

COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

Volume II, 1942

(21st to 29th September 1942)

TWELFTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1942



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COUNCIL OF STATE.

Friday, 25th September, 1942.

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

ADVISORY COMMITTEE FOR THE UTILIZATION BRANCH OF THE GEOLOGICAL SURVEY OF INDIA.

THE HONOURABLE THE PRESIDENT : With reference to the announcement made by me on the 23rd September, 1942, regarding nominations to the Advisory Committee to advise on problems connected with the work of the Utilization Branch of the Geological Survey of India, I have to announce that the following Honourable Members have been nominated for election to that Committee :—

1. The Honourable Mr. Hossain Imam.
2. The Honourable Rai Bahadur K. Govindachari.
3. The Honourable Rai Bahadur Sir Satya Charan Mukherjee.
4. The Honourable Mr. Nikunja Kishore Das.

There are four candidates for two seats and an election will be necessary. The election will be held on Monday, the 28th instant.

QUESTIONS AND ANSWERS.

UNITED NATIONS DAY PARADE IN NEW YORK.

49. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Have Government made any enquiry into the report that British Official tried to discourage representatives of India from taking part in the United Nations Day parade ceremony in New York in July last ? What are the actual facts ?

THE HONOURABLE SIE MAHOMED USMAN : The Government of India have ascertained from the Agent-General for India in the United States of America that there is no foundation whatever for this report.

2. The facts are as follows :—

The City of New York invited the Indian Agent-General to arrange an Indian entry for the United Nations War Parade to be held in New York City on June the 13th. Naturally no Indian troops were available and the shortness of notice made it impossible to make any elaborate arrangements ; but a " Float " was arranged which was favourably commented upon both by the New York Press and Radio commentators, and of which I shall be glad to show the Honourable Member a photograph.

MANUFACTURE OF MEDICAL SUPPLIES AND STORES FOR THE ARMED FORCES.

50. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH :** Will Government state approximately what percentage of medical supplies and stores required for the armed forces, are now made in India as compared with the pre-war output ; and what steps, if any, are being taken to maintain and increase the standard of supply of Indian medicines and drugs in post-war conditions in this country ?

THE HONOURABLE MR. C. MACI. G. OGILVIE : (a) The percentage of the number of items of medical stores required for the armed forces, now manufactured in India, is approximately 68, whereas the pre-war output was only 25.

(b) This matter will be considered by the appropriate Reconstruction Committee together with the general question of ensuring the continued development in the post-war period of industries started during the war.

EVACUATION OF THE POPULATION OF CERTAIN AREAS IN THE UNITED PROVINCES.

51. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH :** Is it a fact that under the direction of the Government of India the ejection of the civil population from certain areas, urban and rural, has been carried out, without any proper notice, or compensation, or arrangements for transport and provision of land and housing for those thus forcibly ejected in the United Provinces ? Will Government state the areas from which the population have been compelled to evacuate, the reasons for the same, the total amount of compensation paid to them, or other facilities given ? What approximately would be the number of persons affected by this order of evacuation ?

GENERAL THE HONOURABLE SIR ALAN HARTLEY : The population has had to be removed from certain areas in the United Provinces in connection with the construction of aerodromes. Such removal has been carried out by the Provincial Government and therefore the Central Government have no information about the payment of compensation or the arrangements for transport and provision of alternative land and houses. In requesting the Provincial Government to acquire this land, the Central Government stressed the fact that District Officers should give as much notice as possible to all persons to be evicted, that no one should be evicted unnecessarily, and that compensation should be on a generous scale. In this connection I invite the attention of the Honourable Member to the Press Communique issued by Government on August 4th about the steps which are being taken to alleviate the hardship caused by certain Defence Measures. They also brought to the notice of the Provincial Governments a Press Note issued by the Director of Public Information, Bengal, Calcutta, on the 15th of April, 1942, detailing the measures which were being taken by the Bengal Government in similar circumstances. Government have no information as to the number of persons affected by the orders passed by the Provincial Government and I regret that it is not possible to specify the areas concerned since this would afford valuable information to the enemy.

EXPORT OF FOODSTUFFS.

52. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH :** Will Government state to what countries India has sent food supplies, since the outbreak of war ; and how much to each country ?

THE HONOURABLE SIR ALAN LLOYD : The following quantities of food-stuffs were exported from India during the period September 1939 to June 1942 :—

	Tons.
Rice	827,395
Wheat and wheat flour	430,605
Other grains and pulses	278,449

The countries involved were :—

United Kingdom, Netherlands, Aden and Dependencies, Arabia, Bahrain Islands, Ceylon, Straits Settlements, Federated Malay States, South Africa, Portuguese East Africa, Mauritius and Dependencies, Kenya, Zanzibar and Pemba, other East African Ports, Canada, United States of America, C. I. A., West Indies (other than Cuba and Bahamas), Persia, Burma, Anglo Egyptian Sudan and Eire.

It is regretted that figures of export to each country cannot be published as it might disclose information of value to the enemy.

DEATH IN ENGLAND OF THE FAMILY OF DR. W. H. H. SERA SINGHE.

53. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Is it a fact that Mrs. Sera Singhe, wife of an Indian doctor Mr. William Henry Hubert Sera Singhe, of Smethwick, Birmingham, and her three children were found dead at her home in June, 1942 while her husband was patient in a Birnie gham Hospital? Has any inquiry been made; and what are the facts and circumstances relating to this incident?

THE HONOURABLE MR. A. V. PAI : The Government of India have no information at present. From the name given the doctor would appear to be a Ceylonese. Inquiries are being made and if he is found to be an Indian any information that may become available will be laid on the table of the House.

NUMBER OF SECURITY PRISONERS IN DIFFERENT PROVINCES AND THE NUMBER RELEASED BY THE SPECIAL TRIBUNAL.

54. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Will Government state the numbers of security prisoners in the different Provinces, and the numbers released as a result of the decisions of the Special Tribunals which were appointed to review their cases?

THE HONOURABLE SIR MAHOMED USMAN : Government have no information regarding the present number of security prisoners in the Provinces, nor can they state the numbers released by Provincial Governments as a result of the review of their cases; but they understand that the number of releases has been considerable. Of the 29 cases of Central Government security prisoners reviewed by the Committee appointed for this purpose by the Government of India, 14 have been released and five more cases are still under consideration.

PRISONERS IN THE ANDAMANS.

55. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : (a) Will Government state the number of prisoners, including "political prisoners", if any, in the Andaman Islands at the time of the Japanese occupation; and what became of them? (b) Now that the Andaman has become enemy territory, where are the prisoners with sentence of penal servitude being kept?

THE HONOURABLE SIR MAHOMED USMAN : (a) There were about 5,850 prisoners in the Andamans at the time of the Japanese occupation of the Islands. Out of these about 150 were actually in the jail and the rest were outside the jail, either as talabdars or self-supporters. There were no prisoners in the Andamans who were convicted of offences in connection with any political movement. The Government of India have no information as to what has become of the prisoners since the occupation of the Islands by the Japanese.

(b) Prisoners sentenced to penal servitude are not sent to the Andamans but serve their sentences in Indian jails. The Honourable Member is perhaps thinking of convicts sentenced to transportation. For some time past such convicts have not been deported to the Andamans compulsorily. Only those who volunteered for the Islands were sent there provided they fulfilled certain conditions. All convicts now naturally remain in Indian jails.

INDIA AND THE LEAGUE OF NATIONS.

56. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Will Government state (a) whether India continues to be a member of the League of Nations ; (b) if so, what financial contribution she has to pay per year, and up to what year such contribution has already been paid ; and (c) what other countries and States are members of the League of Nations at present ?

THE HONOURABLE MR. SHAVAX A. LAL : (a) Yes.

(b) Each Member-State contributes towards the total expenditure of the League in the proportion of the number of units assigned to her in the scale of allocation for the time being in force. Thus in 1941 India paid 48/522 of the total expenditure which in Indian currency amounted to Rs. 7,54,649.

(c) I would invite the Honourable Member's attention to the statement of contributions (Document No. C. L. 12. 1941. X₁, dated the 15th October, 1941) published by the League of Nations which contains a complete list of Member-States. A copy of this document is in the Library.

EMPLOYMENT OF POLICE CONSTABLES FOR THE PROTECTION OF RAILWAY TRACK IN BIHAR.

57. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Is it a fact that arrangements have been made to employ the services of a special batch of about 1,400 police constables to guard the railway tracks belonging to the E. I. R. in the Province of Bihar as a precaution against railway disasters ? If so, since Railways is a Central subject, will the expenditure involved fall upon the Central Revenues or upon Provincial Revenues ? What approximately will be the annual expenditure ?

THE HONOURABLE SIR MAHOMED USMAN : Yes. The expenditure will fall upon Central Revenues. The annual cost will be approximately Rs. 5.5 lakhs.

ALLOCATION OF DEFENCE EXPENDITURE.

58. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Is it contemplated to effect a revision of the basis of the Chatfield Committee's recommendations allocating India's defence expenditure between India and England ? If so, what are the specific proposals in this connection ? And on what basis and in what proportion, if any, war expenditure between India and England is to be divided, in view of the proximity of the war to this country ?

THE HONOURABLE MR. C. E. JONES : The allocation of Defence expenditure between India and England is governed not by the Chatfield Committee's

recommendations but by the Financial Settlement described in my Budget Speech for 1940-41 to which the Honourable Member is referred.

EFFECT OF THE RECENT DISTURBANCES ON RECRUITMENT TO THE INDIAN ARMY.

59. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : Will Government state whether the internal disturbances in India following the arrest of Mr. Gandhi and other Congress leaders have in any way affected recruitment to the Indian Army? What steps have Government taken to increase the tempo of recruitment for the effective defence of this country against the threatened danger of invasion?

GENERAL THE HONOURABLE SIR ALAN HARTLEY : The answer to the first part is in the negative. Recruiting figures for August are well up to average.

Steps taken to accelerate the pace of recruitment include the expansion of the recruiting organization, opening up of fresh areas and new sub-classes, increased propaganda and advertisement, and enlistment of civil assistance and appointment of civil recruiting officers on an increased scale.

CONSCRIPTION OF INDIANS IN HONG KONG.

60. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH : (a) Have Government any information that Indian nationals in Hong Kong have been virtually conscripted for military service by the Japanese; while a large number of Indian soldiers has been transferred to Canton where they are being used for sentry and guard duties in order to release Japanese for front-line service?

(b) Is it a fact that Indian students, businessmen, and police have been compelled to register for military service by the Japanese, and have also been compelled to join the Indian Independence League?

(c) Has any attempt been made through neutral or other sources to obtain the foregoing information?

THE HONOURABLE MR. A. V. PAI : The Government of India have no information at present. Inquiries are being made and any information that may become available will be laid on the table of the House.

ELIMINATION OF NON-ESSENTIAL BUSINESS DURING THE WAR AND THE POLICY OF GOVERNMENT WITH REGARD TO OFFICIAL BUSINESS TO BE PLACED BEFORE THE LEGISLATURE.

61. THE HONOURABLE MR. M. N. DALAL : (a) Is it the policy of Government to concentrate official energies so far as possible on activities directly relevant to the war effort?

(b) If so, to what extent will this policy affect the nature and volume of the official business placed before the Central Legislature during the remainder of the war period and the furnishing of information in reply to questions put by non-official members?

THE HONOURABLE SIR MAHOMED USMAN : (a) Yes. Departments have been asked to give complete priority to "essential" work and to eliminate "non-essential" work, as far as possible, even at the cost of some efficiency. Essential work is work which is directly related to the war effort or is concerned with the maintenance of the administration at the minimum safe level of efficiency or the preservation of conditions necessary for the stability and war

resistance of the country or is enjoined by statute or is such that it cannot be postponed for the period of the war.

