

Thursday, 30th March, 1944

COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

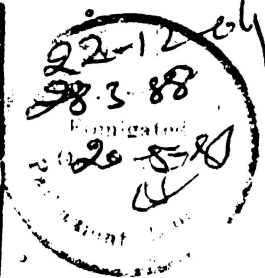
VOLUME I, 1944

(15th February to 6th April, 1944)

SIXTEENTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1944



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI,
1944

CONTENTS

PAGES	PAGES
Tuesday, 15th February, 1944—	
Members Sworn	1
Postponement of the date for the Presentation of the Railway Budget, 1944-45	1
Messages from His Excellency the Governor General	1-2
Committee on Petitions	2
Congratulations to recipients of Honours	2-3
Death of Khan Bahadur Ihtisham Hyder Chaudhury	3
Governor General's Assent to Bills Bills passed by the Legislative As- sembly laid on the table	4
Wednesday, 16th February, 1944—	
Questions and Answers	5-16
Notices of Motions for Adjournment	16-18
Statements, etc., laid on the table	18-19
Information re Questions laid on the table	19-27
Presentation of the Railway Budget, 1944-45	27-32
Thursday, 17th February, 1944—	
Address by His Excellency the Viceroy to the members of the Central Legislature	33-39
Friday, 18th February, 1944—	
Questions and Answers	41-53
Bill passed by the Legislative As- sembly laid on the table	53
Resolution re Future constitution of India on federal principles— Negatived	53-69
Resolution re Amendment of the Defence of India Rules—Negatived	69-96
Resolution re Price control and requirements of agriculturists— Moved	97
Statement of Business	97
Monday, 21st February, 1944—	
Members Sworn	99
Questions and Answers	99-110
Statements, etc., laid on the table	110-113
Central Advisory Board of Educa- tion	113
Standing Committee for the De- partment of Information and Broadcasting	113
Coffee Market Expansion (Amend- ment) Bill—Considered and passed	113
Central Excises and Salt Bill— Considered and passed	113-121
Statement of Business	121
Wednesday, 23rd February, 1944—	
Members Sworn	123
Death of Mrs. Gandhi	123-124
Standing Committee on Pilgrimage to the Hejaz	124
Standing Committee on Emigra- tion	124
General Discussion of the Railway Budget, 1944-45	124-153
Thursday, 24th February, 1944—	
Questions and Answers	155-169
Bills passed by the Legislative Assembly laid on the table	169-170
Central Advisory Board of Educa- tion	170
Standing Committee for the De- partment of Information and Broadcasting	170
Resolution re Price-control and supply of requirements of agri- culturists—Adopted	170-184
Resolution re Rehabilitation of the economic structure—With- drawn	184-195
Resolution re Manufacture of broad gauge locomotives—To be continued	195-202
Statement of Business	203
Wednesday, 29th February, 1944—	
Members Sworn	205
Questions and Answers	205-212
Statement laid on the table	212-219
Standing Committee for Roads, 1944-45	219
Standing Committee for the De- partment of Posts and Air	219
Standing Committee on Pilgrim- age to the Hejaz	219
Standing Committee on Emigra- tion	219
Standing Committee for the De- partment of Information and Broadcasting	219
Coal Mines Safety (Stowing) Am- endment Bill—Considered and passed	220
Indian Companies (Amendment) Bill—Considered and passed	220-221
Indian Aircraft (Amendment) Bill —Considered and passed	221-227
Transfer of Property (Amendment) Bill—Considered and passed	227
Insurance (Amendment) Bill— Considered and passed	227
Presentation of the General Budget, 1944-45	228-244
Tuesday, 7th March, 1944—	
Statement, etc., laid on the table	245
Bills passed by the Legislative Assembly laid on the table	245
Standing Committee for Civil De- fence Branch of the Defence Department	245
Standing Committee for Roads, 1944-45	245
Standing Committee for the De- partment of Posts and Air	245
General discussion of the General Budget, 1944-45	245-296
Statement of Business	296
Monday, 13th March, 1944—	
Questions and Answers	297-304
Standing Committee for the Labour Department	304
Standing Committee for the Civil Defence Branch of the Defence Department	304
Cantonment (Amendment) Bill— Considered and passed	304-310

	PAGES		PAGE
Wednesday, 15th March, 1944—		Death of Malik Sir Umar Hayat Khan Tiwana	516—517
Questions and Answers	311—319	Standing Committee for the Department of Supply	534
Standing Committee for the Civil Defence Branch of the Defence Department	319—320	Thursday, 30th March, 1944—	
Resolution <i>re</i> Manufacture of broad gauge locomotives—Adopted	320—331	Members Sworn	553
Resolution <i>re</i> Industrial Commission to review existing industrial situation, etc.—Postponed to next session	332—342	Indian Finance Bill— <i>To be continued</i>	553—567, 567—591
Resolution <i>re</i> Import of chemical fertilizers—Withdrawn	342—349	Central Advisory Council for Railways	567
Resolution <i>re</i> Appointment of an Indian as Director General of Archaeology—Negatived	349—358	Friday, 31st March, 1944—	
Thursday, 16th March, 1944—		Indian Finance Bill— <i>concl'd.</i>	593—612
Questions and Answers	359—370	Tuesday, 4th April, 1944—	
Defence Consultative Committee	371	Members Sworn	613
Central Advisory Council for Railways	371	Questions and Answers	613—627
Standing Committee for the Labour Department	371	Information <i>re</i> Questions laid on the table	625—626
Motion <i>re</i> Food situation— <i>To be continued</i>	371—407	Statements, etc., laid on the table	626—627
Friday, 17th March, 1944—		Message from the Legislative Assembly	627
Death of Mr. Ramdas Pantulu	409—410	Bills passed by the Legislative Assembly laid on the table	627
Motion <i>re</i> Food situation— <i>concluded</i>	411—445	Central Committee of the Tuberculosis Association of India	628
Wednesday, 22nd March, 1944—		Standing Committee for the Department of Commerce	628
Members Sworn	447	Defence Consultative Committee	628
Questions and Answers	447—451	Standing Committee for the Food Department	628
Indian Merchant Shipping (Amendment) Bill—Considered and passed	451	Hindu Code, Part II (Marriage) Bill—Referred to Joint Committee	628—636
Resolution <i>re</i> Permanent exchange value of the rupee—Negatived	451—469	Motion <i>re</i> Nomination of Members of the Council of State to the Joint Committee	636
Resolution <i>re</i> Rights of citizenship for Indians in the U. S. A.—Adopted	469—480	Governing Body of the Indian Research Fund Association	636
Resolution <i>re</i> Employment of women in coal mines—Negatived	480—487	Statement of Business	636—637
Statement by His Excellency the Commander-in-Chief	487—488	Wednesday, 5th April, 1944—	
Monday, 27th March, 1944—		Central Committee of the Tuberculosis Association of India and Standing Committee for the Commerce Department	639
Members Sworn	489	Bills passed by the Legislative Assembly laid on the table	639
Questions and Answers	489—496	Indian Income-tax (Amendment) Bill—Considered and passed	639—642
Statements, etc., laid on the table	496—497	Motion <i>re</i> United Nations Relief and Rehabilitation Administration Agreement— <i>To be continued</i>	642—650
Information <i>re</i> Questions laid on the table	497—500	Statement of Business	650
Standing Committee for the Department of Supply	500	Thursday, 6th April, 1944—	
Standing Committee for the Department of Commerce	500	Members Sworn	651
Central Committee of the Tuberculosis Association of India	500	Questions and Answers	651—654
Governing Body of the Indian Research Fund Association	501	Resolution <i>re</i> Withdrawal of Regulations restricting entry of Indian immigrants into Kenya—Adopted	654—668
Standing Committee for the Department of Food	501	Resolution <i>re</i> Increase of Muslims in the Central Services—Negatived	668—684
Indian Coconut Committee Bill—Considered and passed	501—509	Dolhi Muslim Wakfs (Amendment) Bill—Considered and passed	684
Statement of Business	509—510	Protective Duties Continuation Bill—Considered and passed	684—685
Wednesday, 29th March, 1944—		Factories (Amendment) Bill—Considered and passed	685—686
Members Sworn	511	Defence Consultative Committee	686
Questions and Answers	511—516	Standing Committee for the Food Department	686
Messages from His Excellency the Governor General	516	Motion <i>re</i> United Nations Relief and Rehabilitation Administration Agreement—Adopted	686—6
Indian Finance Bill, 1944— <i>To be continued</i>	516, 517—534, 534—552		

COUNCIL OF STATE

Thursday, 30th March, 1944

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

MEMBER SWORN:

The Honourable Mr. Harry Greenfield (Nominated Official).

INDIAN FINANCE BILL, 1944—contd.

THE HONOURABLE THE PRESIDENT: The debate on the Finance Bill will now be resumed.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Sir, with your permission, I want to make a correction in the speech which I made yesterday. In the brief that I received there was some mistake. I said yesterday that no Indian Christian was allowed to go through the Federal Public Service Commission. The fact is not that no Indian Christian has been allowed to go through the Federal Public Service Commission as a candidate, but only that no Indian Christian has been appointed as a Member of the Commission. It is a mistake which I myself thought was rather serious and I thought it my duty to make that correction openly in the Council.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): The Bill before us is a war measure and I want to say a few words on this Bill from the point of view of prosecuting the war effort. Under the constitution, Sir, we know that this Government is irresponsible, irremovable and because it is under the control of His Majesty's Government it is also irresponsive. We have been asked to add burden on the people of India under the present Bill and it may be said with some force that when the war is at the very gates of India if this side of the House refuses to vote with the Government they are not following a sound policy. Well, Sir, I know that the war is at the very gates of India. I know that it is the duty of everybody, to whatever political party he may belong, to supply to the Government the funds and resources that are necessary for bringing the war to a speedy conclusion and to attain victory for democracies. But the point before me is whether I can be a party to add additional burdens on the people of India when we have got no control over the policy of the Government and when we cannot control the expenditure of the money that we vote. Sir, we know, and my Honourable friends on this side of the House will agree with me, that we have no complaint against the personnel of the present Government of India. The personnel of the present Government of India are very patriotic; they are very able. I do not question about their patriotism or ability but what I question is that they are not independent. My whole point is that they cannot move their finger without the order from the Nawab of Whitehall.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): But they can resign.

THE HONOURABLE MR. HOSSAIN IMAM: Even the Nawabs were not as bad as this.

THE HONOURABLE MR. V. V. KALIKAR: Sir, we know that during the last four years taxation has been increased by leaps and bounds but we know also that we have no hand in raising the taxation, nor have we any hand in controlling the expenditure. Then, Sir, the question is: Are we justified in adding to the crushing burden of taxation on the poor people of India by voting for this Bill. The defence expenditure has gone up to such a great extent that even the Government of India had to concede, through their spokesman in the other House, that they would have to make representations to His Majesty's Government not to increase the defence expenditure any further.

Sir, if we look at the administration of the various Departments of the Government of India, we find the Government of India, at the dictates of Whitehall, have gone back to a very great extent on the policies which they have been announcing for the last so many years for, meeting the demand of the people of India. Let us take the case of Indianisation of services in the

[Mr. V. V. Kalikar.]

various Departments of the Government of India. You have conceded the point that Indians are to be associated in the administration of the country. But since the outbreak of the war we find that you have gone back on that policy and, under one pretext or other, you are bringing experts to this country, while the children of the soil are denied an opportunity to serve their country. You have got a Coal Commissioner. You have got a Steel Commissioner. You have got an Archæological Expert. And you have also got a National Savings Commissioner.

THE HONOURABLE MR. HOSSAIN IMAM: These are the consumer goods that we get!

THE HONOURABLE MR. V. V. KALIKAR: It is a matter of very great pain to me and to people who think like me that the children of the soil are denied an opportunity to do their duty in the administration of the country while foreign experts are being imported into India for the purpose of carrying on the administration.

I shall be very brief today, and therefore I cannot refer to all the points that I have thought of. Look at the administration of the Home Department. You have put a few thousands in jail without trial, without giving them an opportunity of disproving their guilt. I have already conceded on the floor of the House the point that in times of emergency the State has got a right to assume emergency powers. But, Sir, there is some limit to it. And now what have you done? You have practically asked the people of India not to put their trust in your High Courts. You have yourself shown that you have no trust in your High Courts by issuing Ordinance III of 1944. By that Ordinance you have explicitly taken away the power of the High Court, which existed so long, of entertaining applications under section 491 of the Criminal Procedure Code.

The industrialists are not satisfied with your policy. I need not go into details. They say, and it is a fact, that they are not getting priority for importing plant and machinery into India for starting heavy industries. It is no use encouraging them to manufacture buttons and brushes. What we need is the starting of heavy industries in India. As regards agriculturists, whatever you may say about the price they are getting for their produce—you may say that they are getting four times the price they were getting in pre-war days—they are not in a position to maintain themselves and to get two meals a day, because for the necessaries which they have to purchase they have to pay high prices. If we look at the administration of every department of the Government of India, we cannot but come to the conclusion that the present Government of India is not carrying on the administration in the interests of India. I am myself quite clear in my mind that if they had been independent, if they had not had to abide by the dictates of Whitehall, they would have done much to relieve the distress that exists in the country.

Sir, I am one of those who have been trying to help your war effort, because I believe, and believe seriously and sincerely, that the Allies must be successful. India must not be invaded by any foreign enemy, and there must not be any internal trouble in the country. For that very purpose, to keep the high ideal of democracy, to maintain the principles of democracy and implement those principles of democracy in India, I think that the success of the Allies is necessary. But I am not in a position to say that your war effort, without taking the people of India into confidence, is being carried on efficiently. As I have said just now, nobody is satisfied with your administration in India. Except perhaps a small European group, no Indian, to whatever party he may belong, whether to the Congress or the Mahasabha or the Muslim League or some other Party, is satisfied. The situation in the country has deteriorated and deteriorated to such an extent that there must be some change. It is not the fault of the Government of India. I blame His Majesty's Government for

this state of affairs and I hold His Majesty's Government responsible for bringing about this situation in India.

One more point and I will finish. I have to bring to the notice of His Excellency the Commander-in-Chief the feeling that exists in my part of the country amongst educated young men and their guardians. I came to know from them that many young men who belonged before they entered the Defence Services to certain political organisations like the Hindu Mahasabha or the Rashtriya Sevak Sangh, have been discharged after being selected from the O. T. C. and after being commissioned on the ground that they were inefficient. They were either discharged or asked to resign. I have no facilities for verifying this statement but I request His Excellency the Commander-in-Chief to make a statement on this point, and if my submission is incorrect, to state the position definitely before the House so that the misapprehension may be removed.

The next point that I want to urge is that many of these young candidates, whom I have sent to the Defence Services, have been discharged or asked to resign from their various services on grounds of incompetency. When they were selected they were regarded as suitable leaders and as quite competent to carry on the work entrusted to them. But after some period they were discharged or asked or forced to resign because they were thought incompetent and unsuitable. If really they are incompetent and unsuitable according to the view of their Commanding Officers, I should think that their cases should be referred to the Federal Public Service Commission so that the Federal Public Service Commission, which is not in any way connected with the Defence Services, will decide their cases better and the candidates who have been asked to resign will feel that they have been justly and fairly treated.

THE HONOURABLE THE PRESIDENT: You allege that the Federal Public Service Commission should sit in judgment on military officers in matters affecting their subordinates?

THE HONOURABLE MR. V. V. KALIKAR: I suggest, Sir, that, in matters of this kind, an impartial tribunal not connected with the Department should decide whether a man was rightly discharged or rightly asked to resign or not.

