

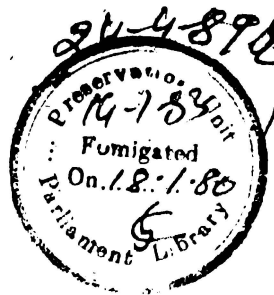
6th March 1944

THE
LEGISLATIVE ASSEMBLY DEBATES
Official Report

Volume II, 1944

(29th February to 27th March, 1944)

TWENTIETH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY
1944



LEGISLATIVE ASSEMBLY

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Deputy President :

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Syed GHULAM BHIK NAIRANG, M.L.A.

Mr. GOVIND V. DESHMUKH, M.L.A.

Sardar SANT SINGH, M.L.A.

Mr. N. M. JOSHI, M.L.A.

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LEGISLATIVE ASSEMBLY

Monday, 6th March, 1944

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

MEMBERS SWORN:

- Mr. Nivarty Sundaresan, M.L.A. (Government of India: Nominated Official);
Mr. Kewalram Lalchand Punjabi, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

GOVERNMENT AGENTS FOR PURCHASE OF FOODGRAINS, ETC.

309. *Mr. Govind V. Deshmukh: Will the Honourable Member for Food please state:

(a) how many agents Government have appointed to purchase wheat, foodgrains, foodstuffs, such as ghee, etc.;

(b) the names and areas allotted to these Government agents for such purchases;

(c) the terms settled by Government with these agents for purchases they are to make for them;

(d) the quantities purchased by each of these agents from the 1st January, 1943, to the 31st December, 1943, and the value of such purchases; and

(e) whether any advances are made to any such agent or agents by Government for purposes of such purchases as he or they are entrusted with, either in addition to or merely for taking deliveries of such purchases, or before the Railway receipts are received by Government?

Mr. K. L. Punjabi: (a) The purchase of foodgrains in India has been entrusted to Local Governments. There are no agents of the Government of India for this purpose except in the North West Frontier Province where purchases of surplus foodgrains, mainly barley are made by one agent operating on behalf of the Government of India. For the purchase of *ghee*, the Government of India have appointed six agents and for the purchase of tea one agent.

(b) and (d). A statement is placed upon the table.

(c) The agents acting in the best interests of Government as regards price, purchase *ghee* of a quality, which after blending at a Government *ghee* heating centre, will produce blended *ghee* up to the RIASC specification. They are paid by Government the cost of *ghee* which they themselves pay to the sellers. Tins are supplied by Government. For maintaining adequate establishment, technical staff for financing purchases and as contingency and buying remuneration, the Government pays the agents about Re. 1/2 per maund of accepted *ghee*. All other expenses, such as *mandi* charges, octroi, terminal tax and export duty are paid at actuals.

As regards tea, its cost, blending charges and packing charges are paid at actuals. The terms of remuneration to the agent, are Re. 0-6-3 per 100 pounds for the first 4,000 tons and Re. 0-4-0 per 100 pounds for quantities in excess of 4,000 tons.

(e) No, Sir.

Ghee.

Name of Agent	Area of Purchase	Quantity purchased	Value
		Tons.	Rs.
1. Alopi Parshad & Sons Ltd., Delhi.	N.-W. F. P., Punjab, U. P., Rajputana, Central India and Gwalior State.	21,253	5,87,22,039
2. Ghee Supply Co. Ltd. Delhi	Calcutta, Madras Province, Mysore State and Eastern States.	8,662	3,06,90,550
3. Ghee Supply Co. (Bihar) Ltd., Delhi.	Bihar Province	1,648	45,36,322
4. Hossainbhoj Sons & Co., Bombay.	Khandesh and South Bombay Province, Central Provinces and Berar and Hyderabad State.	7,073	2,15,47,648
5. Piloo D. Sidhva & Co., Bombay.	Kathiawar States, Baroda State and Gujerat and Panchmahal.	8,083	2,63,99,078
6. Sind Ghee Purchasing Agency, Karachi.	Sind, Khairpur State and Baluchistan.	67	2,06,092

Tea.

1. Harrisons & Crossfield Ltd., Calcutta.	No particular area has been allotted, but during 1943 the major portion of army requirements were pur- chased in Calcutta and a small quantity of some 600 tons was purchased from South India.	7,940	1,57,23,200
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*Statement showing purchases by M/s. Owen Roberts & Co., Ltd. in N.-W. F. P. from
1st January 1943 to 31st December 1943.*

Grain	Quantity in tons.	Value of Purchase
		Rs.
Barley	22399	47,25,175
Gram	1419	3,52,050
Maize	568	1,26,578

Mr. K. C. Neogy: Are ceiling prices fixed by Government in regard to purchase of each of the articles mentioned by the Honourable Member?

Mr. K. L. Punjabi: Yes, Sir.

Mr. Govind V. Deshmukh: Do ceiling prices vary from month to month or once in six months or year to year?

Mr. K. L. Punjabi: The prices are revised periodically.

Mr. Govind V. Deshmukh: What is the period?

Dr. Sir Zia Uddin Ahmad: Does it vary every other day?

Mr. K. L. Punjabi: The period varies with the commodity.

Mr. Lalchand Navalrai: May I know if the Government of India have any control by way of supervision over the syndicates and the agents who are appointed by the Provincial Governments?

Mr. K. L. Punjabi: No, Sir.

Mr. Lalchand Navalrai: Do the Government of India have no control by way of supervision and are the agents allowed to do anything they like?

Mr. K. L. Punjabi: The Provincial Governments are the agents and this is a matter for them.

Dr. Sir Zia Uddin Ahmad: Have the Government got any idea about the profits which these agents are making?

Mr. K. L. Punjabi: To which commodity does the Honourable Member refer?

Dr. Sir Zia Uddin Ahmad: Wheat. Have the Government got any idea about the profit which these agents are making at the expense of the Government of India and the consumers of the Provinces?

Mr. K. L. Punjabi: As I already mentioned, we purchase through Local Governments acting as agents.

Dr. Sir Zia Uddin Ahmad: Have the Government got any idea about the amount of profit?

Mr. Govind V. Deshmukh: Do the Government of India know whether the Provincial Governments exercise any supervision or not?

Dr. Sir Zia Uddin Ahmad: Are these Provinces making profits without paying any income-tax?

Mr. Govind V. Deshmukh: Are the Central Government aware whether the Provincial Governments exercise any supervision over the agents engaged in purchasing these things?

Mr. K. L. Punjabi: Yes, Sir, they do exercise.

Maulvi Muhammad Abdul Ghani: Have the Government drafted any rules for the guidance of Provincial Governments in this respect? What is the reason for not giving contracts to Muslims?

Mr. President (The Honourable Sir Abdur Rahim): Next question.

NATIONAL PLANNING COMMITTEE REPORT AND POST WAR INDUSTRIAL RECONSTRUCTION.

310. *Mr. K. S. Gupta: (a) Has the Honourable Member for Industries and Civil Supplies gone through the presidential address of Dr. Bose to the Science Congress? If so, has he noted the portion of it relating to the National Planning Committee with Pandit Jawahar Lal Nehru at its head? If not, why not?

(b) What are the papers in the possession of the Government of India with regard to the National Planning Committee?

(c) Do the Government of India propose to make use of those papers to the best interests of post-war scientific and industrial reconstruction of India?

(d) Is there any Committee constituted specially to explore the possibilities of expansion and improvement of Indian industries?

The Honourable Sir M. Azizul Huque: (a) Yes.

(b) The Government of India have in their possession an abstract of the Proceedings of the National Planning Committee from 1938-40 published in 1940 by the Secretary of the Committee.

(c) The Government of India are ready to consider all suggestions put forward.

(d) Yes. The Reconstruction Policy Committee No. IV on Trade and Industry.

Mr. Govind V. Deshmukh: Do the papers in possession of the Government show that the work of this Committee is complete? If not, will the Government release Pandit Jawahar Lal Nehru to complete this work?

The Honourable Sir M. Azizul Huque: Regarding the first part of the question, the answer is that the work is incomplete. As regards second part, it should be addressed to proper quarters.

INDIAN SCIENCE RESEARCH INSTITUTE.

311. *Mr. K. S. Gupta: Will the Honourable Member for Industries and Civil Supplies please state if there is a permanent Indian Science Research Institute exclusively supported and run by the Government of India? If not, why not? If so, has it been found to be useful?

The Honourable Sir M. Azizul Huque: There is no institution by the name of Indian Science Research Institute. The Government of India support exclusively and run the Forest Research Institute, the Imperial Agricultural Research Institute and the Imperial Veterinary Research Institute. In addition, the Government of India give substantial recurring grants to the Council of Scientific and Industrial Research and the Indian Institute of Science, whose Governing Bodies include representatives of Government among their membership.

MR. J. J. GHANDY'S ADDRESS AT THE SCIENCE CONGRESS.

312. *Mr. K. S. Gupta: Has the Honourable Member for Industries and Civil Supplies gone through the address of Mr. J. J. Ghandy to the Engineering and Metallurgy Section of the Science Congress? If so, has he noted the following remarks about the scientific enterprise in India—"It is a tragedy we are content to utilise the great reservoir of scientific talent that exists in the country for the purpose of maintenance and operation of machines designed and constructed in foreign countries"?

The Honourable Sir M. Azizul Huque: The answer to both parts of the question is in the affirmative.

SHORTAGE OF FUEL IN MADRAS PRESIDENCY.

313. *Mr. K. S. Gupta: (a) Is the Honourable Member for Industries and Civil Supplies aware that fuel is not available in certain parts of the Presidency of Madras even for cremation purposes?

(b) Is it not a fact that several people go without food for want of fuel in places like Masulipatam in the province of Madras?

(c) Is not this abnormality due to the purchase of fuel for military needs, notwithstanding the most critical conditions existing in the case of civilian needs?

The Honourable Sir M. Azizul Huque: (a) to (c). The Government of India have received no representation from the Government of Madras about the inadequacy of fuel supplies in that Province.

NUTRITION RESEARCH INSTITUTE, COONOR.

314. *Mr. K. S. Gupta: (a) Will the Secretary for Education, Health and Lands please state when the Nutrition Research Institute was started at Coonor? Is its life made permanent? If not, why not?

(b) When do Government propose to make it a permanent institution? Is the Institution proving useful? If so, does the Institute satisfy the future needs of the country? If not, do the Government of India propose to have more institutes of this kind to serve the growing needs of the country?

(c) What is the annual grant to the Institute?

(d) What is the opinion of the Governing Body of the Indian Research Fund Association about the utility of the institution? Does it recommend a progressive grant for the proper maintenance and improvement?

(e) Is the personnel of the Institute adequate and efficient to run the Institute on modern methods adopted in the United Kingdom and America?

Mr. J. D. Tyson: (a) The Nutrition Research Laboratories were established in 1925. They are maintained by the Indian Research Fund Association which makes a yearly grant for the purpose. While the laboratories have not been declared to be a permanent institution there is no question of their being closed down. Maintenance by yearly grants is in accordance with the normal practice of the Indian Research Fund Association.

(b) There is no proposal under consideration at present to make the laboratories permanent. The laboratories are carrying out useful work which meets part of the country's requirements in nutritional research. Nutritional research is also being pursued with grants from the Indian Research Fund Association in other parts of India. The Indian Research Fund Association is pursuing a policy of further development of such research activities.

(c) The annual grant to the laboratories by the Indian Research Fund Association is Rs. 85,000.

(d) It is believed that the Governing Body consider that the laboratories are doing very useful work. The Association itself makes grants necessary for the proper maintenance of the laboratories.