(b) Government have decided not to proceed with any new proposal for legislation unless its purpose is essential or unless it is likely to yield substantially beneficial results at the cost of a relatively small expenditure of labour. As regards questions, the policy of Government has always been to do their best to furnish all available information in their replies. In accordance, however, with the policy described in answer to part (a) of the question, Government must consider carefully in each case whether the time and labour involved collecting information, which is not readily available, would be justified in war time by the importance of the matter. While, therefore, questions in the Legislature relating to "essential" matters will as far as possible be dealt with as usual, questions relating to "non-essential" matters will be carefully examined and, generally speaking, information in reply to them will be furnished only if they are of reasonable importance and/or information is available or can be made available without much correspondence and research.

CENSORSHIP OF CABLEGRAMS SENT BY FOREIGN CORRESPONDENTS OF NEWSPAPERS.

62. THE HONOURABLE MR. P. N. SAPRU: Will Government state whether cables sent by U. S. A., Chinese and other foreign correspondents to their countries and the papers which they are representing are liable to be censored and, if so, the reason therefor?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: Yes, owing to consideration of military security in war time.

PUBLICATION OF THE ANGLO-AMERICAN AGREEMENT.

63. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: Will Government state whether all the terms of the Anglo-American Agreement concluded in March last, relating to the policy to be pursued as regards trade in the post-war period has been made public, in view of India's vital interest in the international trade and commerce and tariff policies, after the termination of the war?

THE HONOURABLE SIR ALAN LLOYD: Yes; and a copy of the Agreement has been placed in the Library.

INDIAN AGENCIES GENERAL IN WASHINGTON AND CHUNGKING.

64. THE HONOURABLE MR. P. N. SAPRU: (i) Will Government state the cost of the Embassy to India in Washington and Chungking?

(ii) Will Government state the names of the officers working in these Embassies?

THE HONOURABLE SIR MAHOMED USMAN: (i) I presume the Indian Agencies General in Washington and Chungking are meant. Since the former has been functioning for less than a year and the latter for less than four months an accurate estimate of their annual cost cannot be given; but their combined annual cost will probably be in the neighbourhood of Rs. 6½ lakhs.

(ii) A statement is laid on the table.

Statement showing the names of the officers working in the Indian Agencies General, Washington and Chungking.

WASHINGTON.

- | | |
|--|-----------------------------|
| 1. The Honourable Sir G. S. Bajpai, K.B.E., C.I.E. | Agent General. |
| 2. Mr. T. B. Creagh Coen | First Secretary. |
| 3. Captain D. Chaudhuri, I.A. | Third Secretary. |
| 4. Mr. H. Jennessy | Information Officer. |
| 5. Mr. O. Rahman | Deputy Information Officer. |
| 6. Mr. H. S. Malik | Indian Trade Commissioner. |

CHUNGKING.

- | | |
|---|----------------|
| 1. The Honourable Sir Muhammad Zafrullah Khan, K.C.S.I. | Agent General. |
| 2. Mr. H. E. Richardson | Secretary. |
| 3. Major Nazir Ahmad, I.A. | Secretary. |

NUMBER OF PERSONS ARRESTED IN CONNECTION WITH THE CIVIL DISOBEDIENCE MOVEMENT.

65. THE HONOURABLE PANDIT H. N. KUNZRU : (a) What is the total number of persons arrested in each province in connection with the civil disobedience movement ?

(b) What are the facilities granted to them, particularly in regard to interviews and the writing and receiving of letters ?

THE HONOURABLE SIR MAHOMED USMAN : (a) Government have not received complete information from the Provinces. The total number of persons so far arrested in Delhi is 453.

(b) This is a matter for Provincial Governments. As far as the Chief Commissioners' Provinces are concerned, the Government of India have issued instructions that all persons detained in connection with the movement shall, so far as possible, be segregated from other security prisoners and that they shall not be allowed interviews. This action is based on the need for denying to such persons all facilities for carrying on the movement which intercourse with the outside world would provide. They are, however, allowed to write letters to members of their family, provided that these are of a purely personal nature.

MACHINE-GUNNING OF MOBS FROM THE AIR.

66. THE HONOURABLE PANDIT H. N. KUNZRU : Have mobs been machine-gunned from the air anywhere ? If so, what are the places where this has happened ?

GENERAL THE HONOURABLE SIR ALAN HARTLEY : Yes, at the following five places :—

- (1) On the railway near Ciriak in Patna district, about 12 miles south of Bihar Sharif.
- (2) On the railway line Bhagalpur to Sahibganj, in Bhagalpur district, about 15 miles south of Kursela.
- (3) Near Ranaghat some 16 miles south of Krishnagar in Nadia district.

- (4) At a railway halt between Pasraha and Mahesh Khunt in Monghyr district, on the line from Hajipur to Katihar.
- (5) Two or three miles south of Talcher city in Talcher State.

EMPLOYMENT OF OFFICERS OF THE BURMA SUPERIOR SERVICES.

67. **THE HONOURABLE PANDIT H. N. KUNZRU :** (a) What is the policy of Government with regard to the employment of European officers of the Burma Superior Services in India ?

(b) Have any such officers been appointed to posts under the Government of India or the Provincial Governments ? If so, will Government lay on the table a list of such officers together with the posts occupied by them and the terms on which they have been employed ?

THE HONOURABLE MR. C. MACI. G. OGILVIE : (a) The general policy of the Government in regard to the employment of Evacuee Officers from Burma whether of superior or other services (including European, Indian and other evacuees) is that where a suitable Indian (including Europeans domiciled in India and Anglo-Indians) is not available an evacuee may be appointed.

(b) Yes. Information is being collected and will be laid on the table of the House in due course.

RECRUITMENT FROM NEW CLASSES FOR THE INDIAN ARMY.

68. **THE HONOURABLE PANDIT H. N. KUNZRU :** (a) What is the percentage of persons belonging respectively to the pre-war enlisted classes and the other classes among the Indian soldiers recruited since the 1st November, 1941 ?

(b) What are the new classes from which recruitment for the Army is taking place now ?

GENERAL THE HONOURABLE SIR ALAN HARTLEY : (a) 50.7 and 49.3 respectively, for non-technical Indian other ranks of the Indian Army. Details of recruitment of technical personnel by classes are not available.

- (b) Madras classes.
- Hazarawals.
 - Meos.
 - Bengalis.
 - Dekhani Musalmans.
 - Sylheti Musalmans.
 - Brahmins.
 - Christians.
 - Mahars.
 - Lingayats.
 - Hos, Oraons and Mundas.
 - Minas, Mers and Merats.
 - Kabirpanthis.
 - Chamars.
 - Shilpkars.
 - Santhals.
 - Meghs.
 - Other Hindus.
 - Any class.

PROPORTION OF INDIAN OFFICERS TO BRITISH OFFICERS IN THE INDIAN SIGNAL CORPS.

69. THE HONOURABLE PANDIT H. N. KUNZRU: (a) What is the proportion of Indian to British officers in the Indian Signal Corps?

(b) What is the proportion of Indian to British cadets under training at the present time for being appointed as commissioned officers in the Indian Signal Corps?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: (a) One Indian to 7 British, approximately.

(b) One Indian to 2·4 British, approximately.

RESERVATION OF SEATS, ETC., IN FIRST AND SECOND CLASS COMPARTMENTS.

70. THE HONOURABLE MR. G. S. MOTILAL: Has Government's attention been drawn to the recent judgment of the Bombay High Court regarding reservation of seats in the 1st and 2nd class compartments? What steps do Government or the Railway Administrations propose to take in the matter?

THE HONOURABLE SIR SATYENDRA NATH ROY: Yes. In exercise of the powers conferred by section 47 of the Indian Railways Act, 1890, a rule is now being framed giving powers to Railway Administrations to reserve seats, berths or compartments, as the case may be, and a Government of India notification to this effect will issue shortly.

SCORCHED EARTH POLICY.

71. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: Will Government make a statement with regard to the "scorched earth policy", if they have formulated any policy at all, in view of the latest war situation?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: The term "scorched earth" is a complete misnomer in its application to the measures contemplated in India in the event of an enemy invasion. The term appears to owe its origin to the *alleged* Russian and Chinese practice of destroying everything, including standing crops, water supply, cattle, etc., before retreating. The Government of India are not aware to what extent such destruction has in fact been carried out in those countries, but they have no intention whatsoever of following any policy of indiscriminate destruction. The policy of the Government will be, should a situation arise—and they have every intention of preventing with all the forces at their command such a situation arising—to deny to the enemy all facilities and materials of immediate military value in order to delay and hamper him. In practice, denial of such facilities is best accomplished, provided time permits, by removal to safe areas of such essential materials, surplus stocks, vital machinery, equipment and means of transportation as are likely to be of military value. As a last resort only, when time will not permit of removal, will destruction be resorted to. If that did occur, the great bulk of property destroyed would be the property of Government. In any case, there is no intention of removing or destroying such essentials as are necessary for the life of the people.

It is obviously not possible for Government to give details of the measures contemplated, since such information would certainly be of value to the enemy, but the Honourable Member may rest assured that any steps that may be taken will be limited solely to the military necessities of the occasion.

AIR-CONDITIONED WARDS IN MILITARY HOSPITALS.

72. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH**: Will Government give the main details of the air conditioning scheme for the Army in this country which has been undertaken on a big scale by the Military Medical Services in India?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: Government are planning to have air conditioning units in at least one operating theatre and one ward in all the larger Indian, British and Combined Military Hospitals throughout the plains of India. In Combined Hospitals there will be one ward for British and one for Indian patients. In addition, all operating theatres and a number of wards for British and Indian troops will be air-conditioned in Base General Hospitals.

Forty-two such units have already been installed and others are being installed as soon as the units become available. The limiting factor is the difficulty of obtaining equipment. In other wards various simpler cooling devices are installed, of which one example now being tested is the "desert cooler."

It is also planned to air condition two ward coaches per train in each Standard Military Ambulance Train in India and one ward in each hospital ship equipped by India. The operating theatre in one such ship has already been equipped.

RELAXATION OF BAN ON EMIGRATION TO CEYLON.

73. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH**: Is it a fact that a provisional agreement has been reached between the Indian and the Ceylon Governments regarding the ban on the emigration of Indian labour to Ceylon and the withdrawal of anti-Indian legislation in Ceylon? If so, what are the main features of this agreement?

THE HONOURABLE MR. A. V. PAI: The reply to the first part is in the negative; the second part does not arise. I may however explain that the correct position is as follows:—

The Government of India have not removed the ban on the emigration of Indian unskilled labourers to Ceylon; they have only relaxed the ban to the extent of permitting the return to Ceylon of Indian labourers already in the island who may come to India on visits.

This was done purely in the interests of the Indian labourers in Ceylon and in order to remove the hardship which was being caused to them by the fact that they were deterred from paying their usual visits to India on holiday or for social, domestic and religious purposes, for fear that their return to Ceylon would be prevented by the operation of the ban. The Government of Ceylon were not a party to the decision taken by the Government of India and there was, therefore, no question of its being accompanied by the repeal of any Ordinances in Ceylon.

LEASE-LEND AID.

74. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH**: (a) Will Government make a statement relating to the position of India in connection with the statement of President Roosevelt that "No financial reckoning will take place at the end of this war in return for Lend-Lease aid" in view of the increasing volume of war materials and munitions arriving in India from the U. S. A. and the presence of increasing number of American troops in this country?

(b) Will Government give a categorical assurance that the financial interests of India and her right to devise and pursue her own fiscal and tariff policy in the post-war international trade and commerce, will not in any way be jeopardized by any commitments made in pursuance of the Lease and Lend aid ?