Then, Sir, about the administration of the Food Department we had a long debate but I have heard one thing from my Province and I have to state it before the House. Under the Gregory Commission the Government of India have a Central food reserve and have stocked foodgrains in Karachi. If my information is correct, which I got from my friends in Karachi, the contract for stocking food-grains has been given to a European firm. I understand that in my Province also they are proposing to build up a reserve and stock food-grains—a central foodgrains reserve,—and they are thinking of giving the contract to a foreign firm. I hope, Sir, that the food Department will take into consideration the fact that there are so many Indian firms in India who can handle the problem very considerably and stock their foodgrains at a competitive price. So, I urge upon the Government that these contracts should not be given to a foreign company but should be given to an Indian company.

Sir, so far as my position is concerned, I must state definitely that we are all dissatisfied with the present administration of the Government. My suggestion is that His Majesty's Government should take the people of India into confidence and establish a National Government. I mean by a National Government a Government of all Parties, not only in the Centre but also in the Provinces. I say this because the enemy is at the very door of India. Unless you establish a National Government in the Centre and in the Provinces and give facilities to those political leaders who are behind the prison walls to come to a settlement with the other parties, I see no bright future for the prosecution of the war efforts efficiently in India at this moment. I, therefore, submit that this is the forum where I can ventilate my grievances and tell the House that the news should be conveyed to His Majesty's Government that nobody in India is satisfied with the present state of affairs and, therefore, a National

[Mr. V. V. Kalikar.]

Government consisting of all Parties in the Centre and in the Provinces is required for the efficient prosecution of the war. Sir, I am sorry I cannot be a party to increase the burden on my people by taxation unless the situation is changed and therefore I am sorry I would have to vote against the Bill.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadian): Mr. President, the Bill that has come before us is a certified measure. It was known to Government that there was opposition to some of the features of the Bill. Yet they have insisted on every proposal made by them and have sent the Finance Bill to us saying "You must accept it as it is or it will be forced down your throats." Sir, the attitude of the Government is an eloquent testimony to the character of the present administration. In the House of Commons, Sir, the British Government was defeated over a clause in the Education Bill relating to the pay of teachers. The Government was defeated by one vote only. But the Government is now trying to obtain the consent of the House of Commons to alter its decision. Having no power to go behind the decision already arrived at, it is seeking to convince its supporters that the view which they accepted was not in the interests of the country. In spite, Sir, of the popularity which Mr. Churchill enjoys, he could not force the House to change its opinion. In asking the House of Commons to reconsider its decision, he has used as conciliatory a language as it was possible for him to do. Here, however, Sir, the Government not being responsible to the Legislature, it speaks to us not in conciliatory accounts but in terms of threats and orders. This being the situation, Honourable Members opposite cannot naturally expect us to be in favour of the measures proposed by them. Even if some of the steps suggested by them were sound, it would be impossible I think for any self-respecting member on this side of the House to give his support to the Bill because of the arrogant insistence of the Government on having its own way completely.

Mr. President, we thought when the certified Bill was about to come before us that Government would inform us of their decision with regard to the proposed increase of 25 per cent. in the railway fares. The War Transport Member announced in the Assembly a few days ago that all financial measures would be considered together and that Government would arrive at a decision after the Budget had been considered. Sir, the Budget debate in the Assembly is over. The Governor General has certified the Finance Bill. He has therefore come to a decision with regard to the most important issues before us.

THE HONOURABLE THE PRESIDENT: Do you say that the Governor General was aware that the Legislative Assembly was going to reject the Finance Bill?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Bill having been rejected and the Viceroy having come to a decision on some of the most important proposals placed before the Legislature in connection with the budget, I think it was the duty of the Government to let us know what its decision was with regard to the proposed increase in the railway fares.

THE HONOURABLE THE PRESIDENT: You are confusing the powers of the Governor General with the duty of the Government of India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: No, Sir. I have been very careful in using the words "Governor General" and "the Government of India" in the sense in which they should be used in accordance with the Government of India Act, 1935. It was, let me repeat, the duty of the Government of India when they knew that the Finance Bill was going to be placed before this House as a certified measure to let it know what their view was with regard to the increase in railway fares.

Sir, whatever aspect of the Budget we look at, the situation seems to us highly unsatisfactory. Now, in saying this I do not want to depreciate the efforts made by Sir Jeremy Raisman to protect Indian interests, but he is after all a member of a subordinate branch of the British Government. His view cannot therefore carry the same weight with His Majesty's Government as that of the Finance Minister of a National Government would. I shall illustrate my

point by referring to the loans proposed to be floated during the current year and the Budget year practically to obtain the funds required to pay for Britain's war purchases in India. Sir, if the Government programme of borrowing goes through, the total sum borrowed by the end of 1944-45 would amount to about 530 crores. The result of borrowing on this scale is reflected in the growth of the interest charges. As compared with the interest charges of 1942-43 there will be an increase of about 11 crores by the end of 1944-45 and even that will not represent the maximum interest payable by the Government of India on the money borrowed by it. Some of the loans may be floated towards the end of the year; some about the middle of the year and so on. It is obvious therefore that the estimates for interest charges for the year 1944-45 do not provide for the payment of interest on the entire sum borrowed in 1944-45 in a full year. We may take it, therefore, Sir, that even if no further borrowing is resorted to, the interest charges will increase still further in the year 1945-46.

Now, Sir, the loans that I am speaking of, have been floated in order to meet the needs of His Majesty's Government. Had England been compelled to follow the same policy in connection with the floating of loans in India as it has had to do, say, in the United States of America, the burden of the interest charges would have fallen on Great Britain. In the present case, however, the entire burden is being borne by the Government of India. I am aware of the fact that His Majesty's Government pays interest at the rate, I believe, of $1\frac{1}{2}$ per cent. on the sterling balances to our credit. Even so, Sir, His Majesty's Government pays only half the interest charges which have to be borne by the Government of India. I see no reason, Sir, why the entire burden should not be assumed by His Majesty's Government.

The next point, Sir, that I should like to deal with relates to the sale of gold. I do not want, Sir, to go over all the arguments that were used when we discussed the Budget but I have to refer to the matter in view of the remarks made in the other House by the Honourable the Finance Member. He asks us not to act as *banias* but to regard any help given by us to His Majesty's Government as a part of the common war effort. Now, Sir, it must be borne in mind in this connection that the high price of gold at the present time is due to the restrictions on its import. In other words, the present price of gold is due to its scarcity. Besides fluctuations take place in it in accordance with the war situation. It has risen considerably now owing to the unfavourable war news from the eastern front. It was announced I think in this morning's papers that it had risen from Rs. 71 per tola to Rs. 80-12-0 per tola in Bombay. Now, Sir, is it right that His Majesty's Government, and let me add the United States of America, should take advantage of such fluctuations in the scarcity price of gold in order to sell it at an abnormally high price, knowing that the price will go down considerably after the war and that the savings of the people will therefore be considerably depreciated?

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): They are not bound to buy.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: My Honourable friend says that the Indians are not bound to purchase gold. He knows very well how strong is the desire of the ordinary person in view of the uncertainties of the future to have something in his possession which he can rely upon in an emergency. Moreover, even if the people were in practice absolutely free in this matter the policy of the British Government could not still be regarded as unobjectionable. It is clear that the British Government has acted like a *bania* and not we.

Sir, it must be remembered that we parted with our silver at an unduly low rate. If His Majesty's Government had borne that in mind, if they had paid due consideration to the sacrifices made by India and also to the fact that the war purchases made by them have resulted in considerable hardship owing to the serious shortage of consumer goods, I do not think they could have felt themselves justified in following the policy that they are now pursuing in regard to the sale of gold. Had India been free I am certain that such a policy would

[PANDIT Hirday Nath Kunzru.]

not have been followed. The attitude of a free country can be understood from the attitude taken up by South Africa. South Africa is trying to raise the price of its gold so that it may be able to share in the profits accruing to the British Government. A question was put on this subject the other day in the Union Assembly and, so far as I remember, the Minister concerned replied that the matter was under the consideration of the Union Government.

Sir, I shall now turn to the industrial policy or the lack of industrial policy which characterises the present administration. Mr. Churchill in his broadcast the other day referred with pride to the achievements of the present Government in respect of measures of social welfare and progress. He could refer to the proposals now before the House of Commons in connection with the development of education. He could refer to the proposals of the Government with regard to the establishment of a National Health Service. He could also speak of measures relating to National Insurance. But what is it that the Government of India has to its credit? The Reconstruction Committees have been functioning for over two years. I think Committees to consider post-war economic questions were appointed as far back as 1941, yet we do not know to this day what the policy of the Government of India is going to be with regard to the development of our industries. A number of Reconstruction Committees are in existence. I believe that there are as many Policy Committees as there are Reconstruction Committees. But so far as we know these Reconstruction Committees have done nothing which could give satisfaction to the country. Indeed, we hardly know anything about their working. The questions which they are considering ought to have been either considered by an authoritative body so that the important issues relating to industrial development might be fully and publicly examined, or, if in the opinion of the Government it was necessary to take action quickly, it should have arrived at some decision by now and been in a position at least to inform us of the main lines which they proposed to adopt to bring about an improvement of the Indian economic system. But not merely is it unable to lay any plans before us, but it seems to be devoid of comprehensive ideas which would form the groundwork of any schemes to be formulated hereafter for raising the standard of living of the masses. It is only now that Development Officers have been appointed for a number of subjects. How long they will take to draw up their schemes, I do not know. My Honourable friend Mr. Hydari promised the other day to let us know during the next session of the Legislature what were the main lines on which the Government wished to proceed. I shall be sincerely glad if his hopes turn out to be well founded. But in view of the delay that has already occurred and the procrastination that one observes in every direction in everything concerned with the welfare of the people, I am afraid that even six months hence the Government may be as little able to inform us of their plans with regard to our industrial future as they are at the present time.

Now, Sir, I shall say just a word about the detenus before I pass on to the main subjects which I should like to place before the House, namely, those connected with the defence services. In view of the debate which took place the other day on my Resolution regarding the examination of the cases of the detenus, I do not want to dwell at length on this topic. If I refer to the matter at all, it is because the information that has been given to me makes it necessary for me once more to press on the attention of the Government the desirability and, indeed, the necessity of appointing committees consisting of independent men and presided over by High Court Judges to consider the cases of the detenus. I have learnt that in many cases the system adopted by the Local Governments to inform the detenus of the grounds on which they have been deprived of their liberty and to examine their cases is exceedingly unsatisfactory. I have been told that in not a few cases the detenus have simply been told that their arrest was due to their participation in undesirable activities. They have thus been asked to submit representations to Government in their defence practically without knowing the charge against them. When

the charge is so vague, it is absolutely impossible for any detenu to be able to offer a reasoned defence; to such a vague charge the reply will have to be equally vague. All that the detenu can say in such circumstances is that he is not aware of any action prejudicial to the safety of the country or the maintenance of law and order of which he was guilty. I have further been informed, Sir, that district officers, not having the time to go into the cases of the detenus and consider their replies personally, depend on the judgment of the C. I. D. officers on whose reports their arrest was based. If that is really the procedure that is being followed, the new Ordinance entitling the detenus to know the grounds of their arrest and to have an opportunity of defending themselves has become absolutely valueless. It seems to me, Sir, that it is more than ever necessary now that we should have a quasi-judicial examination of the cases of the detenus. The last word will in every case rest with the Government, but it is their duty to see that all possible steps are taken to ensure initially an impartial examination of the cases of those whom they have deprived of their liberty.

Another connected point which I want to refer to relates to the orders served on released detenus requiring them to report themselves daily or at less frequent intervals to the police. The hardships that these orders result in in the case of persons who are not allowed to live in places where they could earn their livelihood are absolutely—

THE HONOURABLE THE PRESIDENT: Is that not provided for in the Defence of India Rules?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I do not know, Sir, to what extent help is being given to the detenus under the Defence of India Rules, but I doubt whether Government would be prepared to give any help to a released detenu. Indeed, so far as I remember, the newspapers have complained in connection with more than one case that while certain persons before their release could get some allowance from Government, they ceased to be entitled to it after their release, even though they were unable to earn their bread. Sir, although these are matters which require the urgent consideration

12 Noon. even of an all-powerful and arrogant Government, Government may feel that as it is firm in the saddle at the present time it need do nothing. But, it ought not to under-value public co-operation and to make it impossible for the people to throw their weight fully on its side.

Sir, I now come to the Defence Services. I should like, first of all, to refer in this connection to the news from the Eastern front. We all appreciate the fact that His Excellency the Commander-in-Chief came to this House in the afternoon the other day specially to inform us of the developments that had taken place before the publication of the Communiqué issued by the South-East Asia Command. But, frankly speaking, what I and others feel is that what is taking place in Manipur shows that information which is of the greatest importance to us has been withheld longer than it should have been. I may be wrong, but if His Excellency the Commander-in-Chief takes the trouble of meeting the elected members, say of the Assembly, and talking to them on this subject, he will find that there is a very deep and strong feeling among them with regard to the manner in which India is being dealt with in connection with the supply of war news on our own front. Sir, we had been led to believe hitherto that there was hardly any danger of attack from the East. Although it is true that His Excellency the Commander-in-Chief never minimised the situation personally, yet he will not deny that the general effect of the announcements made by him was to make the man-in-the-street feel that the Indian soil was not going to be invaded. Yet we have all of a sudden learnt that the Japanese are within the borders of India and comments in an American paper with regard to the unimportance of Imphal make us suspect that the military authorities fear that that town will soon pass out of their hands. Sir, a great deal of publicity has been given to the recent Wingate expedition. We have been told that this expedition has penetrated, about 200 miles into the

[Pandit Hirday Nath Kunzru.]
interior of Burma and that British and Gurkha soldiers have established themselves securely there. It is surprising, Sir, that while the Wingate expedition was advancing into Burma, the Japanese were advancing into India. I hope that the threat to our safety which the operations in the Eastern zone imply will soon be over, for there is no one here who does not ardently desire the defeat of the enemy. But I ask again that we should be taken a little more into their confidence by the Defence authorities than they seem to have done so far. If they want our help, if they want our full co-operation, they must keep us better informed than they have done up to the present time and must not regale us with information which makes us feel that we are being treated like children.

Sir, our expenditure has risen to its present enormous proportions owing to the Defence Budget. I made a few observations regarding certain aspects of our war expenditure the other day, but neither His Excellency the Commander-in-Chief nor my Honourable friend the Finance Secretary referred to the matter. I hope that some consideration will be paid today to the remarks that I made during the Budget discussion. I do not want to deal with the size of the Defence budget on this occasion, but I should like to refer to certain questions of policy which are of the profoundest interest to us and have a vital bearing on the future of the country. These proposals relate, briefly speaking, to the character of our army. Is our army to be a national army or is it, notwithstanding the success that has attended the efforts of Government in recruiting millions of men, from all over the country, to continue on its present basis? Is it to be truly representative of the country as a whole or is it to be recruited from certain areas only? Is its discipline, its enthusiasm, to be based on patriotism or merely on the observance of the rules and regulations and the maintenance of what is regarded as a proper distance between the officers and the soldiers? I plead as strongly as I can for a radical alteration in the character of the present army. That steps can be taken in this direction, I am absolutely convinced. If the Defence authorities bear in mind the importance of this problem, I have no doubt that when the time for demobilisation comes, they will be able to put forward measures for the creation of an army which will reflect the national spirit and be representative of the country.

The next point I should like to refer to relates to the Indianization of the higher ranks of the army; in other words, to the adoption of measures designed to substitute Indian for British leadership. There are a few thousand Indian officers at the present time in the Army. We may take it that not all of them are of the same quality. There may be a small number of first-rate officers. There may be a good many amongst them who have made average officers and there may be others who are below the mark. Those who are found inefficient may well be weeded out and indeed should not be allowed to remain in the army. But I fear, Sir, that I. C. O.'s with 2, 3 or 4 years' service are being asked to resign on very inadequate grounds. Many cases have come to my notice from which it appears that action was taken without there being any definite charge against the officers concerned and without their having been previously warned of their deficiencies. The charge generally speaking I understand is that the officers concerned do not possess that initiative and leadership which is required in an officer. People who may have served in the war for 2 or 3 years, who may have been uniformly well reported on may suddenly find themselves compelled to resign on the strength of one unfavourable report coming at the end of 2 or 3 years' good service. I strongly press on the attention of His Excellency the Commander-in-Chief the need for an alteration in the present system and for a more thorough and impartial examination of the cases of those who are reported on unfavourably.