(e) The staff employed is efficient and their work is on modern lines and compares favourably with work in similar institutions elsewhere.

Mr. Govind V. Deshmukh: Is there no necessity for expanding the work of this Institute?

Mr. J. D. Tyson: That is a matter of opinion.

Mr. K. S. Gupta: Is there a permanent institute for animal nutrition research?

Mr. J. D. Tyson: I did not entirely catch the Honourable Member's question. This is the only institute that there is and it is not on a permanent footing.

Mr. Govind V. Deshmukh: Are the activities of this Institute confined only to research on human food or does it extend also to animal food?

Mr. J. D. Tyson: I believe it deals entirely with food for human beings.

Mr. Govind V. Deshmukh: Will Government take up the question of research on animal food also?

Mr. J. D. Tyson: We will consider it.

ACTIVITIES OF THE UNITED KINGDOM COMMERCIAL CORPORATION.

315. *Mr. T. T. Krishnamachari: Will the Honourable the Commerce Member please state:

(a) whether he has received a letter from the Federation of Indian Chambers of Commerce and Industry, dated the 31st July, 1943, on the activities of the United Kingdom Commercial Corporation;

(b) whether the issues raised therein were considered by him or his Department; and

(c) whether any answer was vouchsafed to the Federation of Indian Chambers of Commerce and Industry in reply to the letter referred to in (a) above?

The Honourable Sir M. Azizul Huque: (a) Yes, Sir.

(b) The issues raised therein are under consideration.

(c) No. But the Federation's letter was a reply to an earlier letter from the Commerce Department explaining the position fully in respect of the United Kingdom Commercial Corporation's activities. In order to avoid interminable correspondence, it is proposed to call representatives of the Federation to a meeting where representatives of the Commerce Department could explain the position further. The necessary statistical and other information is being collected, but as this concerns more than one Department, the collection has taken a little time.

Mr. T. T. Krishnamachari: Can the Honourable Member say today that it is not correct to say that the Corporation enjoys a monopoly of trade in Middle East Countries?

The Honourable Sir M. Azizul Huque: I can say it is not so.

SALARY, ETC., OF THE ECONOMIC ADVISER TO GOVERNMENT OF INDIA.

316. *Mr. T. T. Krishnamachari: Will the Honourable the Commerce Member please state:

(a) the annual salary and other emoluments paid to the Economic Adviser to the Government of India;

(b) the nature of the duties assigned to him;

(c) the total staff employed under him;

(d) the estimated annual expenses on the staff of the Economic Adviser;

(e) whether it is a part of the work of the Economic Adviser to issue a Monthly Survey of Business Conditions in India;

(f) when the June 1943 number of this bulletin was issued; and

(g) when public can expect the July 1943 number of this bulletin?

The Honourable Sir M. Azizul Huque: The annual salary of the Economic Adviser to the Government of India is Rs. 42,000. There are no allowances attached to the post.

(b) For the nature of the Economic Adviser's duties, the Honourable Member is referred to the proceedings of a meeting of the Standing Finance Committee held on the 11th February, 1937, pages 124-125, and to pages 154-155 of the Indian Information Series for the 15th May, 1938. Copies of both these publications are in the Library of the House.

(c) 51, including 6 officers and 14 inferior servants.

(d) Rs. 1,29,000.

(e) Yes.

(f) On the 28th January, 1944.

(g) The July 1943 Number was issued on the 16th. February last.

Mr. T. T. Krishnamachari: May I ask the Honourable Member if he thinks that this Department has been doing its duty properly by issuing the June number of its *Monthly Survey of Business Conditions* in February 1944, particularly in view of the fact that foreign periodicals of a similar nature, e.g., from Australia, the issue for September 1943 has come to our hands sometime in January 1944?

The Honourable Sir M. Azizul Huque: I admit that fact but I do not admit the other. War-time conditions in the receipt of returns, on which we have to depend to a very large extent, from some of the reporting offices, as well as printing difficulties as much as pressure of other work in the office of the Economic Adviser have been responsible for this, but every effort is, however, being made to expedite the issue.

Mr. Govind V. Deshmukh: What is the nature of the "other work"?

The Honourable Sir M. Azizul Huque: I have already replied to it.

COMMODITIES EXPORTED BY UNITED KINGDOM COMMERCIAL CORPORATION.

317. *Mr. T. T. Krishnamachari: Will the Honourable the Commerce Member please state:

(a) the commodities which the United Kingdom Commercial Corporation have been purchasing in India for export abroad;

(b) in what commodities and to what countries the United Kingdom Commercial Corporation hold a monopoly for export, which is denied to the Indian exporter;

(c) whether the United Kingdom Commercial Corporation have got a monopoly for export of hides to Turkey; and, if so, to what extent it displaces the direct export of hides from this country to Turkey through normal trade channels;

(d) whether the Honourable Member proposes to lay on the table full and complete information in regard to the activities of the United Kingdom Commercial Corporation so far as purchase and export of Indian goods both on private and inter-governmental account are concerned; and

(e) whether the Honourable Member is aware that in the official bulletin of the British Central European Chamber of Commerce (London), for November 1943 in the report of a meeting held in Bradford, which was addressed by the Commercial Managing Director of the United Kingdom Commercial Corporation, the Commercial Managing Director outlined the policy of the Corporation as aiming at keeping open in war-time trade channels, which presented great difficulties to the ordinary trader so that when conditions become more normal, exporters could pick up the lines they have been accustomed to handle; and, in view of this statement, whether similar facilities would be available when conditions become normal to Indian exporters who have been displaced by the activities of the United Kingdom Commercial Corporation?

The Honourable Sir M. Azizul Huque: (a) The principal commodities are jute manufactures, shellac, canvas, tea spices, rope and yarn.

(b) Supplies to Russia, which are largely of the nature of inter-governmental transactions, are handled exclusively by U. K. C. C.

(c) No. The latter part does not arise.

(d) The Honourable Member is referred to the Press Note regarding the activities of the U. K. C. C. in India published on the 6th August 1942 and the Government of India's letter to the Federation of Indian Chambers of Commerce and Industry, dated 28th May, 1943, copies of which are available in the Library.

(e) Government have not seen the bulletin referred to but the Honourable Member's attention is invited to the reply given on 5th August, 1943, to Mr. K. C. Neogy's unstarred question No. 90.

Mr. T. T. Krishnamachari: With regard to part (c), is the Honourable Member aware that the British Consulate in Turkey has definitely said that no

import of hides will be permitted to Turkey except through channels approved by the British Consulate?

The Honourable Sir M. Azizul Huque: I am not aware of that.

IMPERIAL ENTOMOLOGIST AND EDITING OF THE *INDIAN JOURNAL OF ENTOMOLOGY*

318. ***Mr. Ananga Mohan Dam:** Will the Secretary for Education, Health and Lands please state whether the Imperial Entomologist has anything to do with the editing of the *Indian Journal of Entomology*?

Mr. J. D. Tyson: The Imperial Entomologist is a member of the Editorial Committee of the Journal.

OPPORTUNITY TO ASSEMBLY FOR DISCUSSION OF THE AGREEMENT FOR U. N. R. R. A.

319. ***Sardar Mangal Singh:** Will the Honourable the Leader of the House please state:

(a) whether Government propose to allot a day or days for discussion of the Agreement for U.N.R.R.A. during this session; and

(b) whether Government will abide by the decision of this House in this matter?

The Honourable Sir M. Azizul Huque: The question is addressed to the Honourable the Leader of the House, but I am giving a reply as the subject is the concern of the Commerce Department.

(a) I have given notice of a motion on this subject which I propose to move in the current Session.

(b) The Agreement has been signed subject to the reservation that it shall not come into force with respect to India unless it has been approved by the Legislature.

Sardar Mangal Singh: When is this motion coming up?

The Honourable Sir M. Azizul Huque: It is for the Honourable the Leader of the House to fix a suitable date.

Sardar Mangal Singh: Are you fixing one or two days?

The Honourable Sir Sultan Ahmed: One day.

GENERAL ELECTIONS TO THE CENTRAL LEGISLATIVE ASSEMBLY AND THE COUNCIL OF STATE.

320. ***Sardar Mangal Singh:** Will the Honourable the Law Member please state:

(a) when the electoral rolls of the Legislative Assembly and the Council of State were prepared last; and

(b) whether general elections to the Central Legislative Assembly and the Council of State will be held this year?

The Honourable Sir Sultan Ahmed: (a) The preparation of the current Electoral rolls was completed on dates varying in different Provinces, in the case of the Assembly from the 1st September, 1941, to the 31st October, 1942, and in the case of the Council of State from the 17th January, 1935, to the 23rd September, 1936.

(b) The Honourable Member is referred to my replies to parts (b) and (c) of his starred question No. 27 asked on the 9th November, 1943, to which I have nothing to add.

Mr. Lalchand Navalrai: Why are these electoral rolls prepared periodically when there is no election for this House?

The Honourable Sir Sultan Ahmed: When the Council of State Rolls, prepared in 1935, were approaching expiration, power was taken by the insertion of an additional proviso to sub-rule (4) of rule 9 of the Council of State Electoral Rules to direct fresh rolls not to be prepared pending the making of a fresh direction and a direction that fresh rolls should not be prepared was duly issued. That is so far as the Council of State is concerned. The corresponding provision was not inserted in sub-rule (4) of rule 9 of the Legislative Assembly Electoral Rules which is in other respect identical with the Council of State sub-rule. Accordingly, as required by the substantive part of sub-rule (4) fresh rolls have always been prepared for the Legislative Assembly as each set of Rolls expired, and in the ordinary course fresh Rolls will again be prepared on the expiry of the existing Rolls.

Mr. Abdul Qaiyum: May I know from the Honourable Member when Legislative Assembly Electoral Rolls were prepared for the Frontier Province?

The Honourable Sir Sultan Ahmed: I have no information. I want notice of that question, Sir.

Mr. Abdul Qaiyum: Will you please get that information?

The Honourable Sir Sultan Ahmed: Yes, I will.

UNSTARRED QUESTION AND ANSWER.

INADEQUATE REPRESENTATION OF HINDUS IN AJMER MUNICIPAL COMMITTEE.

97. Bhai Parma Nand: (a) Will the Secretary for Education, Health and Lands please state if it is a fact that in the Census Report for 1931 the population of Hindus in Ajmer was 71,314 and that of Jains 2,942?

(b) Is it a fact that Hindus were entitled to 14 seats out of the 24 total elected seats and were awarded fourteen seats in 1939 in the Ajmer Municipal Committee?

(c) Is it also a fact that Jains in the Ajmer City got themselves enlisted as Jains separate from Hindus in the Census of 1931, and that their population being less than .59 they were allowed four seats out of the fourteen Hindus seats in 1931?

(d) Is it also a fact that Rule 1 of the Election Rules of the Ajmer Municipality was amended in 1942 by the order of the Chief Commissioner, dated the 1st February, to the effect that the Committee should consist of elected ward Members, Hindus fourteen, Muslims eight, Indian Christian one, and one representative of any other community?

(e) If the reply to part (d) be in the affirmative, what are the reasons for the inadequate representation of Hindus in the said Municipality?

Mr. J. D. Tyson: (a) Yes.

(b) Yes, including the Jains.

(c) Jains were recorded separately from Hindus in the census of 1931 as in previous censuses under the census instructions and not at the request or on the initiative of the Jains themselves. No specified number of seats was allotted in 1931 to Jains, nor were there 14 elected seats for Hindus in the constitution of the Ajmer Municipal Committee in 1931.