THE HONOURABLE SIR ALAN LLOYD: President Roosevelt made no such statement. I would invite the Honourable Member's attention to the President's Fifth Report to the United States Congress on Lease-Lend operations a relevant extract from which is placed on the table.

With regard to the second part of the question, all relevant considerations including those mentioned by the Honourable Member will be borne in mind in connection with any agreement in regard to Lease-Lend arrangements.

Extract from the President's Fifth Report to Congress. Lend-Lease and the Peace.

The lend-lease programme has already become a prime mechanism in the combined efforts the United Nations are making to win the war. The programme of Lend-lease agreements is also emerging as a factory in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction.

The agreement with Great Britain was signed on February 23, 1942. On June 2, 1942, an agreement was made with the Republic of China embodying the same terms (See Appendix III). On June 11, 1942, a similar agreement was signed with the Union of Soviet Socialist Republics. The provisions of these agreements are now being offered to our other allies receiving lend-lease assistance.

These basic lend-lease agreements place the problem of the peacetime settlement in a realistic and appropriate setting. The agreements postpone final determination of the lend-lease account until the extent of the defence aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the signatory nations, and which "will promote the establishment and maintenance of world peace". Final settlement has been postponed since the course of the war may further change the complexion of the issue.

We are now in the war, as we were not in March 1941 when the Lend-lease Act was passed. We have pledged our resources without limit to win the war, and the peace which will follow it. We look forward to a period of security and liberty, in which men may freely pursue lives of their choice, and governments will achieve policies leading to full and useful production and employment. If the promise of the peace is to be fulfilled, a large volume of production and trade among nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principles of commerce. The lend-lease settlement will rest on a specific and detailed programme for achieving these ends, which are, as Article VII of the agreements with Great Britain, China and Russia point out, "the material foundations of the liberty and welfare of all peoples".

Co-operative action among the United Nations is contemplated to fulfil this programme for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction.

Article VII of each of the basic agreements pledges that "the terms and conditions" of the final determination of the benefits to be provided the United Nations in return for aid furnished under the Act "shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations". By this provision we have affirmatively declared our intention to avoid the political and economic mistakes of international debt experience during the twenties.

A Lend-lease settlement which fulfils this principle will be sound from the economic point of view. But it will have a greater merit. It will, represent the only fair way to distribute the financial costs of war among the United Nations.

The real costs of the war cannot be measured, nor compared, nor paid for in money. They must and are being met in blood and toil. But the financial costs of the war can and should be met in a way which will serve the needs of lasting peace and mutual economic well-being.

All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of war means that no nation will grow rich from the war effort of its allies. The money costs of the war will fall according to the rule of equality in sacrifice, as in effort.

IMPROVEMENT OF SERVICE CONDITIONS OF COLOURED SEAMEN INCLUDING INDIAN SEAMEN.

75. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: (a) Is it a fact that service conditions of coloured seamen, including Indian seamen in British ships, are very unfavourable and at a recent session of the Joint Maritime Commission held in London a resolution was passed to the effect that "Members of this Joint Maritime Commission record their admiration of the war effort of Chinese, Indian, and all other seamen from Asia, Africa, and East and West Indies serving in the fleets of the United Nations. They urge that in collaboration with the respective organizations and Governments concerned all practicable steps should be taken to ensure that in the conditions of employment and general treatment of these seamen, there shall be no unfavourable comparison with crews of vessels in similar trades under the same registry"?

(b) Have Government made any inquiry in this connection, and what steps have been taken to improve the service conditions of Indian seamen serving in the fleets of the United Nations?

THE HONOURABLE SIR ALAN LLOYD: Government have recently received a copy of the resolution mentioned in part (a) of the question which is under their consideration. I may add that Government are fully alive to the necessity of improving the conditions of service of Indian seamen as far as possible.

FINANCIAL IMPLICATIONS OF THE AGREEMENT BETWEEN THE UDAIPUR DURBAR AND GOVERNMENT.

76. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH: Will Government state the financial implications to the revenues of India of the agreement which has recently been concluded between the Government of India and the Udaipur Durbar regarding the working of the zinc and lead mines in the State under the newly constituted Utilisation Branch of the Geological Survey of India? How does the American Technical Mission come into this arrangement?

THE HONOURABLE MR. H. C. PRIOR: The terms of the agreement provide for a prospecting lease with the right to a mining lease thereafter. The mining lease will give Government a right to sub-let the lease. Under the terms of the agreement referred to, the following payments (exclusive of certain incidental payments as compensation for damage or timber used, etc.), will be made by the Government of India:—

- (1) *Under the prospecting license now granted to the Government of India.*—
Payment to the Mewar Government of a fixed amount of Rs. 1,000

per annum during the prospecting period. If during this period, profits are made by the Government of India, and such profits exceed the sum spent by them, then royalty at 2 per cent. on the gross sale value of products marketed shall be payable to the Mewar Government, as from the date that such profits equal the total sum of money expended by the Government of India plus interest ;

(2) *Under the mining lease subsequently to be granted.*—(1) Payment to the Mewar Government of royalty of 2 per cent. with a minimum of Rs. 10,000 per annum on the gross sale value of all products and bye-products marketed. Royalty payable on gold shall be 5 per cent. on the gross sale value ;

(2) If and when Federation is established any taxes pertaining to mining operations proposed by the Federal Government and approved by the Mewar Government shall be paid by the Government of India ;

(3) Payment of surface rent at the rate of annas eight per acre.

2. The American Technical Mission is not concerned with this agreement.

INFORMATION PROMISED IN REPLY TO QUESTIONS LAID ON THE TABLE.

THE HONOURABLE MR. C. E. JONES : Sir, I lay on the table the information promised in reply to questions Nos. 130 and 134 and 137 asked by the Honourable Mr. N. K. Das on the 10th March, 1942.

INCOME-TAX ASSESSMENT.

Question Nos. 130 and 131.—Government have received a few representations in the matter. Only eight assesses of Orissa, however, were called to Patna for the production of account books. In all these cases the accounts had been originally examined locally but the assesses had to be called to Patna either because the examination could not be completed on the first occasion or because the assesses themselves had asked for an adjournment. Instructions have been issued that in the matter of production of accounts Income-tax Officers should study the convenience of assesses as far as possible. It will however be appreciated that it is not always possible for the Income-tax Officer to visit the same place repeatedly, so that it may at times be necessary to call assesses to the headquarters of the Income-tax Officer. But such cases should be few.

Question No. 132.—Yes, in March, 1942. He could not do so earlier as the number of appeals pending in Orissa did not justify an earlier visit.

Question No. 133.—Government consider that no sufficiently useful purpose would be served by collecting the information, since it would necessitate every case involving assessment of business income for the entire circle for the years in question being brought under scrutiny for the purpose, which would involve an expenditure of time and labour disproportionate to the value of the results obtained.

Question No. 134.—The number of cases in which penalty was imposed in 1939-40, 1940-41 and 1941-42 was 98,290 and 364, respectively. The amount of revenue derived therefrom up to 1st August, 1942 was Rs. 28,373, Rs. 1,37,413 and Rs. 90,985, respectively.

Question No. 137.—In the case mentioned by the Honourable Member nearly one-third of the tax levied was paid by the assessee in the normal course. Since the balance was not paid in spite of several warnings a distress warrant had to be issued. The assessee then paid a further sum which brought the total payment to more than half the tax levied. The sum recovered, however, as the result of attachment—which was a little more than that stated by the Honourable Member—was small because the assessee had in the meantime removed his moveables from his place of business in anticipation of attachment.

INDIAN COMPANIES (SECOND AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, I move:—

“That the Bill further to amend the Indian Companies Act, 1913, as passed by the Legislative Assembly, be taken into consideration.”

This Bill, Sir, is, as explained in the Statement of Objects and Reasons, designed to put an end to a possible source of abuse—and, it is believed, an actual source of abuse—in connection with the use of the words “bank”, “banker” or “banking” by concerns which are not of first rate standing and which are anxious to escape from the special provisions laid down in the Companies Act as applicable to banking companies. Such concerns are able to escape or attempt to escape those provisions by claiming that they do not fall within the definition of “banking company” as given in the Act. That definition describes a banking company as “a company which carries on as its principal business the accepting of deposits of money on current account or otherwise, subject to withdrawal by cheque, draft or order”, notwithstanding that it engages in addition in any one or more of seventeen different kinds of business which are specified in the section. These concerns to which I have referred, although they use the word “bank”, “banker” or “banking” in their titles and thereby may be said to hold themselves out to the public as bankers, nevertheless claim that the accepting of deposits of money on current account, etc., is not their principal business and in this way they claim to escape the special provisions of the law which the Legislature has very wisely inserted for the protection of the public in connection with banking companies. For this reason it has been provided in this Bill that any company which uses the word “bank”, “banker” or “banking” shall be deemed to be a banking company as defined in the Act. The proposal has been very widely circulated amongst commercial and financial interests as well as Provincial Governments and has received almost unanimous approval. Some criticisms have come from various directions, notably Indian associations, that the Bill does not go far enough and one association, for instance, has suggested that the words “finance”, “deposit” and the like used in the title of company should also compel the company to be treated as a banking company but to accept any such proposal would, in the opinion of the Government of India, make it impossible to deal with this subject in a simple manner, which is all that the present conditions allow. At the same time this simple proposal is in the Government’s opinion an urgent one. It is the intention of Government, when the position is more favourable, to overhaul the general banking law and when that time comes all these criticisms that the present Bill does not go far enough can be met. There has been one Chamber, whose recommendations were forwarded to us by the Federation of India Chambers, which had suggested that old-established firms which had been using these words in their titles should be allowed to use them without changing their designation, subject to special arrangements for checking their activities by the Government authority. It was not easy to devise such special arrangements and the Chamber concerned and the Federation I think recognized this themselves because they went on to say that if this proposal was not acceptable to the Government they should give these firms plenty of time in order to change their titles. That request has been met by the insertion of sub-clause (2) in clause 1 of the Bill.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD: Sir, I move:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

INDIAN RUBBER CONTROL (TEMPORARY AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, I move:—

“That the Bill temporarily to amend the Indian Rubber Control Act, 1934, as passed by the Legislative Assembly, be taken into consideration.”

Sir, the reasons for this small Bill are explained in the Statement of Objects and Reasons in terms which are, I think, rather longer than the Bill itself. Very briefly, as parties to the International Rubber Agreement, we undertook to apply certain controls on exports of raw rubber from India and on new planting of rubber plants. With the occupation by the enemy of the rubber-producing countries in the Far East a situation has arisen in which all the rubber we produce will be required for the rubber manufacturing industry in India itself, which industry has developed considerably in recent years and has been further developed in connection with the war effort. Restrictions on export therefore are out of date. Similarly the need for producing as much rubber as possible during this emergency has led to the desirability of our having freedom to allow new planting of rubber, subject, of course, to Government control, especially in cases where in order to maximize production planters have been urged to tap their trees much more vigorously than is the normal practice, with the result that this immediate action may lead to a diminution of the value of their estates. Looking ahead to the future in such cases a reasonable amount of new planting will be allowed.

Sir, I move.

* **THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa: Muhammadan): May I say two words, Sir, I should like the Honourable Member to enlighten us a little more about facts about the rubber situation in India. Is the Government making any effort to manufacture synthetic rubber in India and also is any export allowed at the present moment out of India to other countries? These are the two questions on which I should like him to enlighten us, and, thirdly, we should like to know the steps which the Government is taking to conserve the rubber resources, because, after all is said and done, in the military vehicles rubber counts for a great deal and rubber is not to be had for love of money at the present moment. We have heard, Sir, that some permits have to be taken by private persons to buy tyres but that is not enough. The military also must be taught to use their rubber tyres as sparsely as they possibly can. We see every day military cars and lorries running about without any rhyme or reason with one person sitting and a big lorry of three tons being driven here and there. There are any number of instances in which you are squandering the rubber resources of the country and as I have the defence of India dear to my heart I do not like this sort of wastage to go on and simply a rule of thumb method passed that if a private

* Not corrected by the Honourable Member.