Sir, the same difficulty has arisen in the Indian Air Force. I understand there too the process of dealing unsympathetically with officers and compelling them to resign has begun. Officers may be kept on administrative jobs for a

few months. If after that they are not found as efficient in flying as before they are regarded as unfit and asked to tender their resignations.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): New machines were given for trial.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: My Honourable friend Sir A. P. Patro says that those who were found deficient in flying were given new machines, to operate machines which they had never used before. If my Honourable friend's information is correct, it gives point to the grievance that I have laid before His Excellency the Commander-in-Chief. Apart from this, Sir, I understand that a good many cadets are being weeded out during the period of training—

THE HONOURABLE SIR A. P. PATRO: Initial stage.

THE HONOURABLE THE PRESIDENT: If they are found totally unfit during the period of training, it is better in their interests that they should be weeded out.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I respectfully agree with you, Sir, but may I be allowed to develop my point in my own way? We do not want inefficient officers to be kept in any branch of the service, much less in the Army or the Air Force or the Navy. We want our officers to be judged by the same standards by which British officers are judged. We do not want any concessions to be shown in their case. We want them to be judged by the tests which would be employed in the case of officers in the British or any other Army. But the large proportion of cadets rejected during the period of training shows one of two things. Either the selection was not made properly or the cadets are being treated unsympathetically by the officers in charge of their training. One of these two conclusions is inescapable. The matter therefore requires the immediate attention of the Defence authorities, so that unnecessary bitterness may not be created.

Sir, I have spoken of certain points relating to the creation of a National Army in the future. But the suggestions that I have referred to are not the only ones which will have to be borne in mind if we are ever to have an Army which we can call our own. Sir, the first thing that I should like to say in this connection is that the fullest use should be made of the I. C. Os. who have been recruited during the last 3 or 4 years to Indianise the higher ranks of the Army. We should not in any case revert to the proportions between British and Indian officers which existed before the war. We should make the utmost use of the Indian material that is available. I strongly suggest that all the I. C. Os. who are found efficient should be retained in service so that the Army may be Indianised as quickly as possible.

Sir, the next point relates to an increase in the number of Indian Commanding Officers of Battalions and Regiments and the appointment of Indians as Staff Officers. I know that there has been some progress in both these respects since the present Commander-in-Chief assumed the reins of office. But I am sure that he will not consider it unfair of me if I say that none of us on this side of the House is satisfied with the present rate of progress. During the war a few of the Units may be commanded by regular officers, by officers belonging to the old cadre. But many of them I am sure are being commanded by officers who have been promoted rapidly because a large number of commanding officers was required. I suggest that advantage should be taken of the war to give accelerated promotion to some Indian officers, so that they may be able to command an appreciable number of Battalions. I also suggest with all the strength at my command that their number in responsible positions in the General Headquarters should be increased. It is not enough that we should have Indian Commanding Officers. It is necessary that we should have men who are acquainted with the problems relating to the organisation, building up and direction of an army. Experience of this character can be secured only by those who are attached to the G. H. Q. But, having, Sir, stressed this point last year I do not wish to dwell on it any more. I want to refer to another point to which I attach considerable importance. We have a few Indian Officers Commanding battalions and regiments but there is no Indian officer-

[Pandit Hirday Nath Kunzru.]

commanding a formation. Now the lowest formation is a Brigade. If they are ever to rise to the higher ranks—and this is necessary if we are to have an Indian Army led by Indian officers—I think it is necessary that the splendid opportunity offered by the war to give higher training to Indian officers should not be neglected. I venture to suggest, therefore, that three or four thoroughly efficient Indian officers should be promoted to the command of Brigades. I suggest this number in order that there may be material for the formation of an Indian Division led by an Indian Major-General before long. The military authorities may, and probably will, smile at the temerity of my suggestions, but, Sir, considering the short time taken by Russia to have a fully National Army I think I am on safe ground in urging the military authorities to adopt the modest measures that I have ventured to lay before them. If more examples were needed I could refer to Canada and Australia. Their armies are tiny compared to the Indian Army and who have not the same opportunities of acquiring experience that we have, yet both these countries have a General Staff manned wholly by their nationals and have formations led by their own officers. Why should it be impossible for the Defence authorities to do in this country what Russia, Australia and Canada have been able to do. If there is a genuine desire on the part of His Majesty's Government to make India self-governing they cannot but accept the policy which we have been urging upon them for years.

Sir, we have heard of Reconstruction Committees in connection with the various Departments. I have no doubt that the future is engaging the attention of the Defence authorities also. They too, I am sure, are laying their plans with regard to the future size and character of the Army. Should they not take some Members of the Legislature into their confidence? Should they not consult non-official opinion as Government consider it necessary to do in the case of other Departments. His Excellency the Commander-in-Chief is the father of the Defence Consultative Committee. We owe it entirely to him. It is a proof of his recognition of the signs of the times and his liberal outlook. If he finds it impossible to appoint a Committee which will enable non-official opinion to make itself felt in regard to the formulation of official plans he can at least consult the Committee which he himself has brought into existence. The advantage of the departmental Committees when they were brought into existence was stated to be that they would enable the members attached to them to acquire some experience of the departments with which they were connected. Now, if we are ever to be able to understand fully the problems underlying Defence I think that this is the time when we ought to be taken into their confidence by the Defence authorities. They should explain to us what are the considerations that we shall have to bear in mind in determining the character of the Army of the future. They should tell us now what are the deficiencies that must be made good before we can have a fully Indian Army. They can ask us to help them to the utmost of our extent in achieving this object but if they keep us at arm's length they will not be justified hereafter in saying when we demand full self-government that we are unable fully to defend ourselves. I hope, Sir, that the observations which I have ventured to make will be considered by His Excellency the Commander-in-Chief in the spirit in which they have been made. He may not be a wholly free agent but I feel certain, in view of the high position that he occupies, that his opinion will carry great weight with the higher authorities even at this time when they distrust us in everything except words.

Now, Sir, I shall say a word about the political situation before I sit down. The matter has been dealt with so fully both in the other House and in this that it is not necessary for me to refer to it in detail. We have been told on more than one occasion that His Majesty's Government are ready to part with power but that their regret is that they can find no agency enjoying the confidence of the country able to relieve them of their heavy obligations. Sir, the position that has been taken up by the British Government is an extra-

ordinary one. In spite of the experiences of British statesmen with regard to the various Dominions they have persuaded themselves that they have no part to play in bringing about a complete emancipation of India from their control. They stand as detached, and, I think I may say, as unsympathetic spectators, asking us to do the best that we can in order to wrest power from their hands. The Cripps offer has been greatly advertised. Its defects are well known; I will not therefore dilate on it. But I have often asked in this House, without getting any reply, why His Majesty's Government are so tardy in taking steps to raise the position of the Indians in the Army of their own country if they are as willing as they say to make India fully self-governing.

Sir, the result of the policy pursued by the British Government up to this time has been that they have lost the confidence of every section of opinion in the country. The debate which took place in the other House shows conclusively that they possess the confidence neither of the Hindus nor of the Muslims, if they are genuinely desirous of parting with the power that they enjoy, if they are willing to have a commonwealth based on freedom, I am sure that they will be able to resolve the present deadlock in no time. But while they ask us to come to an agreement amongst ourselves, they refuse to release the very people whose consultation is necessary in order that a settlement may be arrived at. I say nothing with regard to the terms of the settlement, but the fact remains that the Hindus and the Muslims both are tired of the present system of Government and longing for that freedom—

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House): Why don't you immediately agree? This is the psychological time to do so.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU. I have wasted my time completely if I have not enabled the Honourable Member to understand the impossible obstacles placed in our way by the British Government. I do not know whether my Honourable friend ever reads newspapers or ever meets non-official members of the Assembly or of this House.

THE HONOURABLE THE PRESIDENT: Do not be personal, please.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, my Honourable friend occupies the responsible position of Leader of the House.

THE HONOURABLE THE PRESIDENT: He only asked: Why don't you come to an agreement at once? There is nothing wrong in that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Are the Government today giving us a fair chance of arriving at an agreement?

THE HONOURABLE THE PRESIDENT: The Cripps offer gave you a very great chance, and you rejected it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, even if the British Government are completely right with regard to what they say about our past responsibility for the present state of things, it does not absolve them of their duty to do whatever they can to bring about complete co-operation between the people and themselves in this crisis. They cannot merely go on talking of the past and ignoring completely the present and the future which are of immensely greater importance. How did they grant dominion status to Canada? How did they grant it to Ireland? They granted it in spite of the disturbances that had taken place in those countries and the strong feeling existing there against England. The lesson learnt by British statesmen from the history of the British Commonwealth ought to show them the road they should tread in settling the present question.

Sir, so long as the present situation lasts, so long as we have no control over the policies that might be followed, we cannot be expected to great Government the supplies that it needs to carry on the administration. We are anxious that the war should be brought to a speedy end, and that the principles of democracy and liberty should not merely survive it but should be extended. But there is only one way in which this desire, can be fulfilled. Mr. Wendell Willkie, in his admirable book "One World," says that if the Allies want that the new order should be characterised by goodwill and

[Pandit Hirday Nath Kunzru.]

friendship amongst all nations; if they desire that unbreakable peace should be established, they should take the necessary steps now and not set about devising measures to achieve their proposed objects after the war. In the furnace of war, our divergent feelings may be fused together. Progress may be made more easily now than when our emotions have cooled down. If we let this opportunity pass by, I am afraid that our desire to establish complete harmony in the world will never be realized. If we want peace in the world, let us understand that it can be based only on freedom and equality. When His Majesty's Government have made up their mind on this point, I have no doubt whatsoever that they will receive the fullest support of both the Hindus and the Muslims. Burke has said in a famous speech of his that refined policy leads as surely to dissensions as truth and simplicity of heart lead to unity and friendship. If His Majesty's Government, instead of following a refined policy in this country, would but deal with the people in a frank spirit, would really extend the hand of friendship to them and be genuinely prepared to part with the power that they now enjoy, the deadlock would come to a speedy end and England and India would become as firm friends as, for instance, England and the Dominions are at the present time. This is the choice that lies before His Majesty's Government. It is for them to decide what they will do. We only hope in the interests of the world at large that they will make a wise choice.

Sir, It is impossible for me to support the Bill.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, the discussion of the Finance Bill is an occasion for this House to indulge in a searching examination of the administrative policy of the Government of India.

THE HONOURABLE THE PRESIDENT: You set a good example.

THE HONOURABLE MR. HOSSAIN IMAM—and also to scrutinize the stewardship of the Finance Department. Because of the fact that this House is denied the opportunity of raising issues on cut motions, as is done in the other House, we are thrown back to this occasion for the purposes of looking into the administration. Usually the practice of this House has been to concentrate more on these objects than on the constitutional or the political situation, but this year the discussion of this Bill has been so dominated by three major considerations, and an overriding factor has intervened, that we cannot go back to our old practice. The things which have dominated mostly are, in their order of importance, firstly, the political and the constitutional issue, secondly, the apportionment of war costs and thirdly, the inflation, its causes and cures effected or said to be effected by the Government; and the overriding consideration has been the difficulty of the food situation.

Before I deal with these subjects, Sir, I should like to speak a few words about some small home matters, matters pertaining to our House. I should like to cite openly the distinction which the Government make between the Legislative Assembly and the Council of State. Here we have these rags of paper for our writing pad, whereas the Assembly gets the old type of paper. We get these pencils which Mr. Jamnadas Mehta made much of as belonging to Chaprasis. It was hateful to the Chaprasi, but it is an honour for us to have it. The Department of Labour is not there to print our proceedings. Only one part of our proceedings has come out, whereas the Assembly proceedings up to the 2nd March have already been distributed. These are petty matters but they do show what regard the Government has for the unreasoned help which this House has always been rendering to the Government. It is not by rendering help that you can get respect. It is by fighting them that you can get respect from them.

Sir, the Central Board of Revenue has always been requested by us to expedite the publication of its report but the excuse advanced is that owing to the laches of the Labour Department which is in charge of printing, we do not get the report of the C. B. R. in time to be of any value. If the Railway

Administration with its far flung offices and departments can give us its report within 6 or 8 months of the completion of the year, there is no reason why the C. B. R. should not follow in the foot-steps of the Railway Board. If you consider what great importance attaches now to the Departments under the purview of the C. B. R.—Direct Taxes alone are now responsible for nearly 60 per cent. of our income—you will agree that it is necessary that we should be in possession of their report before we deal with the Budget.

Sir, I should like to mention a few other minor points which though not strictly speaking pertaining to this House, are connected with the House. I refer, Sir, to the paper situation. I hope, Sir, that the Labour Department will be satisfied that the amount of paper which they had reserved for the use of the Government was excessive and that more paper should be liberated for the use of the general public, and if Government stand in any need, they should try to import it. The shipping position has eased, supplies are abundantly available and there is no reason why there should be so much paper scarcity as is now prevailing.

Sir, in the past, the Civil Defence Department was a burden on all the Provincial Administrations. There was equality of sacrifice by all the Provinces. But due to the fact that the air strength of India has increased, the danger of air attacks has diminished so many of the Provinces have been relieved of much of their expenses. Therefore an unequal burden has been placed on the four Eastern Provinces, *viz.*, Assam, Bengal, Orissa and Madras. I ask the Centre to make a larger contribution towards the defence expenditure of these Provinces because they have been obliged, not through any fault of their own but because of their unfortunate position on the eastern side of India, to bear this burden.

A very minor point which came to my notice was the position of opium income. A Department which was paying on the average something like Rs. 30 lakhs for the last 3 years is this year to make a contribution of only Rs. 1,02,000 and next year we are to incur a loss of Rs. 44,84,000. This is on page 4 of the Explanatory Memorandum. This is not a very important subject but I simply mention it to show that there is necessity for vigilance and examination. It may be a very petty item but it does show how pressure of work is making the Government reduce its vigilance and control.

Sir, I shall deal, among the major items, with the food situation only in passing. We have already discussed this subject. I am not going to discuss it at all now. I am just going to mention that the Centre must realise its responsibility *vis-a-vis* the food situation; and expenditure for relief of a situation brought about by the Centre's action must be a charge on the Centre alone. I refer, Sir, particularly to the fact which was mentioned vehemently in the last debate that the whole trouble of Bengal was due to difficulties of transport; indigenous transport destroyed by the orders of the War Department.

THE HONOURABLE THE PRESIDENT: I understand that the Honourable the Food Member gave an explanation of that.

THE HONOURABLE MR. HOSSAIN IMAM: I am talking about the financial implication of it. *I am only asking the Government to bear in mind their responsibility for the destruction of 36,000 boats, and now its replacement is the duty of the Centre.* It was not done by the Provinces for their own requirements. I therefore bring it in this discussion.