(d) Yes.

(e) The present constitution of the Ajmer Municipal Committee was fixed by Election Rules framed in 1939 and in fixing the constitution the population of the various communities was taken into consideration. The amendment made in 1942 to rule 1 of the Election Rules did not alter the composition of the Committee, but only clarified the position that the one seat reserved for Europeans, Anglo-Indians, Sikhs, Parsis, Jews, Buddhists, etc. was meant for a representative belonging to a community other than Hindus, Muslims and Indian-Christians for whom separate provision existed.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to a supplementary question to starred question No. 61, asked by Mr. Amarendra Nath Chattopadhyaya, on the 28th July, 1943.

UNSATISFACTORY ARRANGEMENTS FOR ACCOMMODATION OF MEMBERS OF ASSEMBLY AT SIMLA.

Instructions have been issued to the Executive Engineers in Delhi and Simla that they should make it a point to look after the convenience and comfort of the Legislators in occupation of Government residences.

Information promised in reply to starred question No. 183, asked by Sardar Sant Singh, on the 4th August, 1943.

VERIFICATION OF THE BONA FIDES OF SIKHS RECRUITED IN SUPPLY DEPARTMENT.

The procedure laid down by the Home Department for verification of the bona fides of Sikhs has not been strictly adhered to in the past by the various units of the Supply

Department. Instructions have now been issued that in future the procedure should be strictly followed.

Information promised in reply to starred question No. 7, asked by Mr. Amarendra Nath Chattopadhyaya, on the 8th November, 1943.

RECRUITMENT OF GAZETTED OFFICERS IN SUPPLY DEPARTMENT.

(a) and (b). Two statements are attached herewith.

(c) The only case is that of Sir Kenneth Nicolson, Chief Controller of Purchase (Munitions) who is employed in an honorary capacity, but draws an allowance of Rs. 1,000 per mensem in lieu of fees for directorship which he has been obliged to resign. Mr. Nicolson was appointed Chief Controller of Purchase (Munitions) in view of his intimate knowledge of commercial and industrial conditions. He occupied a prominent position in Calcutta business circles.

(d) It is not clear what is meant by "open orders". It is not unusual in the case of certain commodities, e.g., jute, not to call for tenders but to allocate orders to various units of the industry on the basis of advice tendered by Honorary Advisers. As most of the Advisers are connected with established satisfactory suppliers, it is inevitable that some of the orders so allocated should go to their own firms. There is no question, however, of favouring these firms. The orders placed by the Department on the basis of the advice tendered by Advisers are scrutinised periodically by Government.

(e) The question is vague. The normal methods of procurement adopted by the Supply Department are advertised open tender, limited tender, single tender, and negotiation. All orders placed by negotiation after inviting tenders and on a single tender basis are subject to financial concurrence at every stage. An analysis of the orders placed by the Purchase Branches at Calcutta during the years 1942 and 1943 would involve an amount of work not commensurate with the usefulness of the information so collected, but if the Honourable Member would cite any specific complaint, it will be looked into.

(f) There is no Office at Calcutta under the control of an Assistant Controller of Purchase. There are a large number of junior officers of this designation under the C. C. P. (M). The second part of the question does not arise.

Statement showing the number of gazetted officers appointed in the Supply Department since its inception upto the 15th September, 1943.

Serial No.	Name of Centre.	Number of gazetted officers appointed.
1	Delhi	314
2	Calcutta	459
3	Cawnpore	59
4	Bombay	86
5	Madras	29
6	Lahore	38
7	Kasauli	1
8	Ernakulam	2
9	Muttra	2
10	Kottayam	2
11	Karachi	10
12	Cochin	3
13	Arkonam	1
14	Amritsar	17
15	Shahjahanpur	15
16	Sialkot	7
17	Agra	8
18	Secunderabad	2
19	Ahmedabad	1
20	Jamshedpur	3
21	Ishapore	20
22	Cossipore	11
23	Aruvankadu	12
24	Kirkee	22
25	Ambernath	8
26	Jubbulpore	31
27	Katni	6
28	Muradnagar	5
29	Dehra Dun	3
30	Lucknow	5
	Total	1,182

Statement showing the names of provinces, Indian States, etc., from which officers have been appointed in the Supply Department.

Serial No.	Name of Province.	Number of officers.
1	Bengal	177
2	Bihar	19
3	Orissa	3
4	Assam	4
5	Madras	95
6	Sind	22
7	Central Provinces	4
8	United Provinces	57
9	Punjab	142
10	Bombay	60
11	N. W. F. P.	10
12	Centrally administered areas	19
13	Andamans	1
14	Indian States	28
	Total	631

NOTE.—The above figures exclude European Officers, I.C.S. Officers, evacuees and officers appointed for short durations only.

Information promised in reply to part (ii) of starred question No. 96, asked by Mr. Muhammad Azhar Ali, on the 10th November, 1943.

RULES FOR ADMISSION TO THE GOVERNMENT OF INDIA PRESS ROOM, AND FOR SUPPLY OF GOVERNMENT PUBLICATIONS TO TRADE UNIONS, ETC.

No specific Rules have been laid down for the supply of *Gazette of India* and other Government of India publications to institutions, etc., Government of India publications are, however, supplied to Libraries and similar institutions at their published price less 25 per cent. discount, if the request is supported by the Provincial Government concerned. Free issues of Government of India publications are also made to such institutions if the Provincial Government agrees to meet the cost thereof.

Information promised in reply to a supplementary question to starred question No. 98, asked by Mr. Lalchand Navarai, on the 12th November, 1943.

MISBEHAVIOR OF MILITARY TROOPS TOWARDS RAILWAY STAFF AND VENDORS.

Further enquiries have revealed that a fracas did take place between a vendor and some military personnel at Pad Idan station at the end of August, 1943, and that the latter threw on the platform, the foodstuffs which were being offered for sale by the vendor. No report was, however, made to the Railway Administration of this incident and hence no action was taken in the matter.

Information promised in Reply to part (c) of starred question No. 196, asked by Mr. Lalchand Navarai on the 16th November, 1943.

TICKETS ISSUED FROM DELHI FOR DELHI-AMBALA SECTION RAILWAY STATIONS.

Number of persons killed or injured during the year 1942-43 by falling or jumping out of carriages during the running of trains.

	B. & A.	B. & N. W.	B. N.	Bik. St.	B., B. & C. I.	E. I.	G. I. P.	J.	
Killed	17	9	5	1	38	22	33	1	
Injured	59	73	39	5	147	42	127	..	
	Total.								
	M. & S. M.	Mys.	N. S.	N. W.	R. & K.	S. I.	Cl. I	II	III
	Railways.								
Killed	5	..	3	41	1	11	187	2	2
Injured	55	8	5	140	11	27	739	18	16

Information promised in reply to starred question No. 301, asked by Sardar Sant Singh, on the 18th November, 1943.

INADEQUATE SIKH REPRESENTATION ON CANTONMENT BOARD, KASALI.

No, Sir. The representation of the Sikh Community both on the Cantonment Board, Kasali, and in the services under the Board, as it existed on the 1st November, 1943, was adequate as compared with the Sikh population of the Kasali Cantonment according to the 1941 census. It was 20, per cent. on the Board and 5 per cent. in the superior as well as inferior services under the Board, whereas the Sikh population is only 4.22 per cent.

Government received a copy of a resolution of the "Sri Gurn Singh Sabha, Kasali", on the subject, but decided that the representation called for no action, as it was entirely a matter of local administration. A copy of this resolution was also endorsed by the Sabha *inter alia* to the President, Cantonment Board, Kasali, and the Central Command, who would take action, should it be called for. A deputation of the Sikh community did wait on the President of the Board, who considered, after due enquiry had been made, that the above representation was equitable.

Government have, however, recently issued general instructions that, as Cantonments generally follow the procedure prevailing in the neighbouring municipalities a Cantonment Board should, follow the instructions of the Provincial Government regarding communal representation in local bodies when making appointments in their services.

Information promised in reply to starred questions Nos. 40 (a) and 41, asked by Mr. Lalchand Nambrot on the 8th February, 1944.

PROPOSED RECRUITMENT OF PREVENTIVE OFFICERS, ETC., IN KARACHI CUSTOMS OFFICE.

No 40 (a).

Class of Post Applied for

Wharfinger.

Examiner.

Preventive Officer.

Applicants' Province or State.

Serial No.

LEGISLATIVE ASSEMBLY

Serial No.	Class of Post Applied for											Total.													
	Hindus.	Muslims.	Anglo-Indians.	Indian Christians.	Parsis.	Sikhs.	Total.	Hindus.	Muslims.	Anglo-Indians.	Indian Christians.		Parsis.	Sikhs.	Total.	Hindus.	Muslims.	Anglo-Indians.	Indian Christians.	Parsis.	Sikhs.	Total.			
1 Sind	90	16	1	2	3	1	112	57	7	...	2	3	...	69	63	29	1	2	1	...	96				
2 Punjab	95	57	1	...	...	22	175	31	22	...	...	...	8	61	27	8	...	...	...	4	39
3 N. W. F. P.	3	3	...	...	...	2	6	5	2	...	...	...	...	7	1	1	...	...	...	...	2
4 Delhi	6	3	1	1	...	...	11	1	...	...	...	...	1	2	...	2	...	...	...	...	2
5 Ajmere	4	...	...	...	...	...	4	1	...	...	...	...	...	1	...	...	...	...	...	...	...
6 Rajasthan States	2	1	...	...	...	...	3	1	...	...	...	...	...	1	...	...	...	...	...	...	...
7 Kathiawar State	1	...	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...
8 Gwalior State . . . . .	...	...	...	...	...	...	...	1	...	...	...	...	...	1	...	...	...	...	...	...	...
9 Kashmir State	2	...	...	...	...	...	2	1	...	...	...	...	1	1	1	...	...	...	...	...	1
10 Bengal	1	...	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Grand total												315	Grand total												143
Grand total																						458			

[6TH MAR. 1944]

LOW-SALARIED CLERKS LEAVING INCOME-TAX DEPARTMENT IN SIND.

No. 41.—(a) 37 clerks have resigned from the Income-tax Department in Sind, since 1941, some of them presumably because they were dissatisfied with the scales of pay. Government have from the 15th June, 1943, sanctioned as a temporary measure a higher initial pay of Rs. 40 to future recruits to posts of clerk, Grade II.

(b) Not in all cases. A statement is attached which will give the Honourable Member the information he desires.

Statement showing scales of pay Admissible to the Lowest Grade Clerks in various Government and Semi Government Offices in Karachi.

Name of Department or Office.	Minimum qualification required.	Scale of pay of lowest grade of clerks.	Other allowances if any.
Income-tax Department	Matric	Rs. 30-5/2-80	Karachi Local Allowance Rs. 5 up to 35 7½ " 60 10 " 80 12½ " 140
Comptroller, Karachi	Graduates.	*Rs. 40-2-50 E.B. 5/2-90. 55-5/2-90	Nil. *Revised rates from 1-6-43. Rs. 5 for typist. Rs. 10 for mechanics.
Karachi Custom House Mercantile Marine Department Controller of Supplies	} Matric	. Rs. 45-45-5/2-90 E.B. 3-105.	Nil.
North Western Railway . . . . .				"	Rs. 30-2½-50-2-60.	Karachi Local Allowance Rs. 10. House Rent Allowance Rs. 7-8.
Divisional Accountant Office, N. W. Railway.	"	Rs. 30-5-50-5/2-80	} Karachi Local Allowance Rs. 10. House Rent Allowance Rs. 7-8.
C. R. E. Sind Dt.	"	Rs. 45-2½-80 E.B. 100 Initial pay now fixed at Rs. 60.		Nil.
Secretariat	"	Rs. 50-5/2-85. Rs. 25-5/2-55-60-5/2-75.	Nil.
Other Local Government offices including Collector's office.	"	Matriculates start on Rs. 30. Graduates start on Rs. 40. Honours Graduates on Rs. 45.	} Karachi Local allowance as for the Income-tax Department.
Reserve Bank of India	"	Rs. 40-5/2-75 E. B. 3-105.		Nil.
Post office	"	Rs. 45-45-3-90.	Nil.