[Mr. Hossain Imam.]

person wants to buy a rubber tyre he will have to go through many difficulties and justify his purchase. You are very careful where pennies are concerned but where pounds are being wasted I doubt if you have taken any care to conserve them. Sir, I should like my Honourable friend to enlighten us on the subject.

THE HONOURABLE SIR ALAN LLOYD: Sir, the first question of the Honourable Member related to synthetic rubber. The Government of India have been carefully examining possibilities in this direction, but I do not think I am in a position to say that it has been found practicable to set up any synthetic rubber plant on the sort of scale which we have read about in America and Germany. The mere fact that highly elaborate and expensive machinery would be necessary makes that very difficult as a short-term proposition. I think it is not in the interests of India as a large rubber-producing country that it should imperil its own rubber industry in the future by setting up a synthetic rubber plant which would certainly need to be subsidized by Government in peace conditions. I can, however, inform the Honourable Member that every effort is being made to explore the possibilities of producing rubber from other plants than the ordinary rubber tree, which I believe is called *Hevea Brasiliensis*, by the research authorities of the Forest Department and our own Scientific and Industrial Research Department.

As regards exports the answer is that exports may be said practically to have ceased and there is no possibility of their being resumed during the war. I cannot be absolutely certain that small outstanding consignment, have not gone but as far as new contracts are concerned export has certainly not been allowed.

As regards the conservation of rubber by the preservation of rubber products in the country I feel that this is really hardly relevant to the subject of this Bill; which is dealing with raw rubber. But I agree that the more rubber we can save in consumption the less the pressure upon the estates and the less the necessity for asking estate owners to indulge in what is described as slaughter tapping. I can, however, if my Honourable friend on the Front bench will permit me to speak on behalf of the War Department, say that it is my understanding that the War Department has been giving this subject their utmost consideration and in particular they have elaborated special organizations for the retreading and reclamation of rubber on a very elaborate scale. I think, Sir, we must leave it to the War Department to put through their programme with that efficiency which I am sure will result from the great attention being paid to the subject.

THE HONOURABLE THE PRESIDENT: Motion moved:—

“That the Bill temporarily to amend the Indian Rubber Control Act, 1934, be taken into consideration.”

Question put and Motion adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD: Sir, I move:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): "Sir, I move :—

" That the Bill further to amend the Code of Civil Procedure, 1908, as passed by Legislative Assembly, be taken into consideration."

Sir, this is a short Bill, and as will be seen from the Statement of Objects and Reasons, the necessity for this Bill has been indicated by the learned Chief Justice of India in the case of the United Provinces Government v Atiqa Begum. For the reasons therein given, I am sure Honourable Members would welcome the Bill.

Sir, I move.

* THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan): Sir, I desire to lend my support to this Bill. The position, Sir, as I understand it, is that in the recent case of the United Provinces Government v Atiqa Begum the question arose whether the Province was entitled to be made a party in a suit in which the interpretation of the Government of India Act or any rules made thereunder was involved. The Federal Court came to the conclusion that the Province had the right of being made a party, but in the course of his judgment the Chief Justice of India indicated that the question was not free from difficulties, and he advised the Government to take suitable action to put the law beyond any possibility of doubt, because according to his interpretation there were certain possibilities open to private parties. They might defeat the Local Government from being a major party or they might come to a private settlement and thus deprive the Province of the right of having the dispute decided by a competent court of law.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa ; Muhammadan): What was the matter in dispute in this case ?

THE HONOURABLE MR. P. N. SAPRU: Well, I could not off-hand give the facts of the case. I think I could give by reference to the Law Report the principle point of law, and I am only speaking on what the point of law was. What the Act does is it enables the Advocate General of the Province to advise, because it requires that the Court shall give notice to the Advocate General of India, or of the Province as the case may require, and it further requires that if satisfied that it is necessary or desirable for the satisfactory determination of the question to make the Province a party, it shall order that the Government concerned shall be added as a party.

Sir, with these words, I desire to support the Bill.

* THE HONOURABLE MR. HOSSAIN IMAM: I would like the mover to enlighten with reference to the proceedings of the Federal Court as to what was the point involved, because at the present moment, Sir, the tendency is in every suit, wherever one of the parties finds itself in difficulties it says that it was *ultra vires* of the Legislature to pass an Act or that action which has been taken has been taken illegally. So is it in every proceeding where a plea is made questioning the competence of the Legislature to pass an Act or for that matter, interpretation of any of the provisions of the Government of India Act as regards jurisdiction. If in everything it is necessary to make

* Not corrected by the Honourable Member.

[Mr. Hossain Imam.]

the Government a party the result will be that there will be too many cases in which Government will have to become a party : and in addition the litigant public will have this difficulty, that in every case where this sort of action is taken, the Government will naturally ask for adjournments to consider the matter ; the Provincial Government will be involved in a great deal of expenditure in giving retainers and fees to the lawyers, and in getting copies of other papers ; and the litigant public will be put to long, long delays. I hope, Sir, that after the passage of this rule which I do not question because it has been recommended by such an authority as the Chief Justice of India, the Government and the Courts will have recourse to this Act only in cases where a real and genuine necessity of making the Government a party arises.

THE HONOURABLE MR. P. N. SAPRU : That is provided for by the Advocate General being consulted.

THE HONOURABLE MR. SHAVAX A. LAL : The point made by the Honourable Member is fully answered by the concluding words of clause 2 which clearly gives discretion to the Court to make the Province a party or not as the circumstances of the case may require, for it says " and the Court is satisfied that such addition is necessary or desirable for the satisfactory determination of the question of law involved ". It is natural the other party would bring the difficulties to the notice of the Court and ask the Court not to make the Provincial Government a party if that course is not strictly necessary. Therefore we have endowed the Court with discretion in the matter, and we can certainly trust that the courts will use their discretion properly as they do in so many other cases.

THE HONOURABLE MR. HOSSAIN IMAM : What about the genesis of this Amendment Act ?

THE HONOURABLE MR. SHAVAX A. LAL : The genesis has been indicated in the judgment of the learned Chief Justice. The facts of the case are not material to the point now in issue. The only point now in issue is whether the court should have power to make a Province or the Central Government party to a particular suit which raises constitutional issues : not where the question at issue is whether a particular action is legal or illegal— in that case of course the Provincial Government or the Central Government does not come into the picture. Only when the *vires* of a particular legislation is questioned would the applicability of these new provisions arise.

THE HONOURABLE MR. HOSSAIN IMAM : May I explain, Sir, that what I wanted to know is whether the discretion rests with the Government and the Advocate General to be a party or not, or whether in every case they will be compelled to become a party ? The Provincial Government loses its autonomy. It has no say in the matter.

THE HONOURABLE THE PRESIDENT : In a judicial matter the court has to exercise a judicial discretion, and if the court exercises it wrongly, then there is an appeal. Therefore, it is not for the Government to rush into court.

THE HONOURABLE MR. SHAVAX A. LAL : The complaint of the Honourable Member first was that the court is not given the discretion and now his complaint is that the Provincial Government is not given the discretion. How can both have the discretion ?

THE HONOURABLE THE PRESIDENT : Motion moved :—

" That the Bill further to amend the Code of Civil Procedure, 1908, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

CODE OF CIVIL PROCEDURE (SECOND AMENDMENT) BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): Sir I move:—

“That the Bill further to amend the Code of Civil Procedure, 1908 (Second Amendment), as passed by the Legislative Assembly, be taken into consideration.”

Sir, the objects of this Bill have been sufficiently explained in the Statement of Objects and Reasons. This Bill is designed to improve the machinery for the recovery of court-fees in pauper suits. No important question of principle has been raised.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I

“That the Bill, as passed by the Legislative Assembly, be

The Motion was adopted.

REPEALING AND AMENDING BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): Sir, I move:—

“That the Bill to repeal certain enactments and to amend certain other enactments, as passed by the Legislative Assembly, be taken into consideration.”

Sir, this is a simple Bill. It may be likened to a pruning knife with which dead matter is from time to time removed from the Statute-book. It makes no change of substance.

Sir, I move.

***THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa : Muham-madan): Sir, I would like the Honourable Member to enlighten us a little because even the Statement of Objects and Reasons is silent on the fact that we, the Central Legislature, have been endowed with the power which we do not have. An Act of the Governor General cannot be repealed without the previous sanction of the Governor General in Council and there is no mention that the Bill has received such sanction except that it is mentioned at the end that “The Governor General has been pleased to give the previous sanction required by the Government of India Act to the introduction in the Legislative Assembly of this Bill”. But it does not mention to what particular items this permission appertains. There are Acts of the Governor General in Council, as well as Regulations of the Governor General in Council, Regulations of the Governor General alone, and Acts of the Governor General

* Not corrected by the Honourable Member.

[Mr. Hossain Imam,]

alone mentioned in this Bill. What is the position of the Central Legislature with regard to all these categories? How are we competent to deal with Acts of the Governor of Bengal in Council? I should prefer if the Finance Department especially will enlighten us on the following point. There is an amendment of the Indian Finance Acts of 1937, 1938 and 1939, all three Acts passed by the Governor General himself. How does this affect the position, especially as there is mention of "salt"? Do we take it that the position with regard to "salt" has changed or it is contemplated to change it, or will it be the same as before? I should like the Government benches to enlighten us on these points.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, assuming that there is any validity in the argument of my Honourable friend Mr. Hossain Imam, the answer, to my mind, is that if they are passing a law which is *ultra vires* of the Legislature—

THE HONOURABLE MR. HOSSAIN IMAM: I welcome this measure.

THE HONOURABLE MR. P. N. SAPRU—the question can be settled in a court of law by private parties moving the matter before a court of law at any particular time. Therefore, we need not go into the question as to whether what we are doing is or is not *ultra vires* of the Legislature. There is, in the case of *ultra vires*, a remedy open to a private party in a court of law and therefore the question is immaterial from our point of view as a Legislature.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, a certificate is already printed on the back of the Bill and it will apply to all such provisions as require the previous sanction of the Governor General. Previous sanction is required with reference to the subject-matter of a particular provision, not with regard to the original legislative authority which enacted it, and that should be plain from the sections of the Government of India Act cited in the certificate itself.

THE HONOURABLE MR. HOSSAIN IMAM: What about Acts of the Governor of Bengal in Council?

THE HONOURABLE MR. SHAVAX A. LAL: As I have said, the sanction is necessary with regard to the subject-matter of a particular legislative provision and not with regard to the original legislative authority. So far as the subject-matter requires previous sanction that previous sanction is here. It has nothing to do with who enacted the original Bill. All the measures enacted in the past have been continued in force by section 292 of the Government of India Act and that is the authority from which the sanction is now derived.

THE HONOURABLE MR. HOSSAIN IMAM: Is this Legislature competent, under the division of subjects, to repeal an Act of the Governor of a Province?

THE HONOURABLE MR. SHAVAX A. LAL: Yes, Sir. If the subject-matter is within the competence of this House, then this House is certainly competent to repeal that Act. If it is not within the competence of this House, then it is not competent to repeal it.

THE HONOURABLE MR. HOSSAIN IMAM: Whether in the Concurrent Legislative List or in the Federal Legislative List?

THE HONOURABLE MR. SHAVAX A. LAL: The provisions of the various Acts mentioned here are either within the Concurrent Legislative List or the Federal Legislative List. My Honourable friend may rest assured of that.