Sir, inflation is the one subject on which there was great difference between the Opposition and the Treasury benches but on which there is some common ground now. The Finance Department in the first place denied the existence of inflation, then admitted a partial existence of it and now has come out with a full admission. But where we differ is in the methods to be adopted to fight it out. There is common ground between the Opposition and the Treasury benches that inflation should be checked. There is common ground between us that price control, adequate supply and making available more and more consumer goods are the right methods of fighting it out. But we differ on two fundamental issues. Firstly, is it possible to fight inflation while you go on

[Mr. Hossain Imam.]

injecting purchasing power in ever increasing quantity without simultaneously increasing the supply of consumer goods in proportion to the amount which you inject? I do not say that it is possible for the Government to make the supply of consumer goods in as large a quantity as the purchasing power is being injected, for that would be only possible in peace time. But has there been any effort by the Government to make more consumer goods available to India? It is on this basic issue that I have examined the Memorandum on the Budget and I find that instead of there being any increase in the importation of consumer goods the Budget discloses that there is going to be a reduction. The other day in reply to certain questions by Raja Yuveraj Dutta Singh a statement was made by the Government that such and such consumer goods were being imported into the country. The announcement was very innocent. It did not say that import was being encouraged or discouraged, but it simply stated that it was being imported. But when I look into Statement II, I find that the revenue from electric bulbs is going to be reduced, the revenue from wireless reception instruments and apparatus is going to be greatly reduced, the revenue from art silk yarn and thread and artificial silk fabrics is to be reduced; all these things are going to fall considerably. Is that an indication that Government is seriously trying to increase the import of consumer goods?

THE HONOURABLE MR. C. E. JONES (Finance Secretary): May I ask the Honourable Member if he is referring to the Budget figures for next year or the revised figures for this year?

THE HONOURABLE MR. HOSSAIN IMAM: I am referring to the actuals and the Budget figure for 1944-45.

THE HONOURABLE MR. C. E. JONES: I think he will find a considerable increase under Wireless reception instruments and apparatus.

THE HONOURABLE THE PRESIDENT: Has not wireless been controlled?

THE HONOURABLE MR. HOSSAIN IMAM: The sales are controlled by Government; the price is controlled by the Government and the agents are appointed by the Government.

THE HONOURABLE MR. C. E. JONES: Wireless Instruments. The revised for the current year is 15 lakhs; Budget for next year is 20 lakhs.

THE HONOURABLE MR. HOSSAIN IMAM: I do not rely on your revised figures or budget figures, except actuals and I will give the reasons why I have complete distrust of your budget figures, whichever you might give.

THE HONOURABLE THE PRESIDENT: What do you mean by distrust? Are the figures manipulated?

THE HONOURABLE MR. C. E. JONES: The Honourable Member is pointing a moral from Government's anticipations for next year. I think he said that Government imports would fall because they are providing for less import duty for next year. How he can draw that conclusion from the figures of past years, for which actuals are now available, I am unable to tell, Sir.

THE HONOURABLE MR. HOSSAIN IMAM: I am drawing my conclusions from the fact that the actuals are always reliable figures: they are not guess works. They are the basic foundations of existing things.

THE HONOURABLE THE PRESIDENT: That does not denote distrust.

THE HONOURABLE MR. HOSSAIN IMAM: For the budget year they are providing for an income of 20 lakhs from wireless reception instruments, whereas they actually received Rs. 32,22,000 in the year 1942-43.

THE HONOURABLE THE PRESIDENT: When you distrust figures, that means you distrust the accuracy of those figures.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I have ample reasons for it. I shall show when I develop my speech and quote facts from the Honourable Member himself, that he will be the first person to say that his figures are not to be relied upon.

THE HONOURABLE MR. C. E. JONES: If the Honourable Member would look at the next item, Dyes, he will find that it is 60 lakhs for next year against 32 in the accounts year. You have got to take these things as a whole, Sir.

THE HONOURABLE MR. HOSSAIN IMAM: There is a story behind I. C. I. affairs and I would not be tempted to go into that scandal. Even Government's own departments are divided on that subject. It is better for the Government to keep silent.

THE HONOURABLE MR. C. E. JONES: If allegations are made, I do not think we can keep silent. If the Honourable Member wants a general picture, I would refer him to total imports. Anticipations for next year are put at 44,80 lakhs against the actual figure for 1942-43 of 31,62 lakhs. If he wishes to draw conclusions as to our expectation next year as compared with what was done in 1942-43, apart from distribution between individual commodities, I think the total figure would give him a better basis for comparison.

THE HONOURABLE MR. HOSSAIN IMAM: I invite the Honourable Member's attention to the next page. Actually the figures are only increased by less than 2 crores. Actual revenue 25,11 lakhs and Budget for 27 crores. The income head of the Government of India from petrol tax has been taken credit of by His Majesty's Government under the guise of paying for petrol. There is no payment for petrol. As I have said in my budget speech, it is a manipulation, a gross misrepresentation. Most of the petrol comes under lend-lease. There is no payment made for it. The only payment is the cost of distribution and the customs duty you are going to refund to His Majesty's Government.

THE HONOURABLE MR. C. E. JONES: No, Sir. That is totally incorrect and I categorically deny it.

THE HONOURABLE MR. HOSSAIN IMAM: Does the Honourable Member deny that H. M. G. is going to pay any cash price for this petrol?

THE HONOURABLE MR. C. E. JONES: If the Honourable Member wishes, I will deal with this individual point now instead of in my general reply.

THE HONOURABLE THE PRESIDENT: I understand you have got a lot to say?

THE HONOURABLE MR. HOSSAIN IMAM: Yes, Sir.

THE HONOURABLE THE PRESIDENT: I will adjourn the House till 2-30 P.M. in the afternoon.

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

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

CENTRAL ADVISORY COUNCIL FOR RAILWAYS. •

THE HONOURABLE THE PRESIDENT: With reference to the announcement made by me on the 16th March, 1944, regarding nominations to the Central Advisory Council for Railways, I have to announce that the following Honourable Members have been nominated for election to that Committee:—

1. The Honourable Mr. Abdool Razak Hajee Abdul Suttar.
2. The Honourable Sardar Bahadur Sobha Singh.
3. The Honourable Sir David Devadoss.
4. The Honourable Raja Yuveraj Dutta Singh.
5. The Honourable Rai Bahadur Sri Narayan Mahtha.
6. The Honourable Haji Syed Mohamed Hussain.

There are 6 candidates for 6 seats and I declare them duly elected.

INDIAN FINANCE BILL—contd.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, I was dealing with the petrol question when the House adjourned and a remark was made by the Leader of the House, or perhaps by somebody else, that I did not rely on facts and figures. The reason for this is, Sir, that I find the Finance Department very ill-informed about the figures which they place before us. In the Explanatory Memorandum of 1943 the amount of Customs Duty on motor spirit was expected to be Rs. 750 lakhs. That figure was placed before us on the 28th of February but the actual figure came to Rs. 1007 lakhs; an increase of Rs. 257 lakhs or 34 per cent. took place between the Revised Estimate and the actuals within the space of one month. That has made me suspicious.

THE HONOURABLE THE PRESIDENT: What is extraordinary about it?

THE HONOURABLE MR. HOSSAIN IMAM: There is a difference of 33 per cent. between the Revised Estimate and the actuals. A thing which you expected to

[Mr. Hossain Imam.]
yield Rs. 750 lakhs yields you Rs. 1007. There is nothing reliable about these figures.

THE HONOURABLE THE PRESIDENT: That does not show unreliability.

THE HONOURABLE MR. HOSSAIN IMAM: If you will permit me I can give instances after instances to show that his figures have been much exceeded by actuals. I think, Sir, in all fairness to the Honourable the Finance Secretary that I should read a part of the speech which he delivered last year at the time of introducing the Budget of 1943-44, in which he himself stated that the figures which he was quoting are subject to variations due to the causes over which he has no control. In paragraph 24 of his speech at page 182 of our Debates he said:—

"Any figures given therefore must be taken with the greatest reserve as being little more than rough guesses."

This is what Mr. Jones himself stated at the time of presenting the Budget for the current year and I do not blame him for the increases and decreases in his figures but merely say that they are not reliable.

THE HONOURABLE THE PRESIDENT: Have you not got something more substantial to urge?

THE HONOURABLE MR. HOSSAIN IMAM: If these figures are not enough to convince anybody I pity the person who relies on Budget figures.

THE HONOURABLE THE PRESIDENT: Don't pity him!

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar: Non-Muhammadan): In case of confession of guilt prosecution is not necessary.

THE HONOURABLE MR. HOSSAIN IMAM: I just cited those figures to show the difference between the Revised Budget figures supplied to us and actuals. Sir, this was only by the way. I was dealing really with inflation and it came in as a side issued. I was saying as regards inflation that while we are agreed on the methods to be adopted we disagree about the exact efforts which the Government is making to check it, and I was saying that the Government is not importing enough of consumer goods while they show that a serious effort is being made.

In this connection, Sir, I should like to say a few words about gold sales. The subject has been discussed, Sir, by Mr. Sapru and Pandit Kunzru has also discussed it and I do not wish to dilate on the subject. But I should like to know if even the Indian Members of the Executive Council have any knowledge of what happens in the Finance Department about gold sales. Is there any justification for allowing Abyssinia to sell its gold in India at this high price and that too through a private banker? You have permitted U. K. on the supposition that U. K. is purchasing goods from us and it is paying high prices for them. Therefore, there is, to your mind, some justification for permitting U.K. and U.S.A. to sell gold; but what justification is there for allowing Abyssinia to sell this gold in India? Mr. President, the Government are here as a band of philanthropists to enrich everybody and to impoverish India. This is the function of the present Government of India.

Sir, mention was made that South Africa has claimed a share in the loot which is being made by His Majesty's Government. Is there any reason why the Government of India should be so obsessed by its inferiority complex that it cannot enter even in the field and be classified as "also ran"? If it cannot win, at least it can have the distinction of being in the race. Their inferiority complex, Sir, is endangered by the unrepresentative character of the Government and the want of support which it has from the peoples of India. The permanent executive are the best champions whom you could have in cases where ordinary circumstances exist. They can fight with detachment and with vigour, which is not found in men who are not backed by public opinion from outside. But here, the position of the Government of India is no better than that of a Jemadar *vis-a-vis* His Majesty's Government—

THE HONOURABLE SIB MAHOMED USMAN: Is this the language to be adopted in the Upper House? Should not the Honourable Member show courtesy

to this side? I could also say something of the same sort to the Honourable Member.

THE HONOURABLE THE PRESIDENT: It is not only unparliamentary, but it shows bad taste.

THE HONOURABLE MR. HOSSAIN IMAM: I never meant any disrespect to any of my Honourable friends. What I said was about the position as between His Majesty's Government and the Government of India—not its individual members. The whole of the Government of India, Sir, is a subordinate branch of His Majesty's Government.

THE HONOURABLE THE PRESIDENT: What you are now saying is another thing. But you first made the observation which was objected to.

THE HONOURABLE SIR MAHOMED USMAN: The only thing I want to impress upon the House is that it is quite possible for us also to descend to that level and attribute motives and call names to the Opposition. But we do not do it.

THE HONOURABLE THE PRESIDENT: I quite agree.

THE HONOURABLE MR. HOSSAIN IMAM: I never meant any disrespect.

THE HONOURABLE THE PRESIDENT: But what you said certainly implied disrespect. You compared the Government of India to Jemadars.

THE HONOURABLE MR. HOSSAIN IMAM: *Vis-a-vis* His Majesty's Government. That is what I said.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: Would it make any difference if the expression "handmaiden of the Empire" were used?

THE HONOURABLE MR. HOSSAIN IMAM: I substitute that expression, if it pleases the Treasury benches.

I was saying that there is one thing in regard to which the Government has not done anything—I mean the sale of silver. Silver sales in India were a normal feature of Government's activities in 1942 and the beginning of 1943, I think, Government was selling silver out of its demonetized rupees in the market. If we have no silver stocks left, can they not do the same thing which they did during the last war? You will remember that we bought silver for coinage purposes from America during the last war at the rate of one dollar per ounce under Pitman Act. Can we not buy silver and bring it and sell it here on Government of India account?

THE HONOURABLE THE PRESIDENT: The financial conditions constantly change—if you know anything about them.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, it is the ingrained defect of this Government that it always wants to bring forward an excuse when it has to fight for India. It has a defeatist mentality. It sinks in the quagmire of its own incompetence. But where the interests of His Majesty's Government are concerned, it goes out of its way. It will not charge His Majesty's Government the price which prevails in my country. And I want a definite answer from the Honourable Mr. Jones to this question: Where did the silver sales to His Majesty's Government take place—in England, or in India? If the silver sales to His Majesty's Government took place in India, what was the reason for not charging Indian prices? Why was the English price charged? If we can sell to His Majesty's Government in India silver at the English price, why cannot we get gold from His Majesty's Government? His Majesty's Government has gold. It is not wanted now to pay for lend-lease goods. The British Empire is still the largest producer of gold, with the possible exception of Russia. Thirty-eight per cent. of the gold of the world is still produced in South Africa, and nearly 8 or 9 per cent. in Canada, and the same percentage in Australia.

I say, Sir, that it was the Opposition which suggested last year that gold sales should take place. We had made that suggestion in all honesty; thinking that by gold sales either the Government of India or the peoples of India would benefit. The Government of India has adopted our suggestion, but at the cost of the Indian peoples and to the detriment of the Government finances. What was there to prevent the Finance Department from imposing a duty of the order which they had imposed on silver? They had a duty of four or five annas

[Mr. Hossain Imam.]
 an ounce on silver imports; similarly they could have imposed a duty of anything up to Rs. 30 or Rs. 40 per ounce on gold imports. You could have adopted the same basis—value for value—as you had for silver. You have a sheltered market. Why give the advantage of the sheltered market to the U. K. and the U. S. A.?

Sir, we have seen the result of the encouragement which was given by the Finance Member in the other House to our exploiters. The price of gold is soaring. *Instead of Rs. 71, the price at which Gold was quoted on the 27th of this month, yesterday's quotation was Rs. 75-4-0 by the Reserve Bank, Rs. 80-12-0 in the Bombay market, and Rs. 83 in the Delhi market. The exploiters have combined together, egged on by the opinions expressed by the European members, and strengthened by the arguments of the Finance Member, they are increasing prices.*

THE HONOURABLE THE PRESIDENT: Who are the exploiters?

THE HONOURABLE MR. HOSSAIN IMAM: The United Kingdom and the United States.

THE HONOURABLE THE PRESIDENT: Not necessarily.

THE HONOURABLE MR. HOSSAIN IMAM: The United Kingdom and the United States, who are selling gold at exorbitant prices. *We would rather not have gold sales at this price than have India robbed. It is nothing but legalized robbery, the way the gold sales are proceeding. I would not mind the price rising up to Rs. 110, provided it comes to my Government. When I use the word "my", I am compelled to do it by force of habit: I never regard it as my Government. I would not mind the money going into the pockets of the Government of India. But I seriously object to any money being filched out of the pockets of the Indian peoples in the shape of high gold prices. I would rather stop gold sales, as I said.*

Sir, the other methods of controlling inflation were price control, and increased releases from Indian manufactures and increased imports. On all the three counts there is failure on the part of Government. The Supply Department, which makes purchases for war requirements, is on the increase every day; which shows that the purchases from India are not to be decreased. And the Finance Member in his speech was very guarded. He stated in paragraph 10:—

"The Government of India have, however, made it clear that no further substantial increase in the overall quantum of war demands on India's resources can be met without grave risk of economic collapse and that an early lightening of her present burden by the release for vital civil needs, of certain types of supplies and productive capacity at present appropriated for war purposes, is essential in order to counteract the unhealthy tendencies now manifesting themselves".

This is the principle which he has enunciated. But what are the actual facts? There has been no reduction in the staff of the Supply Department. On the other hand, there has been an increase. That shows that increased purchases are to be made: Is that the method by which you will release Indian production for civilian needs? *The Government are giving active support to the black market by three methods. They ensure that the black market shall be well supplied by not restricting the supplies to those who are responsible for selling them to the black market. I mean the military contractors and people connected with the war efforts. They are the men who supply the black market. Then they are helping to secure a clientele for the black market by refusing supplies to those who are in need of things: For instance, you cannot obtain rubber tyres. You must either stop your car or you must buy it in the black market.*

THE HONOURABLE THE PRESIDENT: If you go to the black market, can Government restrict you?