Information promised in reply to unstarred question, No. 45, asked by Mr. K. C. Neogy, on the 21st February, 1944.

PRODUCTION OF OPIUM ALKALOIDS AT GHAZIPUR FACTORY.

(a) All rail, postal and telegraphic communications were severed during the disturbances and even thereafter only a skeleton goods traffic operated for several months. As the result of this, booking of coal and other supplies vital to the factory was badly interrupted, some supplies intended for the factory being lost altogether, others being delayed for months.

(b) and (c). No.

(d) It is not possible to state precisely the loss in output as a result of these disturbances but it may safely be stated that production was set back several months as the result.

Information promised in reply to unstarred question No. 56, asked by Mr. Ananga Mohan Dam, on the 21st February, 1944.

ELECTRICITY SUPPLY RATES WITHIN THE DELHI PROVINCE.

(a), (d) & (f). Following statement shows the rates for the supply of electricity for domestic purposes in the various parts of Delhi and Shahdara :

Distributing Agency.	Area of Supply.	Rate for domestic consumption	Rate for domestic power.
Delhi Electric Supply and Traction Co., Ltd.	{ Delhi Municipal area Delhi Fort Civil Station . . . }	0-3-0 less 0-0-3 per unit (discount).	0-1-0 per unit.
New Delhi Municipal Committee.	New Delhi . . .	0-3-6 less 10 per cent. per unit (discount).	0-1-0 per unit.
Cantonment Authority	Delhi Cantonment . . .	0-4-0 per unit.	0-2-6 per unit.
The Upper Jumna Valley Electricity Co., Ltd.	Shahdara . . .	0-6-0 less 0-0-6 per unit (discount).	0-3-6 less 0-0-6 per unit (discount).

(b) and (g). The differences between the various parts of Delhi itself are not such as to call for any special explanation. The higher rates at Shahdara are due partly to the higher rate payable to the generating authority and partly to the fact that the area of supply is small and the service consequently expensive to operate.

(c) .65 anna per unit.

(e) 0-2-6 per unit

(h) The authorities mentioned are not responsible for fixing the rates, which are determined under the terms of the licence granted to the distributing agency.

Information promised in reply to starred question No. 172, asked by Mr. Lalchand Navalrai, on the 23rd February, 1944.

ASSISTANT INSPECTORS AND ASSISTANT EXAMINERS OF INCOME-TAX, APPOINTED IN THE SIND AND BOMBAY DIVISION.

(a) 64, of whom 55 were graduates. Of the remaining 9, 6 had passed the Government Diploma in Accountancy examination, 2 were matriculates and 1 was a non-matriculate. 13 were recruited from candidates who had obtained qualifying marks in the I. C. S. and I. A. & A. and Allied Service Examinations.

(b) 44 directly and 20 by promotion.

THE GENERAL BUDGET—GENERAL DISCUSSION.

FIRST STAGE

Mr. President (The Honourable Sir Abdur Rahim): The House will now proceed with the general discussion of the Budget. Under rule 46(8) of the Indian Legislative Rules, I fix fifteen minutes as the time-limit for the Honourable Members generally, twenty minutes for Leaders of Parties, and one hour or more, if necessary, for the Government Member to reply.

Sir Henry Richardson (Nominated Non-Official): I understand you to say that the time for Leaders will be twenty minutes and for others fifteen minutes. I think that on previous general discussions, the time has been half an hour for Leaders and twenty minutes for ordinary Members, and Sir, that was on those occasions when there was only one day allotted for general discussion. This time, Sir, two days have been allotted and I would ask you, Sir, kindly to consider how is it possible for Members to voice opinions on the speech which the Honourable Member took two hours to deliver in fifteen minutes. We would ask you please to extend those times to what they were previously, in view of the fact that this time two days have been allotted for general discussion.

Mr. President (The Honourable Sir Abdur Rahim): The Congress Members did not attend on the last occasion when twenty minutes was fixed as the time-limit for Members generally, but I have not the least objection to fixing twenty minutes for Members generally and thirty minutes for Leaders of Parties, if that is the general desire of the House.

Some Honourable Members: Yes, yes. That is the general desire of the House.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Personally I am in favour of twenty minutes all round, but if other Leaders agree to twenty minutes for other Members and thirty minutes for Leaders, I would not object.

Mr. President (The Honourable Sir Abdur Rahim): Very well. As it is the general desire of the House, I fix twenty minutes as the time limit for the speeches of Members generally, thirty minutes for the Leaders of Parties, and for the Government Member's reply one hour or more, if necessary.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I am glad to take this first opportunity to address the House on matters somewhat connected with the budget.

Mr. President (The Honourable Sir Abdur Rahim): Entirely connected with the Budget.

Mr. T. S. Avinashilingam Chettiar: The Finance Member in his Budget speech has raised many problems. I shall, in view of the limitation of time, confine myself to a few salient points. Sir, the Finance Member has been very self-congratulatory. He has congratulated himself upon the way in which he has met inflation, upon the way in which he has achieved price controls. Sir, people who are shut up in offices, people who issue orders only, and specially in this country where they really do not come in contact with the public, should be the last to judge the effects of what they have done.

With regard to price control, he has said on page one of his speech:

"That a gratifying degree of stability has been achieved and maintained in recent months. The resolute measures of a two-fold character launched by the Government, in the monetary field and in the sphere of control of commodities, have had a distinctly salutary effect on price tendencies."

Let us see, first of all, what the effect of this price control has been. What is the object of price control? In that I hope there will not be any quarrel; rather there would be unanimity of opinion in all sections of the House. The two effects which they wish to achieve are to prevent inflation and to make articles available for all types of people—the rich and the poor alike. Control has been resorted to in the case of numerous articles from essentials, like rice, medical drugs, etc., to non-essentials like shaving blades

An Honourable Member: You mean blades are not essential.

Mr. T. S. Avinashilingam Chettiar: Not at least as essential as so many other articles. Let me tell you, Sir, what the first effect of control of prices has been. Those who are in touch with the public know that every article on which price control has been imposed has disappeared into the black market. It is true even in the case of rice; the worst quality of rice is available, good qualities of rice have disappeared from the market. Even yarn has disappeared into the black market. And this is in the case of such an organized industry as the Textile industry, that it has happened. Sir, I know this because I come from a place which produces a good proportion of yarn in this country and even yarn has gone into black market. In regard to other articles, blades for instance, they were available in the market, but as soon as the Price Control Order was published blades disappeared. Next day when we asked for blades, they were not available. You need not go far away to see that. Go to Connaught Place and ask for watches, ask for umbrellas, you will not get them. Where have all these things gone? To black market.

The Honourable Sir Jeremy Raisman (Finance Member): Has the Honourable Member been able to shave this morning?

Mr. T. S. Avinashilingam Chettiar: I have, but unfortunately we do not always get blades at controlled prices, let me assure you about that. And I won't be surprised if the Finance Member himself pays for certain things beyond the controlled price. In any case, this Control does not help the poor man: the poor man is not able to get rice even. It is the rich, and the influential who benefit by this control. In Madras there are many families who have to go to hotels for their meals because no firewood is available, and there is the Firewood Control Order. But who gets it? Members of Executive Council,

[Mr. T. S. Avinashilingam Chettiar.]

Advisers, rich men, and other influential people, they do not feel any difficulty. The poor man does not get it because of control; what he was getting before he is not able to get today. And so the object of control has been vitiated. There is another point in this connection: These controls are indirectly responsible for inflation also. The extra money that is being paid goes into black market, you may call it 'black money' if you like. Evil effects of this black money are greater than good money. It has got two painful effects: one, of driving money away into secret channels, and, two, of making things not available for the poor man. Things are made available only to the man who has more money and who has influence. Not only this, it has had another greater and a more painful effect which will take a long time to be removed. That is corruption, which it has introduced in public services in this country. Those who read papers know well what amount of cases of corruption are coming to notice. Government officials even civilians, are not excluded; they are going in for a share of bribery. For big merchants, who are making lakhs and lakhs, it is not a very bad job to give a lakh to the Government official concerned. It helps them to make more money. There is no morality in merchants. I mean in earning money. I know every trade in which they have sought to introduce price control there has been bribery of the worst type. Clerks in Government offices have earned tens of thousands. I talk of tens of thousands, but in North-east India it is nothing.

Mr. N. M. Joshi (Nominated Non-Official): Are you for control or against?

Mr. T. S. Avinashilingam Chettiar: I will tell you in the end. I am for control of a better type.

Dr. P. N. Banerjee: No interruptions please.

Mr. T. S. Avinashilingam Chettiar: In this I am sorry to say that some cases were put up in Madras against the poor Tehsildars, against the Deputy Collectors for corruption. When investigation was made certain charges were found against European civilians but those cases were not put up against them. There was discrimination. And this black money the Income-tax Officer never touches and can never touch. The Excess Profits Tax never touches this black money and the result is

The Honourable Sir Jeremy Raisman: Discrimination again!

Mr. T. S. Avinashilingam Chettiar: That is your job. You are brought up in it. So the baneful effect of all this control is that the rich have things at a cheaper controlled price. The poor do not get the things at all. I was talking to some people from Bengal. They told me that rice is available at Rs. 16 a maund. But does the poor man get it? In my part of the country I know that rice is available at Rs. 24 a bag. Who gets it? The rich man. But the poor man, the man in the village, the labourer and the daily wage earner, he gets it at double the price. This is certainly not the object of price control. This is not a state in which the Finance Member can congratulate himself. It has made things more difficult for the poor man and more easy for the rich man. And may I say why these things have happened? The Finance Member has given on page 16 the reasons why control has not been as effective as he wished. He has given all the reasons but the one which he has to. What are the reasons? He says 'the Government is handicapped by difficulties, the nature of which is not always realised'. Certainly how can you, because you are very comfortably off. The Secretary is putting up the notes. He continues, Sir; it is not merely the size of the country and the educational backwardness of the population but a question of capital and personnel'. The Government of India always thinks in terms of personnel and appointments. How many Secretaries they can appoint: how many new departments they can have and how many Executive Councillors they can appoint. They never seem to think about what the people need. You may export into this country all the best officers in the world. I have heard that food experts have been exported into this country. Experts in eating food! They are experts in signing things written by the clerks, and drawing large salaries? What is wanted is this. Unless you get the co-operation of the people in this country, unless you can

make them feel that this price control is for them, unless you can make them feel a patriotic urge, unless you can make them feel that people must deprive themselves for the poor of this country and the world, you will achieve nothing. And if I may say so, it must be a Government composed of people who are themselves sacrificing and patriotic. There must be a moral basis for government, especially to work in a big country like this. We have to bring out the patriotism of the people of the country. That requires a set of people at the head of affairs who can make an appeal to the noblest sense of man. But what is the condition here? The real reason why all this control has failed is that people do not believe that this control is for them. They do not believe that it is for their general well-being. They think that the Government exists for somebody else. I will give you an example.

