fast. Moreover, the paper omitted—I won't say whether it was inexcusable carelessness or what—but it did omit a most vital sentence in Mr. Gandhi's letter to Government in which he stated his intention, if he were released, not to fast. My Honourable friend Mr. Sapru would suggest that it was a mistake due to a printer's devil. I am not going to argue with him what sort of devil it was that was responsible but it is a curious coincidence that a very vital sentence or part of a sentence was omitted from the letter. It was only after this complete disregard of the wishes of Government and clear proof of the intention of the newspaper not to comply with the spirit of the resolution passed at Bombay that pre-censorship orders against the editor were passed in respect of news and comments relating to the fast. I have said that Government allowed a certain latitude when the news of Mr. Gandhi's fast first broke. Yet in spite of the clear warning given that caution must be exercised in this connection the *Hindustan Times* went out of its way to display in announcing the fast banner headlines which if judged even by ordinary journalistic

standards—and I would ask Mr. Sapru to notice that—even by ordinary journalistic standards were unusual. I believe that most responsible editors would agree that what are called the poster type of headlines, which was the type of headlines adopted in that paper as recently displayed to us, by my Honourable friend was not in consonance with the spirit of the Bombay resolution. I stress this point because it is clear evidence of the deliberate disregard of the warning given.

The manner in which the news regarding the fast was presented in the subsequent issues of the *Hindustan Times* left the Chief Commissioner no option but to issue a restrictive order on the paper. In spite of what my Honourable friend opposite has said I think it is generally agreed that other papers in Delhi exercised a restraint which the *Hindustan Times* did not impose upon itself.

These, Sir, are the facts regarding the imposition of this order on the *Hindustan Times* and I would leave the House to judge in the light of them whether or not the order was justified. There were one or two other points taken by Honourable Members but I fear I have already used up my time and I will not pursue them. It is scarcely necessary for me to follow Mr. Sapru, and I think one other speaker, into the realms of political controversy. There is, however, one point that I would like to deal with before I sit down and that is the reference made by Dr. Kunzru to previous fasts. I think he was not altogether fair to Government in drawing the distinction he did between Government's attitude on this occasion and on previous occasions because he must be well aware that the circumstances surrounding this particular fast in time of war and following the disturbances and bloodshed into which the country has been plunged are not comparable with the circumstances surrounding the previous fasts.

THE HONOURABLE THE PRESIDENT: Does any other Honourable Member desire to speak?

(No Honourable Member rose.)

Then I must put this Motion to the vote of the Council.

THE HONOURABLE MR. P. N. SAPRU: Can we not reply, Sir?

THE HONOURABLE THE PRESIDENT: No, you cannot reply now. Motion moved:—

“ That the Council do now adjourn. ”

Question put and Motion negatived.

The Council then adjourned till Eleven of the Clock on Monday, the 22nd February, 1943.

APPENDIX.

TABLE SHOWING THE EFFECTS OF WAR TAXATION ON PROFITS.

E.P.T. @ 80%, Income Tax @ 2½ annas and Super Tax @ one anna 6 pies in the rupee; and Surcharge @ one anna 3 pies per rupee, as compared to Pre-E. P. T., Income Tax, Super Tax.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Prewar (Standard) profits.	Current (war) profits.	Excess profits.	Excess Profits Tax.	Balance (3-4).	Additional Income and Super Tax on (5) @ 5 As. 3 p. per rupee.	Additional Income and Super Tax on (1) @ 1 anna 9 p. per rupee.	Additional Income and Super Tax (6+7).	Net additional profits. (5-8).	Percentage of (9) on (1).
9,00,000	11,25,000	2,25,000	1,80,000	45,000	14,765	98,437	113,202	-68,202	-7.5
13,50,000	4,50,000	3,60,000	90,000	29,530	98,437	127,967	-37,967	-4.2	
16,75,000	6,75,000	5,40,000	1,35,000	44,297	98,437	142,734	-7,734	-.85	
18,00,000	9,00,000	7,20,000	1,80,000	59,060	98,437	157,497	+22,508	+2.5	

THE RESULTS THEN ARE AS FOLLOWS:—

Increase in taxable profits.	Real increase of net profits.
25%	-7.5% (Deficiency).
50%	-4.2% "
75%	-0.85% "
100%	+2.5%

TABLE SHOWING THE EFFECTS OF WAR TAXATION ON PROFITS.

E.P.T. @ 66½%; Income-tax@2½ annas and Super-tax @ one anna 6 pies in the rupee; and Surcharge @ one anna 3 pies in the rupee.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Prewar (Standard) profits.	Current (war) profits.	Excess profits.	Excess Profits Tax.	Balance (3-4).	Additional Income and Super Tax on (5) @ 4 As. 8 p. per rupee.	Additional Income and Super Tax on (1) @ 1 anna 9 p. per rupee.	Additional Income and Super Tax (6-7).	Net additional profits. (5-8).	Percentage of (9) on (1).
9,00,000	11,25,000	2,25,000	1,50,000	75,000	21,875	98,437	120,312	-45,312	-5.03
13,50,000	4,50,000	3,00,000	1,50,000	1,50,000	43,750	98,437	142,187	+7,815	+0.8
15,75,000	6,75,000	4,50,000	2,25,000	2,25,000	65,625	98,437	164,062	+60,938	+6.7
18,00,000	9,00,000	6,00,000	3,00,000	3,00,000	87,500	98,437	185,937	+114,068	+12.7

THE RESULTS THEN ARE AS FOLLOWS:

Increase in taxable profits.	Real increase of net profits.
25%	-5.03% (Deficiency).
50%	+0.8
75%	+6.7
100%	+12.7

E. P. T. @ 66½%; Income Tax @ 2½ annas and Super Tax @ one anna in the rupee; and Surcharge @ ¼rd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Prewar (Standard) profits.	Current (war) profits.	Excess profits.	Excess Profits Tax.	Balance (3-4).	Additional Income and Super Tax on (5) @ 4 As. 8 p. per rupee.	Additional Income and Super Tax on (1) @ 1 anna 2 p. per rupee.	Additional Income and Super Tax (6+7).	Net additional profits. (5-8).	Percentage of (9) on (1).
9,00,000	11,25,000	2,25,000	1,50,000	75,000	21,875	65,625	87,500	-12,500	-1.4
13,50,000	4,50,000	3,00,000	1,50,000	1,50,000	43,750	65,625	1,09,375	+40,625	+4.5
15,75,000	6,75,000	4,50,000	2,25,000	2,25,000	65,625	65,625	1,31,250	+98,750	+10.4
18,00,000	9,00,000	6,00,000	3,00,000	3,00,000	87,500	65,625	1,53,125	+1,46,875	+16.3

THE RESULTS THEN ARE AS FOLLOWS:

Increase in taxable profits.	Real increase of net profits.
25%	-1.4% (Deficiency).
30.88%	Nil.
50%	4.5
75%	10.4
100%	16.3

N. B.—If the increase in rates introduced in 1939 is taken into account, the burden will be seen to be still greater.