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, they can restrict the supplies to the black market.

THE HONOURABLE THE PRESIDENT: How can the supplies be restricted? You know that sometimes things are stolen and taken to the black market. That is a well-known thing. You will know of that if you know anything of what is going on in the world.

THE HONOURABLE MR. HOSSAIN IMAM: You have drawn attention to a very delicate chapter, Sir. It was said that stores worth more than Rs. 10 crores had disappeared from the military stores. We did not believe the story but it seems that there is a great deal of truth in what we have heard. Sir, I was saying that by stringent rules you make it impossible for the ordinary man to get supply of his goods and then he is forced to go to the black market. *The greatest advantage which the Government give to the black market is that its income is tax free.* If you purchase or sell in the black market, you have no vouchers to give, no accounts to keep and no Income Tax to pay. This is a great boon especially when the income-tax rates are so high.

THE HONOURABLE THE PRESIDENT: Don't they stop all that through notifications and the Defence of India Rules?

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, those who sell and buy in the black market are both agreed at not giving or asking for receipts. It is well-known that no receipts are given in the black market.

I was dealing with the effects of inflation. Government have failed to a great extent in checking inflationary rise in prices although there are certain exceptions where the control has been effective, for instance, in textiles. There, an element of success has been met with. In the food situation also there is an element of success. You are on the way to success. But the success will depend entirely on the supply of consumers goods and relaxing the restrictions placed in the way of getting permits. If you remain as stringent as you are in permits, the result will be that the black market will be encouraged and you will have the satisfaction of allowing a large amount of income to go scot-free. I was further reminded of the seriousness of the situation by the small amount which you expect to get as E. P. T. from private individuals. It is something almost unbelievable that in a country like India, with all these war activities, the excess profits tax from all categories other than corporations should be expected to be Rs. 10,90 lakhs in the current year and Rs. 13 crores in the next year. Any one who knows the amount of profits which are being made by private individuals in this war would think that the evasion must be enormous to allow such small estimates to be made. I do not think that there the Honourable Member has erred much in under-estimating the income, for the Budget figure was Rs. 6,20 lakhs which has been revised to Rs. 10,90 lakhs this year. I feel that there is a great deal of evasion, particularly by Government contractors, and I know of any number of instances of people who were getting licences for export of goods not being nationals of India and not having any place of residence in India for the purpose of income-tax, and thus evading the tax, especially in the textile trade. Fortunately, I heard that many of them are being eliminated and their number will not be as large now as it was in the former years. But there was a class of persons who purposely and deliberately evaded taxation to which no attention was paid.

I have said that the third item in my list was the question of equitable apportionment of war costs. I should like to know from the Government whether they have any settled line of policy in this respect. All the figures which are given by the Government are stated,—and correctly stated in the position in which we are,—to be rough guesses. Would it not be better if we had a stable and somewhat more rigid foundation for these? When I make this demand, Sir, I know that it will be said that the Government have to increase or decrease their strength according to the situation and the danger which threatens India. That would have been a good argument in the last war. *I ask, does Britain pay for the U. S. army which is stationed in Great Britain? They only give reciprocal aid but they do not give them pay. Does America charge us for the pay and allowances of their soldiers stationed in India? Is their presence not of any value for the defence of India? When they can forego, what shred of justice is there for the British Empire, which claims us to be its member, for charging the salary and allowances of the officers and men of the British army stationed in India? But who is there to fight for the cause of*

[Mr. Hossain Imam.]

India. The permanent servants who are in the happy position of going along and being toed along the line or the Executive Councillors, the eminent men, who have been selected for having torn asunder the party loyalties? *Sir, India is in the deplorable position of having no one to fight for it, because a Government enjoying the confidence and the support of the peoples of India is not in existence.*

On the very basic principle on which His Majesty's Government has consented to divide up the cost of the Defence expenditure, why should India pay for the cost of reciprocal aid air fields in those parts of British India where the American Army is stationed primarily for sending help to China and for the conquest of Burma? Is there any payment by His Majesty's Government for those reciprocal air fields which are being built demonstrably for purposes unconnected with the defence of India? I say in all humility that the Government has been a party and has allowed His Majesty's Government to dictate all along the line. It has not withstood the onslaughts of His Majesty's Government and instead of saving India from the burden of cost it has been here to justify the actions of His Majesty's Government and taking the odium on themselves, whereas I know that no blame attaches to them, except the desire to help their mother country.

Sir, a question was asked as to why I was sceptical of the figures. I have collected certain figures to show the result of the scrutiny of the Budget papers for the year 1942-43, the last year for which actual figures are available, the Budget estimate for Defence expenditure was 133 crores, the Revised was 189 crores and the actuals 209 crores; 133 can go up to 209. If that is the criterion I do not know what will be the figure to which the present budget estimate of 278 crores for Defence expenditure will mount up to. Here I should like to ask an explanation, for I have not been able to understand the Honourable the Finance Member. In paragraph 10 of his speech he stated:—

"As I shall explain later, the setting up of this new Command (he was referring to South East Asia Command) does not of itself either add to or diminish India's liability for defence expenditure."

Up to the time this statement was made by the Finance Member we were always told that the total cost of South East Asia Command will be borne by His Majesty's Government. But now we are told frankly that it will make no difference to India's cost. If the people who were employed formerly in other duties are now transferred to South East Asia Command, our exchequer will not be relieved. *Is that the position which the Government has taken up?* I have not been able to understand it. Therefore I am mentioning for clarification. The same statement says:—

"Should the strength of troops in India at any time exceed the limit to which I have just referred, the cost of such excess would, as I shall explain shortly, not fall on India".

He again mentions later on that the strength which is required is relative. If the danger is removed, the strength required would be reduced, but if the danger comes nearer, the quantum and the strength will increase. Naturally, now that a new factor has come into the situation, the Japanese invasion of Assam, I feel some doubt whether it will not be utilised as a reason for saddling further expenditure on the shoulders of India. Sir, Mr. Dalal had moved a Resolution and I had also tabled a Resolution at the end of 1942 asking for a limit to be placed on the expenditure charged to Indian revenue. We had asked for a ceiling on costs, not a ceiling on strength, because, as I have said, the present world practice is not to saddle expenditure on the geographical situation but on ability to pay. *I ask has Australia ever paid for the cost of American troops which were stationed there or for the matter of that for the cost of British troops which were stationed there when it was in danger of attack from Japan.* If your Colonies can be eligible to get British troops without paying for them. If Egypt was eligible to receive troops at the time of El Alamin—all this army was stationed there for the defence of Egypt but Egypt was not charged—*why should you ask us to pay for the British troops stationed in India?* I could understand our being asked to supply reciprocal aid to the British troops. That

will be in keeping with the present world practice. *But tell me any instance where foreign troops stationed in a country are charged to that country's exchequer.*

THE HONOURABLE MR. A. Z. M. REZAI KARIM: It was charged in Sudetan land.

THE HONOURABLE MR. HOSSAIN IMAM: My friend Mr. Rezai Karim reminds me that it was charged in Sudetan land and if the mantle of Hitler had fallen on the shoulders of Mr. Churchill we would not be able to make any protest even.

Sir, I have taken already a good deal of time of the House and I do not wish to take up further time by more than 15 minutes. I had thought that the political situation is the one which dominates the whole situation. We were told by an Honourable Member sitting on the Treasury Bench that while he was a companion of us he used to call the Finance Bill as a fleeing Bill. I think his reading when he was outside the charmed circle of the Treasury Bench was correct. We were told in the Assembly that the Honourable gentlemen who joined the Government did so with open eyes and compelling conscience. I would request them to make the same concession to us; we in the opposition cannot join this Government because our conscience does not permit us to do so and we cannot join this circle because our eyes are open and we see what is happening and of what little use expanded Executive Council is.

THE HONOURABLE THE PRESIDENT: The only difference is that they have not asked you to join the Government.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, even when our Party was asked we refused to accept it. It is not an honour to us to get a job. *We are out for power and we are unashamed of being out for power. We want to control the destinies of the country and not sit at the feet of others.* We do not regard it as an honour to be allowed to sit at the feet, at the feet of clay of the mighty colossus. If they had joined, Sir, with an open eye they have joined it knowing full well the nature of the Government which they are joining, they have joined, Sir, with the full knowledge of how powerless they will be to do good to India in matters of high policy. I do not deny, Sir, that some of the Honourable Members are capable of and are doing minor benefits to the peoples of India. It would be ungracious on our part and untruthful for us to say otherwise; but what we say is that the constitution and the *modus operandi* of the Government is such that in matters of high policy and basic issues the Executive Council is absolutely unable to do anything and I base this, Sir, on facts which are before us. If the Official Secrets Act would permit them to reveal, I would like to know if they ever discussed the question of gold imports and what was their individual opinion, or even the majority opinion of Indian Members of the Executive Council. Did they ever consider the question of silver sale in India to meet the inflationary condition in India? If they are able to make any statement—a statement, Sir, which every Cabinet Member has a right to make before his constituency of actions which he has taken to support the public cause—they would be entitled to have our support. They would then be entitled to take us to task for refusing to give our support to the “eminent patriots” who have joined the Executive Council.

THE HONOURABLE RAI RAHADUR SRI NARAIN MAHTHA: What is their constituency?

THE HONOURABLE MR. HOSSAIN IMAM: Their constituency, Sir, is His Excellency the Viceroy.

Sir, when we blame the Indian Members of the Executive Council we blame them for having given a prestige which would not have attached to permanent officials. The Viceroy did not take Indian Members because he loved them. *He has taken them simply to have a facade and to show to the world that the Government of India consists of a majority of Indian Members.* We, Sir, are not fighting them personally. We are fighting the system and when we condemn the Government we condemn the system under which it is working and not the persons who “adorn the Treasury Benches”.

[Mr. Hossain Imam.]

Sir, the Honourable Sir Ramunni Menon yesterday stated something about the taxation policy. I can see, Sir, that a National Government would not have been as mild or as considerate as sometimes the present Government have been to the moneyed classes. High taxation must go hand in hand with the establishment of a democratic rule. An instance was given, Sir, by Mr. Parker when he stated the quantum of taxation which is levied in England, but have the Government ever considered what is the reason which makes the British Government embark on its taxation policy without encountering such a strenuous opposition as this Government encounters here. *The reason is that there is trust in the Government in England and there is distrust by the public in the Government of India.*

Sir, this Government is neither strong enough to fight for our cause with His Majesty's Government nor capable of managing the affairs in an efficient manner. Its Members having openly stated that they joined the Executive Council with their eyes open and, on the certificate of the Secretary of State, in contravention of and after flouting Party mandates; do they honestly believe that after that certificate it is possible for any self respecting man to lend them his support? The Muslim League, Sir, has for the last three years been consistently opposing the Finance Bill on the broad issue that while not opposed to the war effort we cannot be parties to the taxation in the control and management of which we have no voice. If we have no voice in the disposal of the taxation we leave it to you, who have the power to keep the money, to get it on your own bat and you should not blame me for not lending my support to this.

In this connection, Sir, I have forgotten to mention a fact which was of great importance. I shall be laying on the table a *statement which I have collected from replies to different questions given in the course of August, November and this session to indicate that the magnificent sums of money which we have been receiving from His Majesty's Government have been for anything but war expenses. Out of Rs. 505 crores which we had received till the time of the presentation of the Budget for 1943-44 I have calculated that Rs. 476 crores have been paid for accounts other than Defence expenditure.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official): Will that statement be published with the proceedings? Are you making it a part of your speech?

THE HONOURABLE MR. HOSSAIN IMAM: I am placing it on the table.

I was saying Sir that war effort is necessary but is the retention of the present Executive Council necessary? The choice lies with His Majesty's Government: whether they want the support of the handful of men whom they have honoured or the support of the peoples of India. If they wish to have the support of their own selectees they are welcome to it but if they wish to—

THE HONOURABLE THE PRESIDENT: You have been constantly and every time making reflections on Members of Government. You must have a very bad case to play that trick.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, when I cited facts and figures and even speeches of Honourable Members—

THE HONOURABLE THE PRESIDENT: You may attack Government as much as you like but never be personal. Do not be personal; don't cast reflections on them personally. That is a very bad habit and I am very sorry to say that this House is following the practice which is followed elsewhere.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, I have not mentioned a single Member either by name, designation or in any other way. I was stating—

THE HONOURABLE THE PRESIDENT: But you have been attacking Members of Government all the time ever since you started in the afternoon. You have repeated the same thing over a dozen times.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, when we find that the Honourable Members of the Executive Council have been unable to save

India from the extortions of His Majesty's Government, am I to blame if I accuse them.

THE HONOURABLE THE PRESIDENT: That is very objectionable, again. "Extortions of His Majesty's Government"—it is unparliamentary language.

THE HONOURABLE MR. HOSSAIN IMAM: Not in connection with the Honourable Members of the Treasury benches, but in connection with the absentee His Majesty's Government.

Sir, I have not much to say. I will conclude by stating that the choice lies with His Majesty's Government. Of course the Government of India does not count. The fight of the peoples of India is with His Majesty's Government, not with this Government. This Government does not figure anywhere on the battleground.

Sir, the clear issue before the Government is either to call upon the representatives of the people to form a Government, or give up this constant parading of names, such as that they have got, a Government functioning in this country which consists of a majority of Indian Members. You have made them powerless. I have very great sympathy with my Honourable friends of the Treasury benches. Some of them have told me privately what they feel about the situation, how difficult they have found the problems, how powerless they are at certain points, and that it is beyond their power to solve the difficulty—

THE HONOURABLE SIR MAHOMED USMAN: I do not know whether it is correct, but I do not think it is right for the Honourable Member to refer in this House to whatever has been said to him privately.

THE HONOURABLE THE PRESIDENT: I would advise you to take no notice of his remarks and to treat them with the contempt they deserve.

THE HONOURABLE SIR MAHOMED USMAN: Yes; contempt—that is exactly the word, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, the Honourable Mr. Hossain Imam is quite able to take care of himself, but I really cannot see why the Honourable Sir Mahomed Usman objects to the statement which he made—

THE HONOURABLE SIR MAHOMED USMAN: He says that we go to him privately and say that we are powerless, and that we are condemning ourselves. I do not know whether it is correct, but as Leader of the House it is my duty to protect my Honourable colleagues.

THE HONOURABLE MR. HOSSAIN IMAM: I promise I will confront the Honourable Leader of the House with the gentleman, who is a colleague of his, in private if he asks me. Just as I learnt it privately, I will confront the Leader of the House with the gentleman privately.

Sir, I was saying that the Finance Bill, in the form in which it has come and in the circumstances in which it has come, has made it impossible for any self-respecting Indian to support it. I therefore feel that I must oppose it.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR (Madras: Non-Muhammadan): Mr. President, in what I propose to say this afternoon, I shall confine myself in the main to what might be designated as purely financial considerations. The Governor General's certificate says that the Finance Bill that has come before us is essential for the interests of British India. "Interests" is rather a comprehensive word. And the recommendation which he has appended to this certificate is that "the Council of State do pass the Bill to give effect to the financial proposals of the Central Government in the form hereto annexed". The financial proposals in the Bill are mainly for the bridging of what I called the budgetary gap in the speech I made during the general budget discussion. The scheme of the financial statement, however, as a whole including the ways and means portion of the budget includes proposals for an attempt to bridge the inflationary gap as well. Some of these proposals, those relating to the deposit of the excess profits tax and income-tax, are referred to in the Bill, but the main provisions relating to the inflationary gap do not find any place therein.