Sardar Sant Singh (West Punjab: Sikh): Who is the somebody else?

Mr. T. S. Avinashilingam Chettiar: You will see. I will tell you how the people's mind works. I will give you a simple instance. In Coimbatore—I am coming from that place—we have had one of the worse epidemics, plague. People have been dying in thousands in the villages and towns. I am told that there is a pill which is a specific for bubonic plague. Ten thousand pills arrived at the Municipality. Doctors flocked to get something as their share. They were told that they would be given some. When they arrived they asked for it. A wire came along with the pills and they were told that the pills had been reserved for the military. The military, I believe, Sir, exist for the protection of the people of this country, not only against foreign odds.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is travelling over a wide area.

Mr. T. S. Avinashilingam Chettiar: That is control!

Mr. President (The Honourable Sir Abdur Rahim): You cannot bring in everything under control.

Mr. T. S. Avinashilingam Chettiar: What I want to say is that the people do not feel that all the control is exercised for their well-being. Everybody wants to take his share of the profits. That is not the atmosphere in which control will succeed. My own feeling is this. I am reminded of a saying of Sri Ram Krishana. If you have 1, and if you add cyphers to it, the cyphers will have value. But if you omit the 1 and add any number of cyphers, they are all cyphers and nothing more: *i.e.*, if you get the confidence of the people all your acts have value. If you do not have their confidence all that you may do will be of no value. It seems to be a case of each one for himself and the devil take the hindmost. That is the policy which most people are following. For that reason I feel and I think you will see that this control has failed and the Government will succeed—and they must succeed if this country is to prosper—only when a higher appeal is made; for that this Government is not quite suited. You may say this is a matter of economics. What has politics to do with it. He is a fool who thinks that politics and economics are divorced from each other. Economics is the basis of politics. Your present method of control works harder against the poor man than the rich.

I now come to food. Food is a subject of control. It has been controlled so much that lots of people go without it.

Dr. P. N. Banerjee: Millions have died.

Mr. T. S. Avinashilingam Chettiar: I do not want to talk about Bengal because Bengal has been talked about very much. It has been announced by the Bengal Ministry that there is not going to be any famine in 1944.

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member please keep within the field of discussion?

Mr. T. S. Avinashilingam Chettiar: Is not food a matter of control? If I am wanted to keep within the narrow limits of the Budget

Mr. President (The Honourable Sir Abdur Rahim): The principles involved in the Budget.

Mr. T. S. Avinashilingam Chettiar: Very well, food I shall reserve to a later debate.

[Mr. T. S. Avinashilingam Chettiar.]

And now let me come to inflation. On pages 15 and 16 he has dealt with inflation. In these days of paper scarcity he has given us a long speech indeed. On those pages he has detailed the various public borrowings that he has had this year and he has mentioned the 279 crores that he has achieved as against 98 crores of last year. He has said that to a very great extent they were alleviating the inflation. There is no doubt about that but let me tell him that there is another source which he can never touch and which he has never touched and which will worsen inflation as time goes on. The effects of that element will be much greater on inflation. I mean the money which has been received in the country by the black market. Having created the black market and having created corruption, let me tell you that no official has got records of the money that he has received by these means. No merchant has any accounts which he can show to the Income-tax officer and to the E. P. T. man of the money that he has received from the black market. I come from a district which pays a large portion of the E. P. T. Out of 60 crores odd that the Honourable Member hopes to receive this year, if not one-twelfth at least one-twentieth comes from that place. I know other districts also and I know the way of the big merchants here and elsewhere. Let me tell you this that the effect of the E. P. T. has been that a large portion of the profits of the businessmen in this country is in unaccountable funds, funds for which you can never find any account in their account books. They are buried underground or converted into ornaments or converted into something else. And that is a large proportion of the money. The effect on inflation of unaccountable money is much greater than the effect of accountable money, because the accountable money can be invested openly in Government bonds.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member has one minute more.

Mr. T. S. Avinashilingam Chettiar: The unaccountable money he can only spend and spend freely. He can afford to buy petrol at the rate of Rs. 10 a gallon, if necessary, from the black market because he has got to spend the money. The Finance Member has created a system which has created the black market. It is a fact that lots of unaccountable money comes from the black market and because of this unaccountable money he cannot meet inflation.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member's time is up.

Mr. T. S. Avinashilingam Chettiar: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Yes it is, The Honourable Member must conclude his speech.

Mr. T. S. Avinashilingam Chettiar: Will you give me five minutes more?

Mr. President (The Honourable Sir Abdur Rahim): I cannot give Honourable Member even one minute more. The Honourable Member ought to know the procedure of the House.

Mr. T. S. Avinashilingam Chettiar: I do not want to say anything more about inflation.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member cannot say anything more about any subject.

Sir Henry Richardson: Sir, we have now had several days in which to study the detailed provisions of the Budget; and I think I may say that, in spite of the unprecedented levels to which receipts and expenditure have risen over the war years, the chief impression which this Budget has left on my mind is its moderation. I do not know whether like a famous statesman of an earlier generation, the Honourable the Finance Member is "astounded at his own moderation".

Mr. President (The Honourable Sir Abdur Rahim): There is too much conversation in the House.

Sir Henry Richardson: But I do feel that having regard to the immense burden which the war has thrown upon this country and the complexity of our war-time financial arrangements, he has shown a forbearance towards the general body of tax-payers, upon which the House may well congratulate him. It is

true, of course, that for the past four years the incidence of taxation has been pressing with ever increasing severity upon a steadily enlarging proportion of the community; and to that extent the margin of taxable capacity, upon which the Finance Member can draw, is equally steadily diminishing. But that does not alter the fact that he has chosen the path of wisdom in making his imposts in this Budget as temperate as possible when, with some show of reason, it might have been argued that now is the moment for an even sharper and more excruciating twist of the screw, with which we have already become painfully familiar.

With the Honourable the Finance Member we in every part of this House rejoice at the growing ascendancy of the United Nations over their enemies, and I should like to associate myself and my Party with the tribute which he paid to the part which has been played by this country in the campaign in North Africa and Italy. If I devote the rest of this speech to matters primarily concerning the Indian Home Front, it is not because I desire in any way to cut short my own meed of praise to British and Indian fighting men, but because a very large part of the Budget statement was inevitably devoted to matters near home. The Finance Member reminded us that at one moment during the administrative year which is now coming to a close, the economic perils which beset the country were as grave as the military threat. I shall have something to say on this point in a moment; but in the meantime we may justifiably draw some satisfaction from the fact that we appear to be emerging from the worst phase of a cycle of deficits. The House will recall that the deficit for 1942-43 has finally worked out at Rs. 112.17 crores. The deficit for the present year is expected to amount to Rs. 92.43 crores, whilst for the coming year, if all the Finance Member's tax proposals are passed into law, the deficit will amount to Rs. 54.71 crores, or rather less than half of the revenue deficit of two years ago. Thus, it would seem that however unwieldy our receipts and disbursements are during this war period, the real trend of the national accounts is towards a fundamental and satisfactory solvency.

I do not pretend any more than any other Member of this Assembly to like new taxation; and I think there are several important respects in which the tax proposals which are now before the House are open to criticism—of which we shall, no doubt, hear quite a lot before this debate is finished. But I propose this morning to confine myself to certain general considerations, which a Budget debate gives Members of the House an opportunity of stating. I have said that I consider the new tax proposals to be of a moderate character so far as they affect the individual. To that I must add, however, that for the very large majority of the tax-paying public the incidence of taxation is now of much less consequence than the tremendously inflated cost of living, and thus, whilst I praise the Finance Member for his forbearance in one important respect, I am bound to warn him that in the long run Government will be judged not by its negative virtues, but by its positive achievements in a field where it is admitted it has ultimate responsibility. For this reason, I confess to some little disappointment at that part of the Finance Member's statement, in which he dealt with the question of civil supplies. If the cost of living is to undergo any appreciable reduction we shall require much more realistic action in the administrative sphere. I hope and I believe that the food situation is in hand. Here, I fear, we may for a long time to come have to conform to the economics of scarcity rather than the economics of plenty; but the policy of equitable distribution, to which the Government of India have set their hand, will do much to relieve hardship, and to even up the burdens of which all should carry a fair share. But I am not so convinced that when we come to look at the consumer goods situation—to use the Finance Member's own words, "the thousand and one consumer goods which have been placed out of the reach of the ordinary man by the anti-social practices of profiteering and hoarding"—I am not so sure that policy and administrative action is producing results at the rate which the serious situation in the country demands. Nor, if I understood the Finance Member correctly, was he prepared to claim anything more than very qualified success

[Sir Henry Richardson.]

for Government in this very important department of action. But I assure him, if any assurance from me is necessary, that the ability of the country to sustain the present burden of taxation as well as to support the heavy loan programme, to which he rightly attaches so much importance, depends in no small measure upon Government's success in preventing any further rise in the cost of living, and in fact in bringing about its progressive decline. No section of the population has a greater interest in this than the middle classes of all communities to whom the Finance Member looks for a very substantial proportion of receipts by way of both loans and taxes.

We are now in the fifth year of the war. Our commitments are probably as high as they are likely to go, and it is perhaps significant that estimated defence expenditure on capital account for 1944-45 shows a drop of nearly one-third by comparison with last year. In saying that I welcome this, I hope I will not be misunderstood; anything that is essential for the security of India and the successful prosecution of the war will have the utmost support of myself and my colleagues of the European Group. But on this occasion we are considering things in their financial context; and we are entitled to applaud every justifiable reduction in expenditure which contributes to the balancing of our budget. And this brings me to a point which I feel it is necessary to stress. Beyond a welcome announcement that it has been found possible to effect a saving of Rs. 1½ crores on A. R. P. expenditure during the coming year, I listened in vain for any further references to retrenchment in the Honourable the Finance Member's speech. It is probably true that all wars are wasteful; but even in war time a good deal of wastefulness and unnecessary expenditure can be avoided, and I claim that it is the duty of every responsible Government to take all the steps in its power to reduce waste to a minimum. I am aware that over a large field, Government's expenditure is scrutinised by Public Accounts Committees, largely recruited from this House; and I have no doubt that the Finance Member welcomes the valuable assistance that they are able to give him

Dr. P. N. Banerjee: That is *post-mortem* examination.

Sir Henry Richardson: But I wonder if we have not arrived at a stage when a more continuous, purposeful, independent and expert check on waste of all kinds and obsolescence is not called for—particularly in respect of those projects and departments of Government which are purely wartime creations. I will not enlarge further on the suggestion which is not incompatible with fighting efficiency and I commend it to the Finance Member's attention with the rider that whilst it constitutes an issue he will ultimately have to face, any steps towards retrenchment which he may now take will reinforce his main offensive drive which is against inflation.