THE HONOURABLE THE PRESIDENT: Motion moved:—

“That the Bill to repeal certain enactments and to amend certain other enactments, as passed by the Legislative Assembly, be taken into consideration.”

Question put and Motion adopted.

Clauses 2, 3 and 4 were added to the Bill.

THE HONOURABLE MR. HOSSAIN IMAM: May I ask the Finance Department to enlighten us as to the effect of the amendment of the Finance Act as well as the repeal of the Sugar Industry (Protection) Act?

THE HONOURABLE MR. SHAVAX A. LAL: Which Act does the Honourable Member refer to?

THE HONOURABLE MR. HOSSAIN IMAM: I am referring to the fourth page, Act XX of 1939, and the Indian Finance Acts, under Acts of the Governor General on page 5.

THE HONOURABLE MR. SHAVAX A. LAL: They are not repealed, Sir. The repeal is this, the words and figures commencing “to fix the duty on salt” and ending “Indian Post Office Act, 1898, and”.

THE HONOURABLE MR. HOSSAIN IMAM: That means the salt duty is removed.

THE HONOURABLE MR. SHAVAX A. LAL: No.

THE HONOURABLE MR. HOSSAIN IMAM: The whole of the Sugar Protection Act is repealed, last but one item on page 4, Act XX of 1939. That is what I want the Commerce Department to enlighten us on. Are we by means of this repeal entering into a new policy?

THE HONOURABLE MR. SHAVAX A. LAL: Not at all, Sir.

THE HONOURABLE SIR ALAN LLOYD: May I explain, Sir? The protection to the sugar industry rests upon a different Act as passed by this Legislature last session. The previous protective duty has been superseded.

THE HONOURABLE THE PRESIDENT: It is superseded by a subsequent Act.

The First Schedule was added to the Bill.

The Second Schedule was added to the Bill.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

FEDERAL COURT (SUPPLEMENTAL POWERS) BILL.

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

“That the Bill to confer supplemental powers on the Federal Court, as passed by the Legislative Assembly, be taken into consideration.”

The Statement of Objects and Reasons explains the necessity for this Bill and it is unnecessary for me to comment further on that Statement. It is self-explanatory. The Bill is non-controversial and I hope therefore that the Bill will be accepted by this House.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. P. N. SAPRU : Sir, I move :—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I am not making the Motion standing in my name today but I shall move it on Monday. The reason for not moving the Motion today is that the representative of the Home Department has not yet been nominated to this House.

THE HONOURABLE THE PRESIDENT : I suppose the Honourable the Leader of the House has no objection ?

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

RESOLUTION *RE* ALLOCATION OF DEFENCE EXPENDITURE.

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

“Whereas the war has now come to India and its defence from major aggression is primarily the duty of His Majesty's Government, whereas the war in India is an essential part of the world strategy of the Allied Powers, and whereas the financial capacity of India is very slender, this Council recommends to the Governor General in Council to enter into a fresh agreement with His Majesty's Government for the allocation of Defence expenses on an equitable basis, fixing India's share at Rs. 800 millions per annum.”

Sir, when I gave notice of this Resolution I had not had a chance of discussing the matter with my other colleagues of this House nor had I the opportunity of knowing the debate that took place in the other House on a Motion for Adjournment on the subject of the Honourable the Finance Member's visit to England. Sir, I have learnt much from these sources, and as you will find, Sir, notice of an agreed amendment had been given by my Honourable friend Mr. Sapru. In my speech I shall stress the Resolution in the amended form rather than in the form in which I have moved it as I accept the amendment. The matter at issue, Sir, is a very simple one. I should like to say publicly that we have heard from reliable sources that the Honourable the Finance Member when he visited England tried his level best to safeguard the interests of India, and how far his efforts have met with success is being hidden by the Finance Department itself. But I do wish that the Government of India as well as His Majesty's Government should realize that this is a question of such great importance that we cannot allow it to be decided one way or the other without the consultation of the people's representatives. I hope, Sir, that the Indian Members of the Executive Council, if they have any say in this matter, will use their influence to associate the members of the Legislature in this desirable objective. I, Sir, could trace the past history of the inequitable agreements made by Britain with India with regard to the Defence expenses. There are many instances, notable instances, of the Government of India standing out for our rights in the days when Indians were not associated with the Government of India. Even in the recent past a Commander-in-Chief of India—I am referring to the Montford Reform days—a Commander-in-Chief of India put up a strenuous fight in the British Cabinet that the whole of the expenditure on the British personnel and of the Army in India should not be charged to the Indian exchequer because of the fact that India was the ground where you kept your reserves for imperial purposes. In all the Eastern Possessions, Dependencies, Protectorates and others, you had

* Rs Committee to report on Bill to provide for better administration of Muslim Wakfs in Delhi.

no army to speak of; only in Hong Kong you used to keep a battalion from India and you used to pay for it, but in the rest of the country you had scarcely an army worth the name. It was fundamentally inequitable to make a settlement whereby the Armies in India were charged to the Indian exchequer but used for imperial needs. A tardy justice was done to India after Garron Tribunal by acceptance of a partial payment of a crore and a half in the first instance and two crores latterly for the use on imperial purposes of the Indian Army, but, Sir, those are ancient histories. I am not going to stress much on that aspect of the question because that is full of both the valiant defence put up by the Government of India of the old days, and the trampling down of every reason and equity by His Majesty's Government. I should like, Sir, to base my arguments for reconsideration of the present agreement mainly on the present-day practice of His Majesty's Government and all other Allied Powers. We have before us the example of Egypt where an Army is stationed by His Majesty's Government and the United States of America but no contribution is paid by Egypt towards the cost of that Army: as the Army there is not primarily for the safety of Egypt but in effect to guard the frontiers of the British Empire. We have, Sir, instances after instances of American troops coming over to Australia, to India, to Egypt, to Great Britain itself, without involving the country in which that Army is stationed in any expenditure. The present-day war, Sir, is a different war from those of the past. *The distribution of war costs is not made on the geographical basis of the stationing of the fighting forces but on the more equitable and just principle of firstly, whose interests it primarily serves, and, secondly, what is the capacity of each individual partner to pay? The payment must be in proportion to the capacity to pay and not on the location of the armed forces.* The present agreement, which was entered into by the Government of India before the advent of the eleven valiant gentlemen, was made, Sir, without even being formally adopted by the Legislature. The Legislature were faced with a *fait accompli*, and we had no say either to its entry or its make-up. We were told by the Finance Department, Sir, that it was a very reasonable and just apportionment of expenses. He has been further strengthened by the remarks of the Public Accounts Committee which has taken upon itself part of the responsibility for this agreement. As I am saying things which might not be in favour of the Finance Department I will give at least this testimony in its favour. It says:—

“We were informed that not only the method of allocation but also the detailed calculations carried out for the purpose of arriving at the actual figures debitable to either country are fully checked by audit.”

Be that as it may, that is a matter of past history. It will serve no useful purpose for us to say now whether that agreement was favourable or unfavourable, but there is this to be said that the conditions existing at the time of the agreement and today are altogether different. That agreement was, Sir, made at a time when the real fighting was taking place outside the borders of geographical India and we entered into a pact whereby all the cost of the Army which is sent abroad would be charged to His Majesty's Government. That question, Sir, will no longer arise when the fight takes place within the borders of British India. By implication under the old terms all the cost of the Army raised in India will be debitable to the Indian exchequer. Now that, Sir, is a proposition which requires reconsideration. I am not going to trot out the Congress formula that this war has been entered into without our consent (which is factually correct) and therefore we should not be liable to pay the cost of it. They are welcome to this formula, but I for one would face the situation in its reality and I am prepared to concede that a part of the cost

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of the defence of India is rightly chargeable to the Indian exchequer. But the question of quantum and the method of allocation is a very important question. I know, Sir, that it may be said that all the Allied Powers are shouldering their own burdens why should not India also shoulder its own burden. But is that correct, the United States have no interest in the countries where they have sent their Armies. Cannot we ask Britain to give us this small concession that the cost of all the British Army should be debitable to His Majesty's Government and no part of it should be paid from the Indian exchequer. When we had no outside Army we were paying the cost of 45,000 British troops and paying Rs. 8 crores as capitation charges. At least these charges, which come up to nearly Rs. 24 crores are included in the basic figure of Rs. 42 crores, charged to Indian revenues, ought to be removed. If the United States, which has no connection with us, can send its Army and not charge us for its cost, the least the British Empire can do and His Majesty's Government should do is to forego that charge for the British personnel of the Indian Army. That, Sir, should be the first step towards apportionment of the cost. Secondly, Sir, this is a mechanized war. Long before the war started, to be particular in February, 1939, the Committee of Experts which visited India came to the conclusion that Indian resources are not sufficient to cover the cost of the mechanization of the Indian Army. Therefore, I claim, Sir, that the cost of all the machinery, aeroplanes, and their parts, tanks, anti-aircraft guns, anti-tank guns and all the multifarious things which are needed for a fight should be given to us by His Majesty's Government just as America is giving it to all the belligerent Powers under the Lease-Lend. We who have been part of the British Empire, who have in the past borne a great share of the imperial defences, deserve to get that concession which America, out of its generosity and its particular interests, is giving to countries with which it has no concern. These are my first two basic demands from His Majesty's Government.

Now, Sir, coming to the cost and the pay of the Army in India, of the
 12 NOON. Indian personnel raised during this war, there is no denying the fact that you have fixed the scale of expenditure in keeping with your own standards. If we had an army of our own, raised by a National Government, it would not have been half as costly as your army is, and in that connection, Sir, I quote the instance of the pay of the Japanese soldier as well as the pay of the German soldier. Compare these two, and also of Russia and of China. What are they? They are in certain cases one-fifth or one-sixth of what you are paying in India because of two reasons. In those countries the cost of living has not gone up to the sky as it has done in India. I do not suggest that you are squandering our money in giving this pay to our own people. You have to give this pay because of your want of control in other spheres. *Nazis and Fascists manage to do things cheaply because they regulate all phases of life and all supplies.* It can pay a rupee and make that rupee remain at 16 annas whatever happens. We saw that in spite of the gold backing that England had it could not stand on the gold standard. But Germany, with a third or even a quarter of the gold that England had, maintained the gold standard right through the depression period. Regimentation has its drawbacks and its advantages. But I say, Sir, that, be that as it may, the country is faced with a high cost of the Indian Army, and that cost is being borne because of your action. This fight is waged not for the safety of India alone; but Imperial and Allied interests are inseparably concerned with the safety of India. *It is undeniable that if you lose India you lose the entire East; you will have no place to stand up anywhere either in Africa or in*

Asia. This is the one centre, just as America is the centre for England and for all the other Allied countries. India is the one centre which is supporting your entire effort in the East, whether it be Egypt, Palestine, Iran or Australia. As this thing, Sir, is primarily in the interests and for the benefit of all the Allied nations in general, and of Britain in particular, I claim, Sir, that not because I am not ready to take up the burden but because my resources do not allow it, His Majesty's Government should contribute towards our Indian Army expenditure. It was, Sir, with this end in view that I had given the figure of 800 million rupees. But as I said, Sir, when I consulted my friends, we felt that it was an imperial formula. I had no basis for it, and I admit that I have no basis for fixing the military expenditure at 800 million rupees.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official):
Rs. 2-8-0 per head.