The Bill relates mainly to taxes. Borrowing, for example, of the 300 crores provided on the ways and means side of the budget apparently does not require

[Sir Gopalaswami Ayyangar.]

any approval from either House of the Legislature, so far as I have been able to see. I have made a fairly careful examination, according to my lights, of the budget figures and the provisions of the Bill, and I have come to the considered conclusion that the provisions in the Bill are really not—all of them—essential—I underline the word “essential”—for the interests of British India. In any case they are not so essential that the Governor-General should have taken upon himself the unusual course of certifying the Bill and recommending it to be passed by this House in the form in which the Government have placed it before the House. These remarks of mine do not apply to those provisions of the Bill which are calculated merely to continue the existing scale of taxes—for example, the salt duty, the postal rates,—

THE HONOURABLE THE PRESIDENT: May I remind the House that the decision as to whether it is essential or not rests under the law with the Governor-General. He is solely responsible for it. He is the sole authority to judge what is essential and what is not essential.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR: I quite understand that position.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: On a point of order, Sir. Is this House incompetent to consider whether a particular provision is essential or not?

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member may proceed.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR: Sir, I quite understand that position. But this House is called upon to debate this Bill and to pass it in the form in which it is printed.

THE HONOURABLE THE PRESIDENT: You can certainly do that. I do not object to that. You can make any observations you like. You can say that it is not proper, or that it is not necessary; but I only pointed out that the Governor-General is the sole judge under the law to decide whether it is essential or not.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR: I quite understand. I am not questioning the Governor-General's verdict on this matter. I am only trying to point out to the House that in my opinion the proposals made in this Bill cannot be considered essential so as to compel our vote in favour of it.

Sir, when I last spoke on this subject during the general budget discussion, I brought up two or three points for the consideration of the Finance Department. I do not wish to reiterate them on this occasion. But those points were not met or referred to in the reply of the Honourable the Finance Secretary when he spoke at the end of that debate. It is possible, Sir, that he had no time to deal with them. It is possible also, Sir, that some of the points raised issues of importance which required perhaps more careful consideration than could be given during the debate. I hope, however, that the Honourable the Finance Secretary did not convict me of such incredible lack of understanding of the mysteries of budget-making that he thought it unnecessary to refer to them in his reply. All the same, Sir, I hope that especially in view of the remarks I propose to make on this occasion, he will throw some light on the difficulties which confronted me in understanding the Budget scheme. I have in my hands, Sir, a statement prepared by me out of the figures that can be found in the Explanatory Memorandum of the Honourable the Finance Secretary, which tries to put the Budget proposals in one summarised picture. I am taking both the ordinary and the ways and means side of the Budget together. Taking the Budget year, the net ordinary revenue is estimated at Rs. 297.78 crores. Borrowings including miscellaneous capital receipts are estimated at Rs. 504.91 crores. The total comes to Rs. 802.69 crores. To this is to be added the opening balance of Rs. 114.82 crores, making the grand total of Rs. 917.01 crores. On the expenditure side, ordinary expenditure is estimated at Rs. 352.49 crores and the capital expenditure is estimated at Rs. 55.35 crores, making a total of Rs. 407.84 crores. Thus we arrive at the closing balance of Rs. 509.17 crores at the end of 1944-45. I shall have something more to say about the magnitude of this closing balance and its reactions upon our financial position. Now, viewing this summary in relation to the Finance Bill, I have tried to work out what would be the position:

if all the revisions, increases in rates and new levies of taxes proposed in the Finance Bill are struck out *in toto* as also the increase in railway fares. If that is done, the figures will stand as follows:—Net revenue including both ordinary and capital will be Rs. 779·8 crores and with the opening balance the total will come to Rs. 894·20 crores. The total expenditure will be Rs. 407·84 crores and the closing balance will still be Rs. 486·36 crores. Now, Sir, I put only those figures before the House and would ask every Member to put to himself the question whether on the basis of the revised figures, as I have read them out, it is possible for anybody dealing with public finance to make out a case that there is any ground for any kind of additional taxation.

Next, Sir, the budgetary gap is estimated in the proposals themselves as Rs. 78·21 crores. This amount will have to be revised if Government are not going to give effect to the Assembly's verdict to drop the increase in railway passenger fares. So far we have not heard what decision they have come to. The cut carried in the Assembly reduces the appropriation to the Railway Reserve Fund from Rs. 20·84 crores to Rs. 10·84 crores. Presumably the Governor General is not restoring the amount of this cut under sub-section (7) of section 67A. That section, as you will remember, Sir, says that the Governor General might restore a grant if he thought it was necessary for the discharge of his responsibilities. Apparently, it would be straining the word "responsibilities" over much if it was proposed to restore a grant for meeting not any expenditure but for appropriation to a fund which is to be utilised later on for providing amenities as part of post-war measures. If the increase in fares is to be maintained and the cut is not or cannot be restored, in that case the financial effect will be that the Rs. 10 crores will be added to the net revenue receipts of the Government and the budgetary gap will be, to that extent, reduced. Well, Sir, this amount of Rs. 10 crores should be more than sufficient to make up for the loss in the estimated income which might result from Government agreeing to the dropping of the two new excises on coffee and tea and on betel nuts and to reducing the increase in the tobacco excise by 50 per cent. The objection to the tobacco excise is not the tax itself but to the increase in the rate of that tax having been stepped up too abruptly. It is desirable to step up the rate of this excise by a more gradual process than is attempted in the Bill, especially as it is a commodity whose taxation will, as many Honourable Members have already pointed out, affect the poor. The taxation of tea and coffee, as also betel nuts, is also one affecting the poor. The amount of Rs. 4 crores proposed to be raised from these new excises is less than 1/60th of the total taxation revenue. It will affect a very large number of people, and the yield being so miserably poor, it is against one of the well-known essential canons of taxation that it should be attempted to be levied at all under such circumstances. The 4 crores will not be sufficient even to finance half the amount that will be needed for paying interest annually on the Rs. 300 crores new loan proposed to be raised in the Budget year.

On the last occasion, that is, during the general Budget discussion, I referred to the heavy proportion of the total Defence expenditure financed by the balance of the total net revenue which remains after financing all civil expenditure. It was heavy in itself. But total net revenue includes not merely tax revenue but commercial and other forms of non-tax receipts as well. Taking tax receipts alone, the rate of increase in the tax revenue in India during the period of the war has more than kept pace with that in the United Kingdom. For example, between 1939-40 and 1942-43, the tax receipts of the United Kingdom rose from £1,017 millions to £2,361 millions or by 132 per cent. In India tax receipts rose from 75·66 crores in 1939-40 to 174·42 crores in the revised estimate for 1943-44 and are expected to yield 222·43 crores in the budget year, excluding the 9 crores referred to under the three new Excises and the increase in the tobacco duty. The proportion of increase is 194·12. On the other hand, our borrowing for financing war expenditure has not kept pace with borrowing in the United Kingdom for the same period and it will therefore be only right that we do not go in for quite unnecessary additional taxation yielding petty amounts and causing only irritation amongst a large section of the population. And then it is not

[Sir Gopalaswami Ayyangar.]

as if we are not going to borrow enough even under the proposals in the Budget. I have already drawn attention to the various items of miscellaneous capital receipts, loan receipts, etc., on the Ways and Means side of the Budget. I desire once more to draw prominent attention to the fact I then mentioned, namely, the heavy amount of closing balance estimated at the end of 1944-45 at 509.17 crores. If we compare this with the closing balance of the Government of India during previous years we get an interesting result. Let us take the 5 years covered by the war. In 1939-40 the closing balance was 13.14 crores. In 1940-41 it was 16.62; in 1941-42 it was 15.94 crores; in 1942-43 18.33 crores; and in the revised estimate for the current year, for the first time, it has shot up to 114.32 crores; and in the coming year it is going to be 509.17 crores. But these 509.17 crores do not constitute the whole of the story as regards the cash balance that will be at our credit at the end of the budget year. In addition to this, there are 44 crores worth of rupee securities in the cash balance investment account and about 18.72 crores of other securities held on treasury account, the total of the entire balance likely to be available being 571.89 crores. Now, Sir, I ask what justification from a financial point of view can be urged for attempting to raise petty taxes affecting a large number of people yielding only 8 or 9 crores when we have at our disposal this large amount of 571.89 crores in the balances lying idle. Government, Sir, are not expected to raise new taxes for the mere pleasure of doing so or as a mere matter of habit or routine even during a period of war. We can raise no taxes unless they are absolutely resources can be tapped. Let us be left to tap these when it is necessary to tap interests of the people of India. The justification attempted for these Excises is two-fold, firstly, that they broaden the basis of the central tax system and secondly that they are anti-inflationary. The raising of 4 crores from coffee, tea and betel nuts can hardly be said to add breadth to a tax system which yields already over 200 crores. It may be said that the yield is only 4 crores now but these taxes can be developed later on into much more lucrative sources of revenue. But surely this could only mean they are possible sources of revenue which can be tapped when necessary. It cannot justify their being levied at a time when they are not necessary and to levy these taxes for the purpose of gaining experience in the taxation of articles of mass consumption of this nature will hardly convince anybody. As regards the anti-inflationary argument, the Honourable the Finance Member has claimed that the new sources of revenue are of tremendous value to the future of the country. We may concede, Sir, that for improving the level of administration, as said by the Finance Member, in this country in all beneficent departments and to bring it up to anything like the standard of modern civilised countries, we should have increased resources at the disposal of the Government, no matter what Government it was. But I would only urge from a purely financial point of view that nobody would be justified in raising resources when they are not wanted. It is sufficient for us to be aware that these resources can be tapped. Let us be left to tap these when it is necessary to tap them, whether that tapping is done by the present Government or by a Government of the future. It is sufficient that the present Government have the courage to incur unpopularity for things they cannot avoid doing. There is no need for them to put themselves out further in order to court unpopularity when it is unnecessary for them to do so. The Honourable the Finance Member also advanced an argument based upon the average incidence of these new excises. His calculation was that the incidence of the tobacco excise on the consumer would not be more than 1 anna per head per month and that of the excise on betel nuts would work out at 4 annas per head per year. He argued in consequence that these could hardly be construed to be a crushing burden on the individual consumer. I have already said that the imposition of any burden, however light, it may be, is unnecessary for bridging the budgetary gap. But taking the incidence as worked out by the Finance Member, may I ask whether the reduction of the purchasing power of the individual by Re. 0-1-4 per head is substantial enough for being looked upon as an anti-inflationary measure, his other justification for this tax.

I come now to the general question of the counter-inflationary proposals which might be held to be contained in this Bill. In paragraph 58 of his speech the Finance Member says that the menace of inflation could not be averted, nor can the upward movement of prices be successfully arrested, so long as the total of our taxation and borrowing falls short of the total outgoings. He then enunciates the Government's plan for achieving this. It has three aspects: firstly, controlling and stabilizing the net overall demand placed on India's resources, compensating as far as possible for any inevitable increase by imports of food, bullion and other capital goods; secondly, stepping up in every way the rate of rupee incomings until it equals the rate of rupee outgoings, and, thirdly, maintaining and extending controls.

I shall not refer to the last of these three aspects. On that other speakers have addressed the House but I wish to say something about the first two. By rupee incomings the Finance Member obviously refers to the total taxation and borrowing which flow into the Government account. By total outgoings he must similarly mean outgoings from the Government account, that is to say, the total of the expenditure and disbursements brought to count in the accounts of the Government. I am not sure, however, that this interpretation of this particular passage in the Honourable the Finance Member's speech is accurate. I find him, for instance, saying in the same paragraph that—

"Our calculations show that during the current year the gap between total incomings and total outgoings of rupees was of the order of Rs. 250 crores".

As a matter of fact, according to the Revised Estimate presented to the House the current year is expected to close with a cash balance of Rs. 114.32 crores and this result has been achieved after taking credit for the new loan receipts of Rs. 272.22 crores. It cannot be that the Finance Member means that the receipts from the new loan in the current year coupled with the other measures that have been taken for mopping up surplus purchasing power in the country not only completely bridged the gap estimated at Rs. 250 crores but left a cash balance of Rs. 114.32 crores besides; nor can it be said that the proceeds of the new loan of Rs. 300 crores in the Budget year together with the other measures that will be taken for mopping up surplus purchasing power in the country would, after bridging the estimated inflationary gap for that year, leave a closing cash balance of something like Rs. 510 crores. It seems obvious, therefore, that when speaking of the gap of Rs. 250 crores the Honourable the Finance Member was referring not merely to the gap in the accounts of the Government of India but the gap in the general ways and means position of the country as a whole and this is inferable from certain other portions of his speech. In another place he refers to total Government outlay. By total Government outlay, Sir, he obviously means not merely the outlay booked against the Government of India but also the outlay for His Majesty's Government and other Allied Governments incurred in India by the Government of India on their behalf but not brought to the Budget or the accounts of the Government of India. I am only making this as an inference. I have assumed that nothing connected with war expenditure, which is debitable to His Majesty's Government in India is shown in Indian books of account. If I am wrong no doubt the Honourable Mr. Jones will correct me. After giving his estimate of Rs. 250 crores during the current year for the gap between the total incomings and total outgoings the Finance Member proceeds:—

"In the light of the remedial measures which we have already taken, and assuming the continued operation of the favourable factors now at work, we hope for a substantial narrowing of the gap in the coming year. The proposals which I have now to make are designed virtually to close the gap, and to check the insidious process which is capable of causing such unlimited misery to the people".

He appears, in my opinion, to be a bit inexact in his language in the last sentence. The proposals he refers to relate only to measures of ordinary taxation and measures of the nature of compulsory deposits. By themselves these two are by no means sufficient for bridging the whole of the inflationary gap. The yield of the new taxes is estimated only at Rs. 23½ crores and the proposals for compulsory deposit etc., are estimated to yield only about Rs. 100 crores. The balance has to be found either by borrowing or by the issue of new currency

[Sir Gopalaswami Ayyangar.]
 against sterling credits in London. It is by no means clear to me in any case which of these alternatives the Finance Member favours. In view, however, of his statement as regards the vast outpouring of Government money and its systematic re-absorption on an adequate scale it looks as if he is plumping in for both. In another place, he has said:

"More than half the total war expenditure in India is incurred by His Majesty's Government and other Allied Governments".

On the assumption that the total Defence expenditure including the capital outlay on Defence chargeable to the Indian Government is about Rs. 300 crores, that chargeable to His Majesty's Government and other Allied Government must be somewhere about Rs. 325 crores to Rs. 350 crores. The total war expenditure in India would thus amount to Rs. 625 crores to Rs. 650 crores which perhaps, or very probably, is a substantial underestimate. For slightly less than half this amount, which is debitable finally to the Government of India, our Budget provides for raising the necessary finance by taxation and borrowing. For the balance, His Majesty's Government makes payments in sterling in London. If these payments are credited to the Government of India the responsibility for finding rupees in India against them for disbursement here will be theirs and if the Government of India were actually making the disbursements on their own and bringing them to account in their own books they must provide the finance for this also through taxation and borrowing.

Sir, the closing balance at the end of the current year is heavy. At the end of the Budget year it is going to be very much heavier. It is obvious from these figures that the Government of India are now borrowing from the public very much more than the needs of their own expenditure warrant. If the borrowing is for the purpose largely of reducing the quantum of purchasing power in the hands of the public and thereby lowering or at least preventing further rise in price levels, it is necessary that the excess borrowing should be immobilized. This immobilization is not possible unless the borrowed money not required for Government of India expenditure is made over to the Reserve Bank in consideration of its crediting to the Government of India sterling securities in London by transferring them out of its Issue Department and retiring in India currency up to the amount they have received from the Government of India and thus withdrawing that currency from circulation. Immobilization of this sort is, however, not usual. Governments do not usually, even during a period of war, mop up or borrow money from the public merely for such immobilization. It is

4 P.M. obviously bad finance to borrow money from the public and pay interest on it but keep the money lying idle in your cash balance. Mopping up and borrowing operations of this sort are not and ought not to be resorted to for augmenting and maintaining bloated idle balances, but the funds mopped up or borrowed should be used for expenditure which, by going back into circulation according to demand, avoids unregulated currency issues unrelated to Government transactions. It is therefore difficult for me to understand the policy of the Government in providing for the very large closing balance of Rs. 509.17 crores at the end of 1944-45; also as to what they intend to do with it. In the absence of policy or plan for dealing with it, this huge balance will be a standing temptation to extravagance and wasteful expenditure. It is, therefore, in my opinion important that the expenditure of His Majesty's Government and other Allied Governments in India which is incurred on their behalf should be made part of the expenditure of the Government of India themselves, whose rupee outgoings will then include such expenditure also. Rupee incomings to the Government of India must approximate as nearly as possible to rupee out-goings without placing any undue strain on the resources of the country. The Government of India should make themselves responsible for the whole of the war expenditure in India, unless His Majesty's Government and other Allied Governments are prepared themselves to raise in India their own rupee resources. This, however, is for various reasons impracticable. The previous alternative is the more feasible one. If this is followed, then sterling to

our credit in London will be at the disposal of our Government and not merely be a mere backing in the issue department of the Reserve Bank for the notes issued for circulation in India.