And now, Sir, having advocated the virtues of economy, I propose to make a special appeal to the Finance Member to exercise his generosity in a way which I do not feel is inconsistent with my earlier plea for a strict supervision of expenditure. Sir, I come from Bengal, and in this House I represent, amongst others, Bengal interests. The calamities which have recently befallen that province, and the fact that more than any other part of India it has borne the physical and economic consequences of the war, constitute, in my sincere opinion, a valid reason for the Finance Member to consider whether he has made provision for Bengal on a scale adequate to her plight, and to which I feel sure his natural generosity would respond. It is true that as a result of enhanced receipts Bengal is to receive Rs. 4.74 crores from the divisible Income-tax pool in the coming year, as against Rs. 3.50 crores in 1943-44. The Finance Member has also made provision for special subventions of Rs. 3½ crores in the present year and Rs. 1½ crores in 1944-45. But I ask him for a moment to look at the picture from the point of view of a province which, whatever its administrative or political shortcomings may have been, now finds itself in a position of insolvency which, it might quite well be argued, is the result of conditions over which it had no control. Bengal, Sir, is a part of India, and its finances are no more elastic than those of any other

province. As a part of India, this House has a very real interest in the financial and economic welfare of Bengal, and if we are satisfied that the Province is doing everything she can to tax herself, it is our plain and obvious duty to come to her aid. I do not for a minute suggest that we should give Bengal a blank cheque; and I can quite well see that there may be some difficulty in assessing the precise amount of financial assistance called for in the circumstances. But I suggest that, just as we have found a formula for the allocation of special expenditure as between the Government of India and the other Governments, so it might well be possible in the exceptional circumstances of today to devise a formula to govern the allocation of expenditure between the Central Government and Provinces such as Bengal, whose misfortunes may be highly inconvenient to the rest of the country but are, none the less, largely unavoidable. Speaking the other day in the provincial legislature, a member of the Bengal Assembly, himself a former Financial Secretary to Government said: "Our financial position is broken beyond the remedy of any action which we can in fairness be asked to take". Clearly, Sir, the remedy must come from outside, and in the main it must come from the Government of India.

A moment ago, I mentioned the word inflation and I should like to say how gratified both the House and the country have been to learn that during the past twelve months, no less than Rs. 279 crores have come into Government loans, a sum which represents about half of the total savings during the war period. This is an achievement which redounds to the credit of all concerned, and if I may say so, to the judicious manner in which various loans have been offered to the investing public, of whom, of course the institutional investor continues to be the backbone. But, we, Sir, on these Benches particularly welcome the steady accretion of small savings, not only because they represent a contribution to the sinews of war, but because of their longer term social implications. I am a little doubtful whether the Government of India have fully mastered the art of salesmanship for it is essentially salesmanship in a big way which will bring the small investor into the Finance Member's net—but we believe that they have started exceedingly well and we hope that the good work may continue. I have no doubt, Sir, that we shall hear the theory advanced during the course of this debate that if the small investor is to be expected to buy war bonds, the Finance Member should have spared his tea and coffee in framing his new tax proposals. But that is rather begging the question, for apart from the fact that both tea and coffee enjoy a sheltered market at present, I assume that the Finance Member has brought forward these taxes merely as a war measure only, and to apply to the present high price levels which existing conditions have produced and if it is possible I should like to have his assurance on this point.

Not the least interesting part of the Finance Member's speech was his reference to the problems of international finance and post-war reconstruction in this country, topics which, if I may say so, he invariably handles with a lucidity which adds to the knowledge of the House. It is clear that the implementation of post-war reconstruction plans, particularly those which are designed to further the industrialisation of India, are intimately bound up with the problems of external finance which India will require in substantial quantities in the immediate post-war years if she is to compete effectively for the limited supplies of capital goods which are likely to be available for some quite a long time. Honourable Members, I have no doubt, will welcome the Government's decision to inaugurate a special dollars account, representing part of the dollars accruing from India's exports to the U.S.A., which the Finance Member announced is to be immediately available for India's development purposes after the war. India will need capital goods from whatever source she can get them and the decision to begin to set aside dollars for that purpose is both timely and prudent. As to the actual technique of reconstruction, there are bound to be differences of opinion, and it is probably a good thing for India that there should be; for as a result of hearing every side of the case, India should be able to plan her priorities and her programme on the right lines.

[Sir Henry Richardson.]

Much has already been said on the subject of post-war reconstruction and there still remains much to say. On this occasion, however, Sir, I am going to content myself by endorsing certain observations which the Finance Member made in this House last Tuesday evening. We are not, Sir, frightened by the magnitude of the figures put forward in this plan or that. But I do support the Finance Member's assertion that the first pre-requisite of reconstruction finance is "a sound financial position both at the Centre and in the Provinces". Neither the Bombay plan, nor any other plan, has any chance of success unless those who work it, and those who are to benefit by it, are willing to accept continuing high taxation and drastic overall controls from the Centre. That is the crux of the matter; and I fear that a country which, it can be argued, has for years been undertaxed might well be somewhat reluctant to make the sacrifices that high taxation and stringent controls involve. We, Sir, of the European Group, supported the Railway Budget, just as we support this Budget, because we believe that if ever there was a moment for making an all out attempt to get on to a really good financial basis for the post-war period, that moment is now. In spite of the fact that the Finance Member has indicated the possibility of an estate duty on non-agricultural income, posterity cannot be left to provide all the finance for post-war reconstruction; and this generation in this country, as in any other, has got to make a beginning. Death duties have been utilised in the United Kingdom to quite a large extent to finance measures aimed at social amelioration, and presumably they will be ultimately so used here. But for the immediate tasks of reconstruction, in addition to her external finance, India will have to find within the country substantial sums of money for a number of years for projects, not all of which will yield an immediate return. The Honourable the Finance Member's Budget for 1944-45 is not only a War Budget but has begun to point the way to a post-war reconstruction and rehabilitation programme, and it is for this reason, amongst others which I have already indicated, that I and my colleagues support the financial proposals which are now before the House.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, this is the heaviest Budget which I have seen within the last 23 years in this House. I think the Honourable Member has not discharged his duties in one respect, which we expected from him, in the right direction. That is retrenchment. We know that in the time of the ex-Viceroy, Lord Willingdon, when the question of deficit came, then he was the first to offer 20 per cent. cut in his salary and the Executive Councillors had agreed to have 15 per cent. cut in their salary and a sliding effect was given to others. That is how the deficit was made up. I expected the Honourable the Finance Member would put up a proposal that the deficit in this year's Budget would be made up in that way by effecting retrenchment in expenditure and by a cut in salaries. I think it is high time that a Retrenchment Committee of this House is set up to go into the question of salaries which are being paid to the older people in the offices or to new people in the new Departments of the Government of India. When the whole country is suffering, I do not think there is any justification for our having a large number of Secretaries, Deputy Secretaries, Additional Secretaries and all these highly paid officers. The Government should set an example by retrenching their staff and by cutting their salaries. I urge upon the Government to appoint immediately a Retrenchment Committee to find out how expenditure can be controlled, because I know the Honourable the Finance Member is powerless to resist the demands made by other Departments, but if he has got a committee to back him up, he will be able to face the other Departments boldly and cut down their expenditure. I suggest that Government officials should follow the principle which they themselves have laid down for landholders and proprietors of buildings. They have said that the rents prevailing in 1939 should not be enhanced, however much the prices

may have gone up. The Government officials themselves should also adopt the same principle, and whatever the nature of their duties may be they must not draw a higher salary than they drew in 1939. I would of course exclude those who are in a subordinate position and draw annual increments but I find no justification for a man who from Deputy Secretary becomes Additional Secretary and draws Rs. 3,500 instead of Rs. 2,500. How has he increased in efficiency in two or three years and what patriotism does he show by not taking a lower salary than he would get? Because Government is run by permanent officials they make rules which are suitable for themselves and ignore others whether they suffer or not. I think this Government should be run by people who have some idea of the country as a whole and can teach the permanent officials to make sacrifices instead of drawing fat salaries.

I am glad the Finance Member has suggested that some savings should be made and defence loan should be taken. I suggest that no Government servant should be allowed to invest anything in a month less than 25 per cent. of his salary on defence loans. I have seen Government officials asking people to invest liberally in defence loans but in their own case, considering the size of their salaries, there is no proper contribution. In their case there should be a forced contribution of 25 per cent. of their salaries, and the lectures which the Finance Member has given to the poorer classes will be beneficial for Government servants and their families also in later years.

I do not think that proper arrangements have been made for evacuees and refugees from Burma and Malaya in this budget. It is extravagant that nearly 3 crores have been provided for evacuees and refugees,—all foreigners, when we find that only a crore and a half have been provided for famine relief in Bengal. This shows the mentality of the Government and their sympathy for the poorer classes, and I cannot support this provision of 3 crores. I do not think anybody who has come from a foreign country is entitled to get more than Rs. 30 a month; he is just entitled to a bare living. When our clerks in railway service are recruited on Rs. 30 a month a refugee from Burma and Malaya is entitled only to bread twice a day. And the Honourable Member has not shown how this money is spent. I searched the Explanatory Memorandum to find out how many people are to be benefited with these 3 crores, but I found nothing; and in the budget speech there was very little about it. Then of those people who have come from Burma and Malaya only Indians are entitled to Rs. 30 a month and no more; with regard to Anglo-Burmans and Europeans and Burmese, their share should be borne by His Majesty's Government.

The Honourable Sir Jeremy Raisman: It is.

Sir Muhammad Yamin Khan: I should like to know how many Indians are getting the benefit and the approximate help given. I have received many letters from different people saying that money is squandered and people are getting help through cheating because they say they suffered in Burma when they actually suffered nothing at all. I will not deal with these things now in detail because the time is limited; I will discuss these things on the Finance Bill and also suggest possibilities of making savings.

With regard to military expenditure the Honourable Member has put a very high figure and he has given reasons, but I cannot agree with him. I do not know how the agreement has been arrived at between the Honourable Member and His Majesty's Government and how the shares should be apportioned. He has laid down only two things. He says that India should pay for the forces which are required for the defence of India and—and then he used a very ambiguous expression—which are available in India. There may be a large number of forces available in India; is India going to pay for all that? If troops are imported into India and India is made a base for operations against Malaya and Burma, is India going to contribute for their upkeep if they are available in India? Defence of India is one thing; offen-

[Sir Muhammad Yamin Khan.]

sive operations from India are a totally different thing. We clearly want that proper contribution should be made and also a proper apportionment. This huge sum provided cannot be given like this; at least what has been done is all behind my back and I or my Party cannot take any responsibility for this expenditure.

My Honourable friend says it is an agreement arrived at between the Government of India and His Majesty's Government. I do not know what he means by the Government of India. I wonder if this matter was taken to the Executive Council now composed of eleven Indians. But we were informed by the War Transport Member some time ago that the War Transport Member is the Government of India and his decision is the decision of the Government. If the Finance Member also thinks like that, we cannot support this. We want to know what he means by the Government of India. The decision of Government must be one taken collectively and nothing else can be treated as Government decision. A departmental head may suggest something and some Member may agree with his advice. I refuse to take it as the decision of the Government of India, whatever may be the nature of that decision. I would suggest in this respect that expenditure in connection with all the British Units which have come out to India from time to time and those which were already stationed in India should be borne by His Majesty's Government, and it should not be charged to the Indian revenue, whether those British Units were here before the war or came in later. The object in keeping British Units in India was to maintain internal peace, because Indians were not trusted at that time to maintain internal peace, and for security of India. But now I find that Indian Army has been raised to two million people—formerly the number was about three lakhs—and besides they have proved that they can be trusted, they have fought in the different theatres of war and have proved their worth, and so they can be trusted to look after their own country. Therefore, I say that it is only the Indian Regiments which should be charged to the Indian Revenues and all the British Units should be charged to His Majesty's Government. If this is done, there will be a lot of saving.