THE HONOURABLE MR. HÖSSAIN IMAM: Considering that our national income is so slender and the cost of living so high, I think even this is too much. Nevertheless, Sir, we thought that it would be better that we should know what the Government's case is and on what basis they wish to have this allocation. The words, Sir, that "expenditure undertaken by India in her own interest should be charged to Indian revenues" are very vague and it leaves a lot of discretion and a lot of loopholes to allocate expenditure unjustly either to India or to His Majesty's Governments. I would like to have a formula which would be more fool-proof: and I say, Sir, that the Report of the Public Accounts Committee reveals that when India was not called upon to make any appreciable war effort, when no war had started in the East and in the West too, when the war was far far away from the borders of India, in the year 1940-41—the year which concluded on 31st March, 1941, the Public Accounts Committee had to make some strong strictures. And we know the composition of the Public Accounts Committee and the fact that in reality the opinion of the Public Accounts Committee is the opinion of the Auditor General because they are guided in all their decisions by the Audit Department and the Auditor General himself. This is the remark, Sir, of the Public Accounts Committee:—

"Competition over a large field has practically disappeared and its place has had to be taken by the non-competitive methods of single tenders and negotiated contracts.

The urgency with which work is now required to be done led last year to the evolution of a much simplified procedure for sanction to works. Even that procedure however we regret to note has in some cases not been followed".

It goes on to say:—

"And for such clear breaches of the instructions it is difficult to find any adequate excuse".

They further remarked:—

"But we cannot help feeling that the delegations of power and relaxations of financial control generally have now been carried to the limit of safety and should go no further".

They also remarked:—

"There were cases of wastage owing to the abandonment of works before completion due to a too frequent change in the plans of the Military authorities".

"There are any number of such remarks, Sir, in which it is mentioned that there is a great deal of waste. Stores are sent but they are untraceable. No receipt is received to show whether they have ever reached their destination or verification that they were even despatched, except a paper indicating that they have been despatched.

[Mr. Hossain Imam.]

Sir, there is any amount of wastage and lack of control in these affairs. In addition, now that we are facing the danger from the East, we are embarking on many expenses which India would never have done in normal times. I refer, Sir, to the construction of airfields and aerodromes. I am not going to give any secrets but there is one district in which several aerodromes and airfields are being built, and each aerodrome or airfield costs anything between Rs. 50 lakhs and Rs. 2 crores. These high expenses are being incurred—

THE HONOURABLE SIR JEREMY RAISMAN: Do I understand the Honourable Member to disapprove of that scale of defence?

THE HONOURABLE MR. HOSSAIN IMAM: I say, Sir, that it is beyond our capacity to bear. I don't question the construction but the cost. I rather condemn you for having started too late and for not having started enough. Even though this scale is very considerable, it is not enough considering the scale at which they are fighting in Russia. I do not condemn you for this scale. I condemn you for being too late and for being scanty even now and too expensive. But what I say is that this expenditure is beyond our capacity. I do not give any specific mandate. I do not fix any figure. I do not ask the Government to pledge themselves to any rule or regulation. I only demand that the present basis has outgrown its utility and the circumstances have so changed that a new basis should be found and that basis should be framed in consultation with, and with the advice and knowledge of those in whom the Indian people have trust. I hope, Sir, that the Indian Members of the Executive Council will justify their inclusion in the Cabinet by supporting this claim of ours of association of India in the defence of India. I for one, Sir, would desire an intensification of the efforts that are being made if we had this assurance that part of the cost will be met out of the pockets of the richer allies in this fight for democracy. I am not against the war efforts. We are ready to co-operate with you in the war efforts. But we are ready only on condition that you associate us as equals and not as slaves and camp followers. If you want our willing help and support, if you want to rouse the country, you have to make some gesture to show that you do not distrust India, for the distrust of India would mean that this fight is not for the liberty of India, that after all what you are saying is only lip sympathy, and that in the end you intend to keep us down and treat us as shabbily as you did after the first Great War of 1914-18, when you made great promises but everything fizzled out when the war was ended. If you trust us now we will feel some security that you are sincere and really mean what you say.

Sir, I move.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadian): Sir, the amendment of which I have given notice runs as follows :—

'That for the words beginning with the words "this Council recommends to the Governor General in Council" and ending with the words "per annum" the following be substituted :—

"this Council recommends to the Governor General in Council that for the present agreement for the apportionment of war expenditure between His Majesty's Government and the Government of India, a new basis be framed in consultation with the representatives of the parties in the Central Legislature".

Sir, the question of the apportionment of charges between His Majesty's Government and India is a long and complicated one and the Honourable Mr. Hossain Imam has dealt with certain aspects of the question. As the House

knows, the defence of India has a local aspect and an imperial aspect. In recent years the Indian Army has been considerably increased. I think the Honourable Mr. Hossain Imam was right in saying that on many occasions the Government of India has stood out for the rights of the Indian exchequer and it was only due to the Government of India to acknowledge this in public in the Legislature. We have no desire to escape our legitimate share of Defence expenditure. We are not approaching the question from the point of view of those who think that the defence of India is no concern of the Indian people or of the Government of India. But we want a reasonable adjustment between our claims and the claims of His Majesty's Government. We are ready to bear our share of the burden, and we think that His Majesty's Government should be prepared to bear its legitimate share of the burden which is primarily imperial in character. Part of the Indian troops are needed not only for the defence of India but also for imperial purposes and therefore it is necessary that to the extent that they are needed for imperial purposes His Majesty's Government should bear the cost of those troops. We know that in recent months the Defence expenditure has gone up very considerably since the last Budget was passed. Many developments have taken place in the Indian defence force and the Indian war effort has been intensified. We have spent a good deal more on aircraft and aeroplanes than we were doing before, and all this, of course means additional expenditure.

Now, the Legislature is interested in the question of India's finances. We notice, Sir, that the Honourable the Finance Member went on a flying mission to England to discuss certain matters with His Majesty's Government. We do not know what the nature of the discussion between His Majesty's Government and the Finance Member was. Perhaps he will take us a little more into his confidence and indicate to us at all events what were the topics that he discussed with His Majesty's Government. We want that the Honourable the Finance Member should give us an assurance that before any irrevocable or final decisions are taken, this House will be taken into full consultation in regard to India's defence expenditure. The average taxpayer is very much interested in this question. This House as the custodian of the rights of the average taxpayer is very much interested in this question and therefore it is desirable from every point of view that an assurance should be given to this House that before any final decision of an irrevocable nature is taken this House shall be consulted. Now, Sir, not only this, but I would go a little further than this. If you come to this House with your minds made up, your decisions announced, then the discussion that takes place in the House is of an unreal character. We know, and you know, that decisions have already been arrived at and therefore our criticisms have little influence on your decisions. The discussion too is apt in those circumstances to be somewhat more critical than it need have been, because there is an atmosphere of unreality about the whole affair. Therefore what I am suggesting is that it is desirable in the formulative stages of their decision Government should associate, not I say the entire Legislature, but representatives of the Legislature. They should consult Party leaders in regard to any decisions that they may take. My concrete suggestion is that Government before they arrive at a new basis in regard to the apportionment of charges between Britain and India should take into consultation the representatives of the parties or Party leaders. I think that is not an unreasonable request. I think, Sir, that Party leaders can be trusted to take a reasonable view of the difficulties of Government. They can be trusted to approach the question with an unprejudiced and a reasonable mind and I think they ought to be trusted to keep the discussions also confidential. If they agree to any fresh agreement, then they will be able to influence the opinion

[Mr. P. N. Sapru.]

of the Parties they lead or of which they are representatives. Therefore from the point of view of Government itself it will be an advantage to have these Party representatives associated with the Government before a new basis of revising the present agreement between His Majesty's Government and the Government of India is framed. I am making, Sir, a very reasonable request. Within the last three or four days we have been hearing of the mighty achievements of the Indian Members of the Executive Council. I do not know, Sir, what their achievements in the constitutional field or the political field will be. They have themselves confessed their inability to tender any advice to His Majesty's Government or to the Governor General in regard to the constitutional question. But I think, Sir, that in these financial and administrative questions they can be, if they so desire, of some use to their country. Now, I do not know whether they will regard it as falling within their legitimate sphere of duties as Members of the Executive Council to bestir themselves on behalf of the Indian taxpayer. The request that I have embodied, namely, that non-official opinion as represented by the representatives of Parties should be consulted with regard to the basis underlying any new agreement between His Majesty's Government and the Government of India in regard to war expenditure, is a very reasonable one and I hope they will accede to this reasonable request which is embodied in my amendment. Therefore I would say to the Finance Member that I have no desire to anticipate at this stage the decisions that he has arrived at. I do not know what the decisions he has arrived at are. I would not speculate as to the nature of those decisions. I would not—

THE HONOURABLE SIR JEREMY RAISMAN : Sir, they are not decisions.

THE HONOURABLE MR. P. N. SAPRU : I would not speculate as to the nature of the consultation—I should rather use the word “consultation”—as to the nature of the consultations which he has had with His Majesty's Government. I do not wish in any way whatever to prejudice the atmosphere which any new agreement that may have been provisionally arrived at between him and the Government of India will be considered by this House. I rather wish to strengthen his position *vis-a-vis* this House by the request which is embodied in my amendment. If he takes non-official opinion into consultation in the formulative stages of his decision, then he will be in a much stronger position than he is today with the House and it may be that we shall be in a readier mood to accord our support to any agreement which has the support of our representatives. Sir, I do not wish to take more time of this House than is absolutely necessary, and with these words I commend this amendment to the acceptance of the House.

THE HONOURABLE THE PRESIDENT : Discussion will now proceed on the amended Resolution.

***THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) :** Sir, it is not necessary to elaborate arguments on this Resolution. What is the aim of this Resolution? Is there any real object in this Resolution? What we have got already in the statements and in the speeches of the Honourable the Finance Member on the Budget indicates that so far as the allocation of expenditure is concerned the British Government pay all the expenditure of the Indian Army serving overseas outside the boundaries of India and also share the expenditure of the British Army in India. Therefore there is a basis of allocation of expenditure between Great Britain and India and on the basis of that allocation our Budget was prepared last year and the British Government after this understanding was to contribute to India a large sum of money instead and it has done so. Therefore it seems to me that it would

* Not corrected by the Honourable Member.

be too soon to disturb the arrangement which has been entered into. Last year at the budget time there was the impending war. As stated in the Resolution the war has come over to India. On the borders of India there were apprehensions of the war and the budget was prepared on the basis of that understanding. Today there is also this request made that there should be representatives of the Houses associated in preparing new basis or revising the arrangement that has been made but already there is a representative Committee elected by the House to advise, to be consulted by the Finance Department in matters financial, and at the time of the budget allocation surely this Committee will have an effective voice in the matter. Therefore it seems to me that in the matter of the allocation of expenditure it has already been done and it is sure to be more or less on the lines which have been indicated in the Budget Speech of the Honourable Member last year and the Finance Committee in existence is to be consulted. There is an organization already in existence and what further representatives could be elected to this I am not able to understand, nor the Honourable Members who spoke before me have given an indication of the sort of representatives whom they would like to elect into a separate Committee or strengthen the existing Finance Committee. Therefore, Sir, as I said before, it seems to me that there is no aim or object in having this Resolution unless it be that they want to draw the attention of the Honourable the Finance Member that greater care should be taken in the matter of allocation of war finances which I am sure he is such a caretaker of the finances of India that we need hardly take the trouble of reminding him again. His recent visit with regard to the financial adjustments necessarily implies that he is very careful in the matter of Indian finances and would not yield an inch to the British Government in the matter of any expenditure to be allocated over the head of India. So having had past experience of the way in which he was fighting for the benefit of Indian finance it seems to me that at present, before the budget could be prepared, it is unnecessary that we should have this Resolution at all.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : I think that the amendment which my Honourable friend Mr. Sapru has moved is of a moderate character and should meet with the acceptance of Government. I am not unaware, Sir, of the terms of the agreement arrived at between His Majesty's Government and the Government of India regarding the allocation of war expenditure. The principles on which this agreement is based are not in any way, speaking in the abstract, open to criticism. In any case, the arrangements that have been made now for the distribution of war expenditure between India and England are a great improvement on the system, or rather the want of system, that existed during the Great War. Nevertheless, Sir, difficult questions regarding the apportionment of expenditure between the Governments of India and England might arise even in connection with measures, the object of which is to strengthen India's defences. This has been frankly admitted by the Finance Member in his speech in the other House in connection with the Adjournment Motion that was moved there practically on the subject that we are discussing here today. He pointed out that even under the terms of the existing financial settlement certain questions might arise regarding the share which might be allocated to India of the cost of measures which related to India and which at the same time covered a wider objective. In thinking, therefore, that the principles underlying the agreement that has been arrived at, though sound in theory, might still cause difficulties in practice, we are not saying anything which can not be acceptable to the Finance Member. This being the state of things it is natural that the representatives of the taxpayer should ask that