In view of the large amount of borrowed money available in the budget for next year which, after bridging the whole of the budgetary gap and allowing for an adequate closing balance, will be sufficient for more than bridging the possible inflationary gap in that year, it should be possible to avoid any additions to currency in that year. The existing volume of currency in circulation and the further rise in prices could thereby be effectively checked. The Government of India's responsibility cannot be considered to end with borrowing the maximum from the people and putting it into their balances. Their borrowing has become possible largely because of the additions made to individual monetary purchasing power in recent years, and if it is to be kept up in future years it is necessary that what is borrowed in the next year is put back into circulation by being spent. Its retention in the balances of the Government will make it difficult to raise similar sums in future years.

The Government of India have therefore, I submit, to shed their present policy of drift which they have pursued so far for enabling His Majesty's Government to find the rupee finance for their expenditure in India, and they should take over the financing of such expenditure themselves. After they have done so, the policy to follow would be, first, to determine each year for how much of that expenditure they can raise money by borrowing in India in excess of the requirements of their own expenditure; and on such borrowed sums the interest payable should be debited to His Majesty's Government. Secondly, they should insist that, for the balance, His Majesty's Government should arrange for the import in the year of food, bullion and capital goods as well as consumer goods not competing with the Indian production. Thirdly, they should obtain sterling and dollar credits in their favour in London equivalent to the amount determined for the purpose of borrowing in India.

I shall not say anything on gold sales, because these have been dealt with amply already. I hope, Sir, I have established, firstly, that it is unnecessary to attempt bridging any portion of the budgetary gap by fresh taxation; secondly, that in any case, whatever may be the justification for the first two items of taxation, that is to say, the income-tax alterations and the customs alterations, the House cannot in reason consider it necessary to levy the two new excises or to raise the excise on tobacco by more than about 50 per cent. of the increase proposed in the Bill; thirdly, that there is enough money on the ways and means side of the budget not merely to bridge the budgetary gap but the entire inflationary gap as well in the budget year; and, lastly, that therefore the House cannot in reason agree with all the proposals contained in the Finance Bill.

Sir, I shall, before I conclude, say only a word or two on the constitutional and political aspects referred to by previous speakers. I do not wish to repeat or traverse what they have said on this subject. But there is one side to this picture, perhaps a minor side, to which I think I should draw attention if only for the purpose of demonstrating that the present executive of the Government of India have failed to react in a reasonable manner to the criticisms of the representatives of the public in the Legislature, and that they have displayed neither constitutional wisdom nor political imagination in tackling the situation created by these proposals. The Government of India are an irremovable executive appointed for a term. The present constitution throws upon them the duty of carrying proposals for expenditure and for raising revenues through the Legislature subject to certain reservations. A few demands for grants submitted to the other House have been turned down. They presumably have been, or will be, restored by the certificate of the Governor-General. Such restoration need not under the law obtain the consent of this House any more than it is necessary for presenting the original demands to this House. As the raising of revenue, however, has to be done by means of legislation, by means of a Finance Bill, the measure has to go through the forms of legislation. What has been rejected by the other House and restored by the certificate of the Governor General is

[Sir Gopaldaswami Ayyangar.]

sent to this House with the fiat that we can only either take it or leave it, and that if we choose to reject it, it will all the same become law on the signature of the Governor General being appended to the Bill. No useful purpose is, therefore, served from a democratic point of view by a debate on a Finance Bill which is received in this House in such circumstances. It would perhaps be much better if the Bill was made law and the proposals contained therein enforced on the mere certificate of the Governor General, as happens in the case of certificates for restoration of grants for funds rejected by the Assembly. This, however, is not possible under section 67B of the Government of India Act. Perhaps, in view of this, it will be more in keeping with the realities of things if the Bill could be enacted into law by means of an Ordinance under section 72. That in any case would lay bare the non-democratic, dictatorial nature of what is in terms designated as the Governor General's Act in section 67B itself even if the Bill is consented to by this House. But one is inclined to ask the question, "could not all these have been averted in the current year?". An Executive irremovable for a term, when it has to deal with a democratic Legislature, must, if possible, try and behave in a manner consistent with democratic principles, in so far as the truncated constitution under which that democratic Legislature is constituted and functions permits. Where the Legislature does not agree with the Executive, it is the duty of the Executive to see whether by negotiation and compromise it is not possible to meet the wishes of the Legislature in such a fashion as to prevent its refusing supplies altogether. I have no doubt that it would have made an enormous difference to the result of the debate in the other place if the Executive had, for instance, given effect to the cut in the Railway Budget by dropping the proposal to enhance the railway passenger fares, secondly, dropping the new taxes, *i.e.*, the excise on coffee and tea and betel nuts and reducing the rate of increase of the excise on tobacco, thirdly, by amending the alterations made in respect of income-tax and excess profits tax so as to meet the legitimate criticisms such as were so convincingly urged in a speech full of argument—unassailable argument—that was delivered yesterday by Sir Shantidas Askuran. By making these concessions, I am sure, Sir, that no jeopardy would have been caused to the adequate financing of the expenditure scheme of the Government for the Budget year. Nor will any substantial impediments have been placed on the efforts they are making for countering inflation in the country. Why they failed to make these concessions is more than I can understand or appreciate. The mere prestige of the Executive should not stand in the way of acceding to popular opinion when that opinion certainly is neither wrong-headed nor deserves to be brushed aside as being crooked or unreasonable. The President of the United States of America defers to Congress even when legislation to which he attaches the greatest importance is turned down by Congress. A more relevant example in view of recent constitutional discussions in this country is that of the Federal Executive in Switzerland. There, when the Legislature refuses to vote any legislation introduced by a member of the Federal Ministry, it is not enacted over the head of the Legislature by the head of the Executive. The Minister takes his rejected measure back and tries so to readjust it as to be acceptable to the Legislature. The Swiss Executive is being held up as a model for future India. Could not the present Executive here, have acted in the spirit of this model without either doing violence to the existing constitution or undermining their own position *vis-a-vis* either the Legislature or the public? On the other hand, Sir, it seems to me that if they had acted in the direction I have indicated, they might perhaps have strengthened their own position. I am aware, Sir, that it might be said that financial concessions alone might not have satisfied the leaders of the political parties whose representatives in the Assembly voted down the Finance Bill, that the main ground of their rejection was the imperative need, according to them, in the present war situation in the country, for the substitution for the present Executive of a National Government which will be representative and, if not constitutionally responsible to the Legislature, will at least be actively responsive to public opinion voiced therein. The essential preliminary to such a development is the release of the

political leaders who are now in jail and the affording thereby of an opportunity to them for getting into contact with public feeling as it is today and taking steps for the bringing about of an agreement amongst the important sections of political opinion which will enable them to join hands in running the Government of the country during the period of the war. Release cannot at the present time be considered to be fraught with any undue risks to public tranquility even from the standpoint of the present Government. But even a more preliminary gesture than this, for example, a gesture to permit contact between the political leaders in jail and those outside with a view to the exploration of the possibilities of a solution of the present deadlock, if the present Government had only had the imagination to make it in the course of the debates in the Assembly on the Budget and the Finance Bill could almost certainly have effectively averted the turning down of the Finance Bill in the Assembly. It is a matter for the greatest regret that the Government were not prepared to move in such a direction.

I shall now conclude, Sir. From all that I have said it must be clear that on the broadest of financial considerations alone the financial proposals embodied in the Bill before us are undefendable and as there will be no opportunity afforded for attempting any amendment or improvement of its provision and this House will be asked to vote only in favour of or against the Bill as it stands, I find myself unable to give my support to the Bill.

*THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS (Nominated Non-Official): Sir, I rise to support the motion, not because on merits it deserves support but because the war situation demands it. It is true that the war will not end this year, not will it end next year. That is why some fresh taxation may be necessary for the next year. So, I want to suggest, by way of criticising the present financial policy of the Government some measures to be taken to improve the economic condition of the people so that they can bear the taxation without any trouble.

My contention is that, while I agree with the Finance Member that it is not ethically a good deed not to pay taxes, care should be taken that the bulk, or even the whole, of the abnormal taxation should be raised from only those who made large fortunes out of the war, and not from one and all, irrespective of their incapacity to bear the burden of taxation. The distribution of war wealth is even more uneven than that in peacetime.

The bit of chewing tobacco and pan supari are the only pickups for the lowliest of the lowly. Tea, and its sweepings at that, is their only beverage to refresh with after hard toil. Is it fair to tax these articles for consumption, which affects the poor only.

The Finance Member admitted that "to deal with inflation successfully required the co-operation of the people". The best way of enlisting the co-operation of the people is not to tax these small luxuries.

Should the co-operation of the people be taken for granted, the economic stamina of India would not permit a scale of war expenditure, say, equal to, or even comparable with, that of the United Kingdom. Expenditure on aerodromes and airfields were at first charged to His Majesty's Government *in toto* then only about a quarter of it, and now none at all. The Japanese conquest of Burma served as a justification of heaping war burdens on India.

The budgetary gap of 78-21 crores, as pointed out by Sir Gopaldaswami Iyengar, did not warrant additional taxation, for bridging it. A number of small heads of capital receipts would actually make up the deficit, and there was no harm in leaving this deficit uncovered in a budget of its size.

As an anti-inflationary measure, the sale of gold is, no doubt, a step in the right direction. Here again, Rs. 70 to 80 per tola were paid against its London price of about Rs. 45 per tola. The Finance Member evaded a clear explanation of this profiteering by Britain and the U. S. A., he simply said that the Indian farmer got more gold for his wheat now, than he ever did in the last 20 years. This would mean that, as the farmer got more for his wheat, he should be made

[Rai Bahadur Satyendra Kumar Das.]

to pay more for gold, whether the market demands it or not. Mr. C. Jones justified the British and American sale of gold in India at about 70 per cent. higher than its price in England on the ground that their Governments were purchasing in India, sometimes at 200 per cent. of pre-war prices. He forgot that the disparity in gold prices pertained to the present hour. He set, against this, the disparity in agricultural prices between 1939 and now. The 200 per cent. of pre-war prices is Government's own making, through causing the inflation. Now, to control this evil, Government saddles the people with greater hardships. Government should, on the other hand, have insisted, as in Iran and Iraq, on payment in gold for purchases at the exchange ratio, fixed by the Government.

During the first world war, the late Mr. E. S. Montagu, the then Secretary of State for India said in the House of Commons:—

"If you want to use that loyalty, you must take advantage of that love of country which is a religion in India, and you must give that bigger opportunity of controlling their own destinies, not merely by councils which cannot act, but by control, by growing control, of the Executive itself".

Three decades have rolled on, since. His advice is still a dead letter. The second world war therefore found India unprepared and ill-equipped.

The Hot Springs Conference, held in Virginia, U.S.A., in June, 1943, moreover, stressed the occupational adjustments in the rural population through the development of industries, suitable to the area, particularly for the processing and preserving of the agricultural produce of the country and for the manufacture of machinery and fertilizers and equipments, needed for agriculture. The Conference further adumbrated that a country should export processed articles instead of raw products. I therefore suggest the immediate implementing of the Final Act of the Hot Springs Conference, and also give effect in part at least to the plan devised by the Federation of Chambers of Commerce.

I would also suggest that the system of two budgets recommended in the Beveridge Report may be adopted here. An "ordinary" budget, balanced annually, for meeting standing expenditure out of current revenue; and "extra-ordinary" budget to meet normal capital expenditure and such emergency measures as should be taken in times of depression to fight unemployment or stimulate trade. The "extra-ordinary" budget would be covered—or over-covered—only in times of prosperity.

With these observations I support wholeheartedly the Motion before the House.

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House): The Finance Bill has been discussed by the Opposition in an unreal atmosphere. It has been forgotten that we are in the midst of a great War, the greatest war that the world has ever seen. The United Nations have made a wonderful recovery. The victories won ensure the final victory of the Allies. But we cannot yet afford to lessen our vigilance and relax our efforts. Germany is reeling under the blows in Europe but the arrogant and brutal Japan is still to feel the might of the mightiest combination of nations. She is still threatening our country and we have to remain prepared to meet that threat. Such continued threat should, as in other countries, have led to cementing the bonds between different elements in the country. But unfortunately this is not the case here. The Honourable Members would remember that Lord Linlithgow when he was the Viceroy at the outbreak of the war called important leaders of various parties and tried to bring them together on a common platform—resistance to the enemy. He failed in this attempt. The most common accusation against the British Government is that their policy is to divide and rule. But here was the Viceroy trying to bring various parties together on various occasions, but the parties failed him and refused to come together. Then later came the Cripps' offer which as His Excellency Lord Wavell told us when he addressed the two Houses is still open. It is for us to come together, agree between ourselves, give the Muslims and the minorities their rightful place in the administration of the country.

For years the Congress party has been crying for independence, but when in the Cripps' offer such independence, full, complete and secure, was offered, they rejected it for two reasons: one that it recognised at the same time the Muslims' claim to self-determination and their right to have a separate union of their own if they so desired, and secondly because the British refused to abdicate in favour of the Congress in the midst of the war.

The Opposition have concentrated their attack on the Executive Council and denounced it. I may remind the House—especially Mr. Hossain Imam—that patriotism is not the exclusive monopoly of political parties. I do not owe any apology to any body for being an Executive Councillor today. I deem it a privilege that I have been asked to shoulder the responsibilities of office at a time when I can be of real service to my country and at a time when others refused to respond to the call and deserted their post of duty at the first signal of the danger. Had the Congress shown a sense of responsibility and not resigned office in seven Provinces when the clouds of war started gathering around the country and shared the perils and sacrifices of a nation at war, they would have been amongst the wise and patriotic men of the world. But to be responsible and responsive is not in their nature and in their constitution. They have always on one pretext or another shirked the responsibility of office. They do not even hold themselves responsible to those who trusted them and sent them as their representatives in seven out of eleven Provinces. All the political ills of this country are due to the fact that they are not responsive to the rights and claims of others.

We are accused of being irresponsible as if it is of our own creation. But I ask: has this ancient land ever seen an age in which the Executive was responsible to an elected House. All the progress that has been made in India as a result of British connection has been through the so-called irresponsible Executive Council. A responsible Executive system "of the British type" based on the system of simple majority rule will not suit India on account of great communal differences. Unfortunately in India there is absolutely no national spirit. It is all communal. It is this that is responsible for retarding the political progress of this country and for preventing the formation of a National Government. When this is the case, why blame the British Government? (Applause.)

THE HONOURABLE LIEUT.-COLONEL SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Mr. President, Sir, I rise to sincerely support the Finance Bill for the reasons already set out in detail, in my speech on the 17th March 1944, before this Hon'ble House, and at the same time would urge the Finance Member, if the taxation could be given effect to only for the duration of the War. A minute analysis of the taxation proposals reveals the modesty: that the incidence on the consumer of tobacco would not be more than one anna per head per month while the tax on betelnuts would work out at four annas a year on the individual consumer. The concession in the minimum taxable amount is commendable indeed for which I must congratulate the Honourable Finance Member.