Then, Sir, I think that the operations which are going to take place against Japan are, in the main, in the interest of four countries: It is in Burma's interest because you are fighting to free Burmans from Japanese subjugation—they come in first; it is in the interest of China who want that Japan, who is violating their country, should be brought to her knees; then there is the United States of America, and last but not least is Australia which is threatened from Japanese bases so close to that country. Then, Sir, there is the British Empire—not India alone—which is interested. If India drives away the Japanese from near the borders of India, it will mean that the enemy is driven away from many other countries also. And who is going to benefit from that? Not India alone. India of course does not want the aggressor to remain anywhere near the Indian borders, and towards that end we are ready to pay. But, as I have said, there are other countries also, in whose interest it is to drive the enemy away. Therefore, I say that expenditure on the army which is over and above what we require for the security of India should be charged to those Governments, a greater portion being debited to His Majesty's Government.

Why should India pay for so many air-fields which have been built for the purpose of making an offensive against the Japanese in Burma? In this connection the Honourable Member has not told the Members of this House what amount is being charged to the other countries. I want him to tell the House how much is being charged to the British Government, how much is being charged to China, and how much is being charged to Australia—the countries who are greatly interested. India is a poor country and cannot afford to make all these contributions for the freedom of others when she herself is not free. I want India to be free first,

and then other countries. As long as we are not free, we cannot make any payment for the freedom of other countries. India's contribution in the shape of men who are fighting in this war, and in the shape of so many people who have died in this war, and millions who are suffering on account of this war, is in itself a great contribution, and that should not be ignored. Millions of people have volunteered themselves to join the Army and have gone to the different theatres of war to sacrifice their lives—that is a great contribution which ought to be valued. Over and above that, India should not be made to pay for the salaries of these people. That should be charged to other Governments who are also interested.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has got one minute more.

Sir Muhammad Yamin Khan: Sir, I do not agree about this civil defence expenditure. It proved to be all farce last time and money was squandered away like anything. I think that it should be carefully scrutinized and should not be left as it is. I also do not agree with this "Grow More Food" campaign, and allotment of a huge sum unless it is spent actually for growing more food and is not given away in paying high salaries to big officers of the department. I do not think that the country stands to benefit by doing that. Sir, I have done.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): Sir, It was somewhat unkind of the Honourable the Finance Member to expect us to survey within twenty minutes a speech lasting over two hours replete with facts and questions of policy and programme. Even ordinarily it was not possible to do justice to the Budget proposals except at the time of the Finance Bill. On this occasion it is particularly more difficult on account of many matters of importance dealt with in the Budget speech.

The Budget as a whole furnishes one more reminder that a foreign Government is at best an expensive luxury and at worst a system of semi-slavery. That is the real outstanding point that arises from the Budget and, do what I like, whenever I pass through one page after another I feel that I would have done vastly different things than are being done in this Budget. But that is only an ideal. Being a realist, and being absolutely devoted to the war effort, I am prepared to forget for the time being these aspects of the case. The financial situation, as revealed in the Budget, is somewhat more unfortunate than it was last year. I said at the time of my Finance Bill speech last year that India had reached the maximum of sacrifice which it could make. The peak had been reached and within a few weeks the evidence of that statement was furnished in an increasing manner in the deterioration in the situation leading to innumerable deaths which as a result saw the utter collapse of a huge province like Bengal, not to speak of the increasing distress in the rest of India. Think of what has happened. In spite of increasingly heavy taxation, which has now reached its maximum, you still find the need for heavy borrowing and for carrying deficits to indebtedness. I have in my hand a statement which shows that between 1938 and the present budget, our revenue has risen from 84 crores to 308 crores. From 94 crores to 308 crores is a difference of as much as 214 crores or roughly that amount. The whole of this amount has been extorted from taxation, from a country which is notoriously so poor and low in its standards of living that had it not been for the incorrigible habit of the Finance Member to see money where there is none he would have refrained from taxing us on such a heavy scale. In spite of this heavy taxation of 214 crores between four or five years, he has had to face a deficit of 300 crores, and in order to make both ends meet, he has had to borrow as much as five to six hundred crores in order to keep him going, and it is largely due to his own action in allowing inflation to run riot that prices rose continuously and the market was all the time against him in making all the purchases that he had to make for the conduct of the war. He has sown the wind and we are reaping

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the whirl. Even now it is not too late to mend. It is no use realising the inflation menace when week after week the currency and the sterling balances are mounting up until the notes in circulation have now reached nearly 900 crores and may reach 1,000 crores within 12 months according to the prophecy that the Honourable the Finance Member gave us in last August. Therefore, to a large extent it is the loan policy which is responsible for these deficits, for these huge taxations, for this heavy borrowing and for the inexpressible grievous condition of the masses. I will have something to say about them at the time of the Finance Bill.

In the meantime I wish to say that I am in great sympathy with a large part of his taxation proposals in this Budget. I wish to say that I approve of them, except what I will hereafter say. I congratulate him in some of his proposals both during the war and after the war. In fact it is a pleasure to me that he is now thinking of what the needs of the future are, although the future for the people as a result of his proposals might be one of despair and unrelieved gloom for years to come. I approve of his income-tax proposals all round. There is nothing which I read with much pleasure than of his new proposals regarding income-tax, and although a small mercy to the men earning Rs. 2,000 and below is welcome to me, he could have very legitimately gone beyond Rs. 2,000 and made it Rs. 3,000 a year because the purchasing power of these Rs. 3,000 earners is no more than 1,200 a year. As regards income-tax, corporation-tax, super-tax and excess profits tax, I delightfully agree that he has done very well, and I do not think the commercial men have any reason to squeak. He could have done more but for the Clive Street magnates. If the Indian capitalist gets some share, it is not because the Finance Member has some mercy for him, but because the Clive Street magnates won't permit it. The Bengal Britisher is the most wonderfully self-righteous person. He is the master of the Government and even the Finance Member, who can go on putting his hand deeper and deeper into the pockets of the poor, will have to stop before the inexorable determination of the Clive Street magnates who tell him "halt".

Rao Bahadur N. Siva Raj (Nominated Non-Official): Even the Bombay *bania*?

Mr. Jamnadas M. Mehta: The Bombay *bania* gets as much mercy because of Sir Henry Richardson. Anyway, I am bound to say that the rest of his taxation proposals are very regressive. He might have allowed this to go uncovered and increased his deficit by, say, 15 crores. Nothing would have happened to these growing deficits which have now mounted up to 300 crores. I would have supported it but to have taxed betel-nut, tea, coffee and the poor man's tobacco is to my mind a most retrograde and cruel step. I may tell him that this is not a small matter. India pays virtually the whole of its taxation by indirect taxation. If you remember, Sir, in the pre-war days the legitimate income-tax from the people was barely 16 crores. The whole of the additional income, even from the excess profits tax and the so-called super-tax and the corporation tax, is really an indirect tax on the poor, because it is the result of high prices which the commercial men extort from the country. It is not a direct taxation as it is. I say, except for the 16 crores of income-tax, the whole of this taxation of Rs. 308 crores is an indirect taxation falling on the weak shoulders of the poorer classes, and you know, Sir, how regressive indirect taxation is. The rich do not suffer much. I have been on the race course and I have seen people in fashionable cars.

The Honourable Sir Jeremy Raisman. You go?

Mr. Jamnadas M. Mehta: I see.

The Honourable Sir Jeremy Raisman: Do you have any luck?

Mr. Jamnadas M. Mehta: No. I do not try it.

I see racing in Bombay. I see people in fashionable cars in the fifth year of the war. I see frivolous, boisterous and wasteful extravagance in the fifth

year of the war against the poverty and wretchedness, disease, starvation and death among 95 per cent of my population. That is not a good achievement. The regressive taxation which he has further imposed this year is also thoroughly objectionable. Take the cup of tea. Some are still getting that and they divide it among themselves. But a fashionable lady with 3,000 guinea purse will pay the same two annas for a cup of tea as the poor char-woman with five children. Think of the monstrosity of this taxation. To that extent, this indirect taxation is, as I am saying, regressive. It falls on the shoulders of those least able to bear it. Therefore, I am asking the Finance Member to consider even now to drop his proposals on tobacco, tea, coffee and betel-nut. What a horrible thing to tax even the betel-nut! I think he is walking into our homes with a big eye-glass to magnify whatever little is there. The story of a bull in the China shop is not more entertaining than the entry of the Finance Member in the homes of the people to find out what little they have so that he may have a supari tax. I think his eyes are very keen but the heart is very cold.

Now, Sir in the little time that I have still got I want to tell him that he is very optimistic as is clear from the first two paragraphs of his opening speech. He has realised to what extent the storm was raging in this country and he has realised that the miseries of the people in this country, in the last 12 months at least, were outstanding even in a devastating war. This he admits. So, the knowledge has come but wisdom lingers. He knows what the economic situation of the people of this country is, but he acts as if we were prosperous. That, to my mind, is, again, the misfortune of the people of this country. And then he attempts to turn towards inflation to find some relief. He, first of all, denies and then after the denial unmistakable signs appear and he leisurely issues an Ordinance. After the Ordinance is issued, a sort of vacillating policy is followed and when a mile has to be reached, as soon as he reaches a yard he thinks he has succeeded. That is the whole burden. The Foodgrains Policy Committee report was signed in September and we are now in March. Have the food prices declined to any substantial extent? Even now we are going to be told that the statutory price limit fixation is under active consideration. That is all.

About the cloth, the less said the better. After having given us a thunderous promise of not allowing these people to hoard, our Commerce Member is giving one extension after another to these hoarders and speculators. While the Controller is issuing warning after warning to these merchants, the Honourable Member for Commerce goes on giving extensions which, to my mind, is simply a latitude to burglars and free-booters, which they do not deserve.

Now, Sir, I shall touch on the last one or two points. The food situation is still very grave, I assure you, and the time is for a Dictator and not for this wishy-washy business. I would like to see a Cromwell or a Mussolini with a bullet-proof armour and two pistols in his hand, one aimed at the profiteer and another at the inflator, and he should mercilessly go through them. If 50 lakhs or 80 lakhs of people in Bengal be dead and many more lakhs be destitute and diseased, what does it matter to them? People talk of a second front. We have a second front on us from our own Government. They are having an enemy abroad and making the war on the people themselves. The casualties on account of inflation, on account of your failure of control and on account of your undue optimism are going to be in this country much larger than any casualties inflicted on the enemy on the battlefield. And still you go in a mood of optimism thinking that you are succeeding when you are only failing a little less indeed.

The last thing which I wish to say is that I am very glad that he has given us a vision of what he wishes to do in the post-war time. I entirely endorse what he has said. I will be with him in whatever action he takes to have his death duties. You will remember, Sir, that in England when Lloyd George was the Chancellor of the Exchequer, he imposed certain land duties

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and death duties, and it was said that the Tories were afraid to live on account of his land duties and afraid to die on account of his death duties. I want him to reproduce that state of things so that the Clive Street of Bombay may be afraid of living under his heavy taxation and afraid of dying under his death duties. But there is some doubt about death duties. Some people have understood that the estate duties and the death duties are two different things. I take it that they are both one and the same thing. Some people thought that you were imposing two duties. I said the estate duties and the death duties cannot but be the same and I am assured that I was right. I also entirely agree with the view that he has taken of post-war reconstruction. The view that he has taken of the Bombay plan is the view which the authors themselves take. The critics have said so and now the Government also have said so. I hope the authors of the scheme will reconsider in the light of the criticism which has been levelled by people who are as keen as they themselves to revise their own plan in the light of this criticism. I am grateful to him for having given us something to bite on and I am grateful to the authors of the scheme for giving us something to think about. Therefore, Sir, all I wish to say is that the post-war reconstruction scheme, if pursued in the spirit of the Bombay plan, is going to give to the people of this country, after terrific sacrifices of the war, a period of unrelieved gloom if their method is to be pursued. Every word that the Finance Member has said is correct. My only sorrow is that he still thinks that the people of India will stand 100 crores of surplus money even after the war is over. With these submissions, I take the view which I have taken of his Budget.