[Pandit Hirday Nath Kunzru.]

at the present time when the expenditure on war measures is increasing rapidly they should be taken into confidence regarding the equitable distribution of war expenditure between the Governments of India and England. In doing so we should not be supposed to be forgetful of the expenditure that is already being borne by His Majesty's Government in connection with various measures relating to India's defence. His Majesty's Government have agreed to continue to implement the Chatfield programme, the cost of which has arisen considerably on account of the war. They have also agreed to provide the initial equipment required for the forces that are being raised in pursuance of the scheme for the expansion of Indian forces. They have further undertaken to supply to India without charge large quantities of aeroplanes, vehicles, guns and other equipment required in connection with the expansion of India's Navy, Air Force and Army, and the Honourable the Finance Member told us in his last Budget Speech that the cost of the equipment thus supplied to us would roughly amount to Rs. 60 crores by the end of the current year. We are thus aware, Sir, of all the aid that we are receiving from His Majesty's Government, but we still ask that the representatives of this House should be consulted in a larger measure, in a much larger measure, in connection with war expenditure than has yet been the case. We have to bear in mind the financial capacity of India and the growing cost of the war.

Sir, as Honourable Members are aware the war expenditure of India may be divided into two categories: the normal peace-time expenditure and the cost of the measures necessitated by the war. Now the rapid increase that is taking place in the latter kind of expenditure will become evident to the House on a comparison of the figures relating to the years 1940-41 and 1942-43. In the year 1940-41, only a small sum of Rs. 6½ crores was provided for India's war measures. But in the Budget of 1942-43 this cost has risen to over Rs. 81 crores. Now when war expenditure is rising by leaps and bounds it is obvious that it must cause concern, and serious concern, to the Indian Legislature, even though it is anxious that India's defences should be strengthened. Members of the Legislature are fortified in their demand for being consulted to a greater extent also by the fact that His Majesty's Government and the United States of America are at the present time engaged in defending other countries also the security of which is necessary to save the cause of freedom and to maintain the British Commonwealth of Nations. I am not acquainted, Sir, with the arrangements that are in force in such countries which are in a similar position to India. Perhaps the Honourable the Finance Member will be able to give us some information on the subject. But, while I have no knowledge on this subject, I seriously doubt whether all the expenditure that is being incurred owing to the war in countries which occupy a position similar to that of India is being borne by the people of the countries concerned. Apart from this, Sir, I agree with my Honourable friend Mr. Hossain Imam that had we been free to provide for the defence of India in the manner we thought best, we might have adopted measures which, while providing for her defence in ordinary times could be expanded at much less cost to the country than the cost of the existing expansion schemes. There has also to be taken into account the fact that we have in computing the cost of the war to take into account the expenditure incurred by us in connection with the British troops that form part of the Indian Army. I do not however want to over emphasize this point, because the money that might be saved by the substitution of Indian for British troops, though it might be considered a very large amount in ordinary times, cannot but be small in

comparison with the total expenditure undertaken in connection with India's special war measures. But when all these factors are taken cumulatively into consideration, they do create, to my mind, an impression that we should be fully justified in asking Government to take us into their confidence on the important subject which we are discussing today.

THE HONOURABLE MR. HOSSAIN IMAM: Hear, hear.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Mr. Sapru said that if any change was made in the existing arrangement, the representatives of the Legislature should be consulted. My request, however, goes further than this. My Honourable friend the Finance Member has already stated in the other House that if the present agreement were altered in any respect, we would be entitled to discuss any new agreement that might be arrived at even separately from next year's budget. But it must in the first place be made plain, as it was in the other House, that the Indian Legislature and the representatives of the Parties in it, should be consulted before any agreement is arrived at, so that the Legislature might usefully be able to tender advice to the Government of India. If the Legislature or the representatives of the Parties are consulted only after an arrangement has been agreed to, the views expressed by the Legislature would be of no practical value. In the second place, Sir, I ask that in view of the rapidly growing expenditure of the war which has already become heavy, for the war budget for the current year, including all relevant items, amounts to the large sum of Rs. 133 crores, and the anxiety caused by the rapidly mounting expenditure, the House and the representatives of the Parties in the Legislature should be given an opportunity of considering the arrangement arrived at in 1940 in detail, and of understanding how the cost of measures which might concern both India and England is at present allocated by the authorities. The Government of India will lose nothing by accepting our request in this respect. Indeed we feel that if the Government of India is doing all it can to bring about a fair allocation its hands will be considerably strengthened. On the other hand, Sir, if there are any loopholes in the existing system we shall be able to give advice which the Government of India may be grateful for.

Now, Sir, it may be said in reply to what I have said that there is a Finance Committee already which looks into financial matters, and that therefore it is quite unnecessary to have another body to deal with the same subject. But the Finance Committee which is concerned with the voted items consists entirely of Members of the Legislative Assembly. The Council of State is not represented on it. Yet, the Council of State has to consider the Finance Bill like the other House and to make itself responsible for the provision of the money that Government might need. For this reason, Sir, I feel that although a Finance Committee exists, another *ad hoc* body should be constituted by Government in regard to the important subject before us.

Sir, this is all I wish to say in connection with the present Resolution. But I hope that the Honourable the Finance Member will permit me to put a question to him before I sit down even though it might not, strictly speaking, be relevant to the proposal before the House. We have been told, Sir, that under the Lend-Lease arrangements we are receiving help from the United States of America. It has, however, been stressed recently from the American side that the materials supplied by America under these arrangements should not be supposed to be a unilateral affair, that the Lend-Lease arrangements are not one-sided, but imply reciprocal obligations. I should like to know what are the obligations that the Government of India have incurred owing to the acceptance of assistance from America under the Lend-

[Pandit Hirday Nath Kunzru.]

Lease arrangements. No information has been given on this subject either in the House or in any press communique issued by Government. The matter is, however, important and I hope that my Honourable friend the Finance Member will take this opportunity of enlightening us on this subject.

THE HONOURABLE SIR JEREMY RAISMAN (Finance Member): Sir, I find myself in a position of some embarrassment in attempting to reply to this debate and to deal with this Motion, and that for two reasons. In the first place, as the House is aware, it is not usual or possible to present a complete financial picture at any stage other than the usual Budget session, because it is only at that time that the Finance Department is able to bring together all the relevant information and to survey the situation as a whole. Any discussion regarding the financial position of the country and regarding its financial capacity must to a large extent be either abstract or unrelated to the current situation if it takes place at a time other than the Budget session when complete figures are available and are presented to the House. That is my first difficulty. But my second difficulty is even more acute. As the House is aware from discussions which have been held in another place the whole subject of the Defence financial relations between the Government of India and His Majesty's Government is at present under consideration by the Government of India. In these circumstances it is virtually impossible for me to make any useful statement. The facts have all been presented to my Honourable colleagues and here let me say that I have no doubt whatever that my Indian colleagues are in full possession of the whole subject and that no one need have any apprehension as to whether they will fully exercise their influence on behalf of securing an arrangement which is satisfactory to this country. I am very grateful for the remarks which have been made about my own stewardship of India's finances up to this stage, but if there were any doubt of my own anxiety to protect India's interests to the utmost, I think I may say that the present constitution of the Government would make it impossible for any dereliction of duty of that kind to take place. For these reasons it is extremely difficult for me to traverse not only the detailed arguments but even what might be called questions of principle. I see that my Honourable friend the mover of this Resolution got into some difficulty himself. The first form of his Resolution was one with which I might have dealt with some facility, as he probably realizes, and I wish he could have informed me a little earlier that he had decided to abandon that particular form of the Resolution because it would have saved me some trouble in marshalling arguments with which I need not now trouble the House. But even the second form of this Resolution is one which I would suggest to the House is not necessarily in the best interests of India. The amended form of the Resolution commits itself to a recommendation that a new basis be framed in consultation and so on with the representatives of the Parties. I would ask my Honourable friends to consider—and here I will take the opportunity of acknowledging the helpful spirit in which their remarks have been couched and their patent desire to assist the Government of India in this matter—whether in all circumstances they would commit themselves to a definite recommendation that a new basis of some kind should be framed. Might it not be—and I only throw this out as a possibility—might it not be that on a full review of all the circumstances, and particularly if they had knowledge of the point of view taken by the other principal party in this matter, that all their efforts would be concentrated on endeavouring to maintain the present basis? Let them not be disposed to forget that up to this stage at any rate in the war, India has come off very satisfactorily. I merely throw out that possibility, and if that is a possibility, then how can my Honourable friends

commit themselves to a form of recommendation that regardless of the nature of the only alternatives which might conceivably be acceptable to the other party, namely, His Majesty's Government, the Government of India should definitely concentrate on securing a new basis? I said in the other place that the question of consultation with the House or with leaders—it amounts to the same thing—must surely depend on the nature of the decision which the Government of India was disposed to adopt. I indicated there that if the Government of India were contemplating or were faced

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with a possibility of a new type of liability or something which went beyond the principles of the existing settlement, then there would undoubtedly be ground for considering whether at that stage the Legislature should not be given an opportunity to express its view on such a departure or such a new liability. But I said that if the situation were otherwise it would not necessarily follow that a useful discussion could take place apart from the Budget session. I also indicated that the Government of India would consider the desirability of putting out a statement sufficiently in advance of the Budget discussions to enable members of the Legislature to consider the implications of the position before they actually came to deal with the Budget proposals. Well, Sir, I do not think that I can usefully add anything to what I said in the other place and which is already familiar to the mover of this Resolution. I would repeat once more that I would ask Honourable Members opposite to consider very carefully the point which I just threw out about the possibility that any alternative basis might prove on an examination of the facts to be definitely less satisfactory to India than the existing basis.

Now, Sir, my Honourable friend Pandit Kunzru addressed a question to me regarding the present Lease-Lend arrangements. Well, Sir, I would strongly recommend that he should read President Roosevelt's Fifth Report to Congress on the subject of the Lend-Lease operations. (I think they are now in America called Lend-Lease instead of Lease-Lend; I do not know why. That change I believe has been made.) I have before me only an extract from that Report and I do not know if I would be justified in reading some sentences from it to the House. But perhaps I might select some brief extracts. President Roosevelt said:—

"These basic lend-lease agreement place the problem of the peace-time settlement in a realistic and appropriate setting. The agreement postpone final determination of the lend-lease account until the extent of the defence aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the signatory nations, and which will promote the establishment and maintenance of world peace. Final settlement has been postponed since the course of the war may further change the complexion of the issue".

Further on he says:—

"We have pledged our resources without limit to win the war, and the peace which will follow it. We look forward to a period of security and liberty, in which men may freely pursue lives of their choice, and governments will achieve policies leading to full and useful production and employment. If the promise of the peace is to be fulfilled a large volume of production and trade among nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principle of commerce. The lend-lease settlement will rest on a specific and detailed programme for achieving these ends".