Sir, I would like to urge to the Government to bring gold and silver into the market. The Cultivators should be given gold and silver in exchange of their produce. The dual advantage would be that whereas the Cultivator will not withhold or hoard his produce, and at the same time will have gold or silver in his possession for ornament or other purposes to which he generally looks with contentment; the Government on the other hand would benefit as the present rates of gold and silver are more favourable for the Government.

Sir, I would also like to make a reference to the unfortunate criticism levelled in the other House. The eminent and patriotic Indians of the Executive Council do command our confidence and are rendering splendid service to the country under the present constitution. They all are men of high integrity and calibre.

Sir, I support the Finance Bill for obvious and weighty reasons. India is in great danger. The enemy is threatening at our very doors and has already

[Lieut.-Colonel Sir Hissamuddin Bahadur.]

attacked on various points, but thanks to our mighty forces, was successfully beaten off with heavy losses. The malacious designs of Japs are too well-known to need any recapitulation. The war must be won at all costs and the expenditure therefor must be voted. These are war times and we must not indulge in cheap politics but face the grim realities of the situation like prudent, wise and responsible citizens.

Sir, I would also like to express our gratitude to H. E. The C.-in-C. for the prompt and timely announcement the other day and taking this House into confidence in regard to the War situation on the Assam front. Now it is our duty to sink up our difference and to unite and co-operate in affording the maximum war effort in men, money and material and above all in maintaining the public morale. I would urge the youth of the country to come forward in large numbers to join the Army, Navy and Air Force, to serve their country, protect their homes, and honour and the property against the brutal onslaughts of the Japs.

Sir, I support.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY (West Bengal, Non-Muhammadan): Sir, knowing full well that our votes in this House will in no way affect the decision of the Government, I want to lodge my voice of protest on this Bill both on merits and on principle. I oppose this Bill on merits because taxation of such necessary articles of a poor man as betel nuts, tea and coffee can never be supported. And I am not certain whether the Central Government is within its power to tax an agricultural product like betel nuts which does not go through any process of manufacture before it goes to the market. I am also opposed to the levy of an income-tax on incomes up to Rs. 3,000, considering the high prices prevailing for all necessities of life.

I am opposed to the Bill on principle as I cannot support a measure of taxation when the representatives of the people have no power over the expenditure of the money raised by such taxation. Besides, constitutional propriety demanded that the Government should resign, as the other House refused to take the Bill even into consideration, and also by an over-whelming majority rejected the certified Bill which came in as a sort of recommendation to the Legislative Assembly by the Governor General to pass a vote of confidence in his Council. Sir, on a much lesser issue the Prime Minister of England has threatened to resign unless the House of Commons passes a vote of confidence—

THE HONOURABLE THE PRESIDENT: The constitution in England is quite different from that in India. That analogy does not apply here.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: But I say constitutional propriety demands—

THE HONOURABLE SIR MAHOMED USMAN: If we resign today and if there is nobody to take our place, and the country will be dominated by Japs to-morrow.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: You better resign and then see whether anybody takes your place.

THE HONOURABLE SIR MAHOMED USMAN: I am more patriotic enough to follow a wiser course.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: Personally the members of the Viceroy's Council may be very esteemable persons, and I dare say in private life most of them are very fine gentlemen. But there is absolutely no justification for these gentlemen, if they have any self-respect and any faith in democratic principles, to stick to their jobs after the clear verdict given by the representatives of the people in the other House. Honesty demands that these patriotic members of the Council of the Governor-General, if they are real patriots, shall resign and tell His Excellency the Viceroy that they do not command the confidence of any section of the people of this country.

THE HONOURABLE THE PRESIDENT: Mr. Reza Karim.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, would it not be better to adjourn—

THE HONOURABLE THE PRESIDENT: We are going to finish all the non-official speeches today, if we have to remain in the House until seven o'clock; I am not going to give any opportunity to non-official members tomorrow.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, the other day—

THE HONOURABLE THE PRESIDENT: Will you please sit down? I have given my ruling. There is no point of order.

THE HONOURABLE MR. HOSSAIN IMAM: I am submitting that the Honourable the Leader of the House announced in the House the other day that the House will adjourn every day at five o'clock; therefore, I would ask the Honourable the Leader of the House to adjourn the House at five o'clock today.

THE HONOURABLE THE PRESIDENT: I am in the Chair; I am in charge of the House, and it is my decision that the House shall sit.

THE HONOURABLE SIR MAHOMED USMAN: It is entirely in your hands, Sir, to decide when the House shall adjourn.

THE HONOURABLE THE PRESIDENT: I have no objection to sitting. It is an important debate. I want to finish the non-official side today. Government members must have a proper opportunity; there will be three or four speakers from that side tomorrow. There will then be the second reading, then the third reading. Government will want to take action. The Act must be passed by tommorow night.

THE HONOURABLE MR. HOSSAIN IMAM: May I submit to you, Sir, and may I remind the House, that when I wanted to move my amendment, I was not permitted by the officer who was in the Chair to move it because it was five o'clock?

THE HONOURABLE THE PRESIDENT: I am not responsible for an officer who was in the Chair. This is my ruling. The Honourable Member, Mr. Rezaï Karim, will address the House now.

THE HONOURABLE MR. A. Z. M. REZAI KARIM (East Bengal: Muhammadan): Sir, I see that I am starting in a very acrimonious atmosphere, and I would not like to increase the heat of this House by further adding fuel to the fire which is already burning on this side and is trying to consume the other side altogether—

THE HONOURABLE THE PRESIDENT: What is it that the Honourable Member said about fire?

THE HONOURABLE MR. A. Z. M. REZAI KARIM: I said there is already enough fire on this side.

THE HONOURABLE THE PRESIDENT: Yes; quite enough! Do you want to pour more fuel? Now, will you say a few words and sit down?

THE HONOURABLE MR. A. Z. M. REZAI KARIM: Not a few words, Sir. I have many words to say.

THE HONOURABLE THE PRESIDENT: Then, go on. (Noticing some Honourable Members leaving the House)—I request Honourable Members not to leave the House, because I want a quorum this evening. The Honourable Member may proceed.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: Sir, there are two principles which are advocated as the criteria for judging whether a Government is carried on properly or not. One criterion is that there should be self-government, and the other criterion is that there should be good government. Advocates of the first criterion consider that if there is self-government there is bound to be some kind of good government at least. There is another class who suppose that if there is good government, even if there is no self-government it does not very much matter. I am not aware if the Honourable Members of the Executive Council subscribe to the latter view. But if they do, I may tell them through you, Sir, that the Government of India today is neither a good government nor a responsible government. Therefore the result is that any measure which they bring to any representative body for drawing money for spending must be opposed so long as the constitution, is not changed so as to

[Mr. A. Z. M. Rezai Karim.]

make the Government function as a proper government for bringing good to this country. I am therefore of the opinion that it is no use going into very great detail. But the attitude of our party is this. The fact that we do not refer to each and every item of maladministration that is going on in the country does not mean that we are really only opposing on constitutional grounds. We have our grievances against the manner in which government is being carried on, but as we think that these vices and maladministration exist on account of the very system of government which prevails, it is useless to refer to individual items of maladministration in the various departments of the Government of India.

I am very sorry, Sir, that there has been some misunderstanding of the situation on the part of the Honourable the Leader of the House. When reference was made to the functions of the members of the Executive Council, member after member made it clear that such reference had nothing to do with the personal status or position—

THE HONOURABLE THE PRESIDENT: You go and abuse the members of the Executive Council, and you say there is nothing personal.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: That is exactly what I am coming to. I say that the abuse that has been showered on them is not on Sir Mahomed Usman or anybody else, but on the Executive Council as it is.

THE HONOURABLE THE PRESIDENT: Some members have referred to members personally, and I have been pointing out that they should not be personal in their references.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: I entirely agree with you. There need not be any personal reference in the discussion of this matter. As a matter of fact, I have been trying to make it out that, frankly, even in the Executive Council there are some gentlemen whom I know from my very young days—

THE HONOURABLE THE PRESIDENT: They are doing their duty as much as you are doing.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: As much as you also, Sir, are doing in this House. There are members of the Executive Council whom I know from my younger days. There are others whom I do not know. Individually they may be really capable men; they may have very great integrity of character; they may possess great knowledge. In fact, some of them are carrying on the administration very well. In a place like England there is George Bernard Shaw, a very famous man, a very capable man, a man of great conception and imagination. Why do they not call upon George Bernard Shaw to rule England? Why do they call upon Mr. Churchill to rule England? As compared between themselves, probably Mr. Churchill will go into insignificance. But Bernard Shaw is not called upon to form the Government but some other man of less calibre is called upon to function as the head of the State. Why? The reason is that Mr. Churchill has behind him a following and peoples have got confidence in him. In India, the Honourable the Leader of the House or his colleagues may be very good men; they may be patriots. I agree with him that patriotism is certainly not the monopoly of any particular party or any particular individual. But it does not mean that merely because he is a patriot, he has got the backing of the majority of the people behind him and so long as he does not possess that, he has no right to function as a representative of the people in the modern sense of democracy and call upon the representatives of the people to subscribe to a fund which he will spend for the purposes of the Government. That being the position, it must be clearly understood that the whole opposition of my Party in the lower House and in this House is based on the fact that so long as there is no responsible Government, it is not possible for my Party to support any demand by the Government for the purpose of the Government. Our attitude should not be misunderstood. I have noted the apologetic manner in which members of this House have been saying, "We do not oppose the war efforts". I wish the Honourable

the Home Member had been here, because it seemed they were trying to escape punishment fearing that some Ordinance or the Defence of India Act will come over their heads. There is not a single Indian today who wants that the enemy should come and rule over us. But there is hardly an Indian today here who does not want that the British people should at least cease to be administrators in the country. If they have got to live here, they can live as traders and commercial people. If the British people do not make a gesture now,— certainly they have crossed over the critical days of June and July of 1941; it is true that what they were prepared to concede then, they may not be very willing to concede now, it will be want of Statesmanship. It looks as if they are retracing their steps even from the Cripps proposals or at least seeking to create a situation when it may not be possible for the people of this country even to accept them. That is the manner in which they are proceeding now. If that is the attitude they take, I am afraid that far from satisfying the people, they will be alienating them more and more. As a friend of the British people in India I would advise them to have greater imagination and greater wisdom and to adjust themselves to the times. It has been very gratifying as the Honourable the Finance Member admitted in his speech in the other House, that the Congress and the League were voting together against the Finance Bill. My Honourable friend the Leader of the House said that by dividing you cannot unite. At least we are united in condemning the Government that exists today and condemning the system by which we are being ruled—

THE HONOURABLE THE PRESIDENT: When it suits you you are united.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: I am afraid that that is exactly what we want. We shall always unite when it suits us.

THE HONOURABLE SIR MAHOMED USMAN: Then you will always be there and we shall always be here.

THE HONOURABLE MR. A. Z. M. REZAI KARIM: And you will always have the Finance Bill also thrown out by the House and the present feeling will be there. That will be the result. Our opposition to this Bill on the constitutional issue is very clear, that so long as you do not take the people's representatives into confidence, we feel we cannot support this Bill. Even if His Excellency the Governor General certifies this Bill or this measure gets through this House in spite of the opinion of the elected representatives of the people, I am sure at least the speech of one of the nominated Members of this House was very much helpful to us. I could not discover when he was speaking whether he was supporting or opposing the Bill. (*The Honourable Mr. Hossain Imam*: "Whom do you mean?") I do not like to mention. We have all got a fresh memory. Anybody who is connected with public opinion now will have the same view as ourselves. People are getting tired of this administration. I hope, Sir, that the Members of the Executive Council will kindly carry to proper quarters that it is impossible for them to function in the atmosphere in which the country now is.

THE HONOURABLE MR. M. L. DAS (Nominated Non-Official): Sir, in spite of your strictest warning that there should be no reference to any foreign or disconnected matters having no bearing on this Bill—

THE HONOURABLE THE PRESIDENT: My instructions were not carried out by a large number of Honourable Members; so you can do as you like.

THE HONOURABLE MR. M. L. DAS: I am asking your permission, Sir, to incidentally refer to certain matters. Sir, before I deal with the Bill under discussion I want to explain my own position. This morning I found that the daily paper, the *Hindustan Times* has characterised the nominated bloc in a caricature as the lengthy tail of Dev Hanuman of Ramayan. In India, Hanumanji is a hero, who is very intimately connected with Ram, the Hindu incarnate God.

Sir, some of the members on the Opposition bench talked a great deal over the question of the establishment of Ram Raj here in India. It is
5 P.M. the chief monkey, Hanumanjee, and his followers who came to the rescue of Ram for the establishment of Ram Raj in India. That is what every

[Mr. M. L. Das.]

Hindu member believes as a fact. If the people of India will have any salvation, it is through the nominated bloc of members.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA: Long live Hanumans.

THE HONOURABLE MR. M. L. DAS: Yes, Hanumanjee is immortal in Hindu mythology.

Because they are always consistent, and—true to the principles; they never change; other members we find every day changing their colours; but that is not the case with the members of the nominated bloc; they are true to their principle; and if any good will come to this country it is only through the nominated members.

Sir, last time during the general discussion of the Budget I said that the imposition of a tax on a little thing like betel nut was the most undignified form of taxation on the part of the Government. Though I made that statement, since the introduction of the Finance Bill here, in my mind a conflict has been going on between 'Yes' and 'No', whether I should support the Bill or oppose the Bill. But the recent news in connection with the war in the Eastern Front tells us that the enemy has entered into the borders of India. I have to change my opinion. I feel that this is not the time for quarrelling over the question of taxation. The house is going to catch fire. Should we who are inside the house fight with each other or extinguish the fire and get rid of it? Sir, I listened very closely to the speeches delivered by some of the Honourable Members on the opposition benches. They want to oppose this Bill under an impression that by doing so they will be jeopardising the present form of Government prevailing in India and thereby they will create an abnormal atmosphere so that Indians will have their own national Government. But, Sir, is it the time for changing hands? Is it the time for transition, Sir? We are in a very precarious position. So it is our first duty somehow to protect ourselves so that we may be able to keep up our existence. Sir, with these few words, I support the Bill whole-heartedly. My support to this Bill rests on the truth of this maxim "Necessity has no law". In view of that maxim, I support this Bill. With these words, I stop, Sir.

THE HONOURABLE THE PRESIDENT: Does any other member desire to speak tonight?

(No Honourable Member rose.)

THE HONOURABLE THE PRESIDENT: I will ask the Government members to speak tomorrow.

THE HONOURABLE SIR MAHOMED USMAN: Only two members, His Excellency the Commander-in-Chief and the Finance Secretary, will speak.

THE HONOURABLE THE PRESIDENT: I hope all the members will do their best to be present. I will adjourn the Council till 11-30 A.M. tomorrow.

The Council then adjourned till Half Past Eleven of the Clock on Thursday, the 31st March, 1944.

APPENDIX.

Starting receipts from H. M. G. how accounted.

<i>Page 46 ex-Memo. 43 :-</i>	
Sterling payment by H. M. G. [.	= 505 Crores
<i>Q. No. 119 of 10th August, 1943 :-</i>	
Value of store charged to H. M. G. up to 1942-43	= 402 Crores
<i>Q. No. 140 of 18th August, 1943 :-</i>	
Prisoners of War charged to H. M. G.	= 15.00 Crores
<i>Q. No. 117 of 24th February, 1944 :-</i>	
Excess of Dollar Trade	= 33.00 Crores
Sale of Silver in 1942-43	= 28.00 Crores
	= 476 Crores
∴ Excess unaccounted = 29 Crores up to 1942-43.	

(Vide page 574)