Now, the most important extract is perhaps the passage which I will now read:—

"All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of war means that no nation will grow rich from the war effort of its allies. (*Hear, hear.*) The money costs of the war will fall according to the rule of equality in sacrifice, as in effort".

[Sir Jeremy Raisman.]

Well, Sir, I was glad to see that Honourable Members opposite recognized the underlying equity of the principles which were enunciated by President Roosevelt. And I should say that whatever may be the final position in regard to the financial settlement between India and His Majesty's Government India will certainly not secure less than would be her due under the application of this principle. But, as I said a little while ago, that may not be the whole story. It may be that India would find some difficulty about subscribing fully to that principle. India might find that for her contribution to the war to be evaluated in accordance with the principle enunciated by President Roosevelt would involve a heavier burden than she is prepared to contemplate. I said at the beginning of my speech that it is exceedingly difficult and embarrassing for me to make a useful contribution to a debate of this kind whilst the subject is under the consideration of the Government and I must therefore refrain from being drawn any further into an indication of the issues at stake. I trust that in the light of what I have said Honourable Members opposite will come to the conclusion that in the best interests of India and if they wish to help the Government of India to secure a most satisfactory ultimate allocation of Defence charges they should not press for the Resolution as moved. (Applause.)

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, the speech of the Honourable the Finance Member was conciliatory but, as is the case with the Members of the Government of India, always evading the main issue; the issue whether we the representatives of the Indian people have any right to know what is happening in our own house or not? We are strangers, beggars and outcasts in our own homeland. If anything is referred to us, it will destroy the whole basis and structure of the Government of India. They can consult everybody but the representatives of the people have no place in the temple, the sacred temple, of the Government of India. I could have understood, Sir, if the wording "a new basis be framed" had been changed to something which could be acceptable to the Finance Member. For the words "framing of the new basis" you might have said "the elucidation of the old basis". Government could have suggested that "any development or agreements entered into on new principles enunciated thereunder"—any kind of change you might have liked. As the Government does not meet us, I insist that it is my right to know what is being decided by the Government which calls itself—and I say it wrongly calls itself—the Government of India.

Sir, I myself realize that my Resolution was not happily worded and that it would have been very easy for the Honourable the Finance Member to have torn my Resolution in shreds because of the quantum which I had fixed. I realize also that our amendment which has been put in has made the position of the Honourable the Finance Member a little difficult, because I fail to understand how you can avoid having a new basis. The old basis that the expenditure incurred for the purposes of the defence of India will be charged to Indian revenues is so vague that the whole of it is dependent on elucidations and elucidations used to take place in consultation with the representatives of His Majesty's Government, the War Office, and a man from our own office. That was the procedure. Now this system is an arbitrary system and when I said that I wanted a new basis what I meant was that it should not be so loosely worded. There is no check except the General Headquarters, or the British headquarters, think that it is primarily for India, so we should be charged. There is no method of checking it. It might be, Sir, that you may come to the conclusion, as an inkling has been given by the Honourable the Finance Member in the other place, that the cost of the General Headquarters is to be

borne in the ratio of 50 : 50. We are apprehensive that that is going to be the basis for the future settlement of the expenditure : that expenditure in India should be debited 50 : 50 to His Majesty's Government and the Government of India. I for one, Sir, could not concede it because it would place too heavy a burden on the shoulders of India. We all, Sir, accept the principle enunciated by President Roosevelt ; as it is just. But is it wrong that we should ask that when you give effect to that principle you should allow me to come into your company ? Would the heavens fall if we are called in ? If the Government of India—which now predominantly consists of Indian Members—can be consulted, why not we ? I don't think we are asking for much. The right vests with the Government of India. *If you are still so much estranged from the people and so afraid of associating with the real representatives of the people, God help you. That is all I can say.*

Sir, let me tell you how we are kept uninformed of what happens. Even at the time of this Resolution the Honourable the Finance Member did not care to give us any inkling of the probable cost of the war. I am only asking for this year's revised figures. You framed your budget in January, 1942 when Rangoon had not fallen and when the whole of Burma had yet to be fought out. I do not know whether it did contemplate the fall of the Dutch East Indies or not, but I do not think it had been drawn with the foresight and the knowledge that Burma would have fallen and the enemy will be knocking right at our doors. We have the authority of the Public Accounts Committee for saying that it was the deliberate decision of the Legislature or of the Finance Department that only those expenditures which had been incurred or which were in train for being incurred were incorporated in the budget and I think that principle has been followed in this instance too. Was it not right and just that when the Central Legislature was in session we should get some sort of indication that the budget is going to be exceeded by so much. I do not want a final figure. I agree that you cannot give us a full and complete picture.

THE HONOURABLE SIR JEREMY RAISMAN : Is the Honourable Member complaining that we have not presented a supplementary budget ? I must point out to him that no Government can present accounts of its expenditure without also going into the revenue side.

THE HONOURABLE MR. HOSSAIN IMAM : We are prepared to be taxed. When we want responsibility we are prepared to take the liability.

THE HONOURABLE SIR JEREMY RAISMAN : I am glad to hear that.

THE HONOURABLE MR. HOSSAIN IMAM : But you refuse us the rights and you cannot saddle us with the liabilities.

Sir, I regret that even the actual expenditure brought to our accounts for the year 1941-42 has not been indicated. It is a fact that revised estimates are exceeded in actuals. We have not been told what was the actual expenditure on Defence in the last completed year. The policy of denial to enemies of facilities is being acted upon where the Legislature is concerned. We are denied everything.

THE HONOURABLE SIR JEREMY RAISMAN : I would like to point out that I myself do not yet know what are the final figures of actual expenditure for the year 1941-42.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, in any Legislature, after such a catastrophe as has befallen Burma the Legislature would have been told the war position and the military position, but in India we could not have even a secret session and we do not know our position *vis-a-vis* Burma. When I say, Sir, that we are denied everything I have chapter and verse for it. Yesterday,

[Mr. Hossain Imam.]

Sir, in the speech of our Honourable colleague Sir J. P. Srivastava and in that of the Leader of the House, we were asked to come with some terms of agreement among ourselves and we were told that then we would get whatever we asked for. But today when we unitedly ask, when two sections of the House ask that we should be associated over this matter, you deny us this. How are we to believe you that what you say has got real intention and real backing ?

Sir, I was also intending to ask a question about the Lease-Lend agreement : but that has already been asked by Pandit Kunzru, and the Honourable the Finance Member has elucidated the point. But I should like to know one thing about our agreement with His Majesty's Government. Whatever we get from His Majesty's Government in the shape of equipment and Air Force materials, is it a free gift or is it subject to the condition that after the termination of the war it will also be brought into account, or that the proceeds from its disposal may be taken by His Majesty's Government ? That is, Sir, a minor question. But it would indicate the intentions of His Majesty's Government. I, Sir, for one have not been able to understand how a revision would open the flood gates, and an elucidation would keep them closed. If you remain on the old basis, " primarily for the defence of India", it does not differentiate between the defence of India in the Imperial interest and the Allied interests ; and in the interests of India alone. That point has to be elucidated, and you cannot escape responsibility for coming to some sort of arrangement as far as this aspect is concerned ; because this question did not rise up when this agreement was entered into. The demand of this House, Sir, differs, and materially differs, from the promise which has been made by the Honourable the Finance Member. The Honourable the Finance Member contemplates that if and when a change is made in the present Agreement, then the House may be consulted, should be consulted. What I say is that this agreement is not suitable enough. It is not that it is not in the interests of India, but it does not suit the present conditions. A fresh agreement is required not to favour India but to be in consonance with the condition of things. And when we are told that if we reopen discussion His Majesty's Government will make heavy demands, my reply is that the Government of India can either agree to it or disagree with it. If it has any *locus standi*, if it has any position, it can as easily disagree with it : but if it is a subservient government, a government under orders, no amount of evasion will free you from the burden that might be thrown on you by His Majesty's Government. Either you have an equal existence—

THE HONOURABLE SIR JEREMY RAISMAN : There is no question of subservience in this matter. This is purely a matter under discussion as an equitable arrangement. What I suggested to my Honourable friend was that he might think that no other possible equitable arrangement might exist. I did not say that that was the case : but I merely threw out the possibility.

THE HONOURABLE MR. HOSSAIN IMAM : May I, Sir, say that even for the decision that this agreement as it exists does not require any change and it requires simple elucidation, you can easily consult the representatives of the Parties. My appeal to the Government is not to be afraid of the Legislature, and not to regard us as *Harijans* and untouchables. Two people can play at that game. If you feel so, we too can have the same feeling. And in these days of total war you know the consequences of this attitude. The responsibility will be yours for throwing the people into the arms of enemies which may not be favourable to you. In the end I ask the Government to reconsider its position. Our demand is not unreasonable. It does not bind you to anything—except that it does make you listen and lay your cards. If you are not prepared even to listen, I think it will be useless to continue the farce of having

the meetings of the Central Legislature. You had better suspend it as you have done in the Provinces. If you have got no provision in the Government of India Act I would appeal to the Government of India at least to save the taxpayers' money; and abolish these Legislatures rather than keep up the farce of carrying on consultation when they do not mean to have anything to do with the Legislatures: Government can easily dispose of the eleven Indian Members, too. They can carry on with an I.C.S. executive as the Provincial Governments have been carrying on without the association of the Legislature in an efficient manner.

Sir, I regret that I do not see my way to withdraw my Resolution.

THE HONOURABLE THE PRESIDENT: The Resolution, as amended, reads thus:—

"Whereas the war has now come to India and its defence from major aggression is primarily the duty of His Majesty's Government, whereas the war in India is an essential part of the world strategy of the Allied Powers, and whereas the financial capacity of India is very slender, this Council recommends to the Governor General in Council that for the present agreement for the apportionment of war expenditure between His Majesty's Government and the Government of India, a new basis be framed in consultation with the representatives of the parties in the Central Legislature".

Question put: the Council divided:—

Yes 11.

Ataullah Khan Tarar, Hon. Chaudhri.
Chettiyar, Honourable Mr. Chidambaram.
Dalal, Honourable Mr. M. N.
Das, Honourable Mr. N. K.
Hossain Imam, Honourable Mr.
Kunzru, Honourable Pandit Hirday Nath.
Mahtha, Honourable Rai Bahadur Sri
Narain.

Muhammad Husain, Honourable Haji
Syed.
Ram Saran Das, Honourable Rai
Bahadur Lala.
Sapru, Honourable Mr. P. N.
Sinha, Honourable Kumar Nripendra
Narayan.

NOES—22.

Charanjit Singh, Honourable Raja.
Das, Honourable Rai Bahadur Satyendra
Kumar.
Ghosal, Honourable Sir Josna.
Haddow, Honourable Mr. R. R.
Hissamuddin Bahadur, Honourable Lt.-
Col. Sir.
Hartley, General the Honourable Sir Alan.
Jones, Honourable Mr. C. E.
Khurshid Ali Khan, Honourable
Nawabzada.
Lal, Honourable Mr. Shavax A.
Lloyd, Honourable Sir Alan.
Menon, Honourable Sir Ramunni.
Muhammad Usman, Honourable Khan
Bahadur Sir.

Mukherjee, Honourable Sir Satya
Charan.
Nihal Singh, Honourable Sirdar.
Ogilvie, Honourable Mr. C. MacI. G.
Pai, Honourable Mr. A. V.
Parker, Honourable Mr. E. H.
Patro, Honourable Sir A. P.
Prior, Honourable Mr. H. C.
Roy, Honourable Mr. S. N.
Sobha Singh, Honourable Sardar
Bahadur.
Srivastava, Honourable Sir Jwala
Prasad.

The Motion was negatived.

The Council then adjourned till Eleven of the Clock on Monday, the 28th September, 1942.