Mr. T. T. Krishnamachari (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Mr. President, I would from a personal point of view like to congratulate the Honourable the Finance Member on his Budget. He spoke the other day about horoscopes. His horoscope undoubtedly was cast in such a way that he was fated to be at the helm of affairs of a big country like India at a critical time, through which it has been passing and is likely to pass, a period which makes history. That apart, I am afraid I cannot extend any measure of support to the proposals that he has put before us or to the plans that he has envisaged in his Budget speech. I have no intention of playing the role of a candid friend either. But I do feel that this House and the country should know that the whole structure of this Budget is based on certain economic assumptions, perhaps facile and perhaps well-thought out but nevertheless such as would not stand the test of scrutiny. It is good that the Honourable the Finance Member has outlined these assumptions in his Budget speech. He has laid the flattering unction to his soul that by Governmental acts stability has been achieved and maintained in the recent months in the economic field. He has also said that resolute methods have been launched by the Government in the monetary field and in the sphere of control of commodities which have had a salutary effect on the price tendencies. He has gone further and said that there is a marked psychological reaction—the growth of confidence in the Government being able to enforce its policy of economic controls and to overcome the resistance of opposing sectional interests. His fourth point was that in spite of those difficulties which one has to face because of the multitudes in this country and the vast territory which it comprises of and the consistent opposition of those who try to foil all his attempts—I do not know why they are—the Government have made a definite and welcome progress towards certain broad economic objectives. Fifthly, he said “We have taken drastic action and have been encouraged to find that it is endorsed by the mass of public opinion”. His last assumption is that at the risk of being charged with complacency the Government must try to restore a sense of balance, to counteract the panic that was apparent. As I have said at the beginning, these assumptions will not stand the test of scrutiny. It is one thing for his Government to be able to persuade

the people to subscribe to loans during last one year, an amount which is more than half of what has been subscribed during the whole period of the war, which perhaps points out towards certain financial equilibrium; but it is another thing: entirely to say "These broad economic assumptions which I have taken are correct and acting on these assumptions I am going to restore the economic equilibrium of this country". The first and foremost fact that stands against it are the assumptions that have been postulated by him later on in his budget speech. Today this country has got certain obligations laid on it by virtue of the fact that it is a dependent country; what has been envisaged by him in his budget speech last year of the obligation of the Indian Government to provide services and goods for His Majesty's Government and the Allied nations in this country and perhaps elsewhere, exists today. While on the one hand the obligations that this country has to fulfil to the U. K. and the Allied nations are there, on the other hand there is the question of the internal defence of this country. The figures that he has furnished to us are staggering indeed. The estimates made have to be revised and it only shows that the estimates provided to us are as illusory as they have been in the past; but granting that they are likely to be anywhere near realities, what measure of success will there be for these measures that he is taking to obtain equilibrium? On the one hand he has to meet the defence expenditure of this country, not to speak of the other expenses that are necessary for running the Government; and on the other, the obligation to provide goods and services to U. K. and the Allied nations is there. If he tries to get as much money as possible from the people in order to cover the deficit disclosed in the budget, what about the other question, the deficit existing in the other countries, for whom he has to provide goods and services without being immediately paid for them? That is the real position today. The position really happens to be this: that on the one hand he has to find money for his own defence expenditure and the expenditure called for on account of U. K. and the United Nations; at the same time he has got to check inflation which is every day gathering momentum. No matter how you attempt to mop up as much money as possible by way of loans and other forms, is it possible for you at any time, without knowing exactly what the nature of your obligations is going to be to the other nations, in this country ever to visualise what exactly you have to get back from the people? Possibly I am not very precise in my charges, but I do say this: there is a certain amount of bewildering complexity in the whole thing, this question of defence expenditure which is uncertain, and the obligations that are laid on us, which are in themselves in a state of complexity. We really do not know from the figures submitted to us what exactly is the nature of those obligations, how much money has to be found to meet them over a period, all this is in a nebulous state. Last year the Honourable the Finance Member envisaged the possibility of direct negotiations with the United States so that mutual aid can be established on an equitable basis; but this year I see the thing has been given the go-by. The fact remains that we are a subordinate link in the empire, having on us the obligation of finding all the needs for the United States in this country without really knowing what we are getting back for it and how it is going to affect us. It may be that the Honourable Member says that "we have got about 850 crores of lease-lend supplies in this country and I estimate roughly that one-third of it is for the benefit of India". I am sorry that he should treat this House and this country so cavalierly and say "I estimate one-third to be what India has taken". I do not know if any of his departments really know what goods have been taken up by the Indian Government and how these materials that have come by way of lease-lend have been utilised. I will take as an instance—sulphur. How is sulphur obtained under lease-lend used? Is it used for munition production? Is it used for production of other chemicals which are not intended for munition production? If it is used for munition production and the production of other materials also, how much of it goes to munition production and how much to civilian consumption? If some portion goes for munition production, how much of munitions is used for U. K. and U.S.A. and

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Russia and the other allied countries and how much is left over for this country? The whole position seems to be that nobody knows exactly where we stand. Perhaps after a very cursory look at the budget, I say that this budget shows a lot of optimism, it shows that we have turned the corner—this is the first effect that one has on hearing the budget speech; but a closer scrutiny will reveal that we do not know exactly where we stand; we do not know what our obligations are or are going to be, and nobody in the Government of India really seems to know either. Look at the report of the Public Accounts Committee. Honourable Members who were in the Military Accounts Committee—of which two are officials I see—say “We ourselves have of course not examined any individual cases of allocation and cannot therefore certify, nor indeed are we expected to certify that the allocations are correct”. Blind people—and unfortunately amongst the blind people happens to be the Honourable the Finance Member also who has put his signature to it! What I would like to say at this stage in the discussion is this: that the budget, though it presents an optimistic picture, does not reveal the real situation. I have only one more word to say on this subject. I do not like the word “ceiling”—that new word that has been introduced in the budget speech: a ceiling is usually something fixed; this ceiling is evidently a movable one; it can be raised and lowered at the sweet will and pleasure of the authorities concerned, by a certificate of the Commander in Chief. I say this is bamboozling the public by saying “We have fixed a ceiling”. I think it is not honest. I was going to say, if the House will permit me to say, that not merely is no moral justification for this Government existing in this country and ruling over us and handling our finances, not merely that, the foundation of this Government is immoral, but there is a lot of things immoral in this budget itself. I do not want the Honourable Member to bamboozle

1 P. M. the people of this country by saying, ‘I have fixed a ceiling’, because it can be moved at the sweet will and pleasure of the authorities concerned. Do not let us, therefore, feel that we have reached the limit of other obligations by your fixing this ceiling. What has happened is that all the allocations that have been left in suspense in the matter of adjustments between His Majesty’s Government and the Indian Government have all been debited to India. That is the result of this ceiling. Sir, I have no desire to go further into this question at the present moment, but I will have to deal with the ethics of several other acts of this Government. I will here and now categorically assert that on no plea whatever can the Honourable the Finance Member justify that very immoral act of his in allowing foreign Governments to exploit this country by selling their gold in this country at fantastic prices, unrelated to the value of the commodity in their country and pocketing the whole lot of money.

Sardar Mangal Singh (East Punjab: Sikh): He himself is a foreigner.

Mr. T. T. Krishnamachari: The Indian Chamber of Commerce in Madras had sent me a telegram sometime in February about the necessity of applying the Anti-Hoarding and Profiteering Ordinance to the Reserve Bank of India who are selling gold and making such huge profits of it.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The profits go to Government.

Mr. T. T. Krishnamachari: That is exactly where you have missed the point. The Reserve Bank merely act as Agents, they are selling gold for U. K. and U. S. A. The whole proceeds are credited to the respective accounts of these two countries in India. The ruling rate for gold in London is £8-8-0 per ounce, which works out to Rs. 45 a tola and they sell this gold in India at Rs. 71 or Rs. 70 and at one time at Rs. 83 a tola and the profit goes to the credit of these two Governments—U. K. and the U. S. A. The profits are kept here in this country for the benefit of these two Governments. Questions were asked about the sales of gold in this House in November last. The Honourable the Finance

Member refused to disclose anything that was being done, as to who were selling the gold, who were getting the profit and so on, on the ground that it was against public interest. In answer to a question recently put by Sardar Sant Singh, the Honourable the Finance Member averred that gold was being sold by U. K. and U. S. A. Governments. He has not merely said that gold is being sold for them, but that the profits go to them and that the profits are being utilised in this country for their purposes, and he also added that it was a very welcome act.

Dr. Sir Zia Uddin Ahmad: Then the Reserve Bank is acting as a black market for these two Governments.

Mr. T. T. Krishnamachari: Call it what you like. Would it be possible for any Government which has got a quantum of independence to permit an act of this sort? May I ask the Honourable the Finance Member as to what he said at the time when Indian Government's silver was sold in London? I have got here his answers to questions put to him on this subject last year. Somebody moved a motion for the adjournment of the House, somebody asked questions about the sale of silver and the Honourable the Finance Member said that the Indian Government never sold silver at less than the American acquisition rate for imported silver, and that the sale by the Government of India of silver in London can bear no relation to the Bombay price of silver. I do not know for what purpose silver was sold. Was it to cover the ways and means position of this Government at a time when sterling surpluses are accumulating? Silver has to be sold at the market rate in England irrespective of the market rate in India. Sell it in India and take the profit by all means. If the Government takes the profit, I do not mind. To that extent the rigours of the taxation will be minimised. It will afford some kind of tax relief to the people. But here, Sir, it happens that this Government are allowing other Governments to come and sell in this country. At the same time, just in the sentence previous to the reference to the gold sales, my Honourable friend says: "Ah! can you allow foreign governments to float loans in this country." I agree that you cannot allow them to do so, so long as you have to control the monetary policy of this country. But are you not doing something worse today by permitting these gold sales?

Sir, there is another point which I should like to refer to. I have not the time really to refer to it in great detail. I want to refer to the prizes offered by means of a lottery to the purchasers of premium bonds bearing no interest. I do not find that this Budget is honest either. I find here that an Association, of which I happen to be a Member, the Indian Institute of International Affairs of which I think the Honourable the Leader of the House is the Chairman or the President, whatever it is, I find that this Association has accepted very gratefully from this benign Government a gift of Rs. 78,000 a year recurring, and a non-recurring grant of Rs. 10,000 for the purpose of establishing a library. It is a good thing, giving it to an Association of which I am a member, but at the same time as a legislator, I should like to know what is the justification for the Government parting with the tax payers' money. I also would like to know if I am to table a cut motion on that particular grant, as to where is it to be found in the list of Demands? Is it under the Department of Education, Health and Lands?

The Honourable Sir Jeremy Raisman: External affairs.

Mr. T. T. Krishnamachari: Quite right too. Since when a question was put last year about the delegation that was sent on behalf of this Association, the Honourable the Secretary for External Affairs Department very indiscreetly made some observations and in order to reward that Association which had provided him with the opportunity to insult Indians of high status and position, I suppose the grant is made under External Affairs Department.

Mr. T. S. Avinashilingam Chettiar: Is it votable or non-votable?

The Honourable Sir Jeremy Raisman: Non-votable.

Mr. T. T. Krishnamachari: Nothing under the External Affairs Department is votable. Government can put in grants here and there and say, this is votable, that is non-votable and so on.

As the time at my disposal is coming to an end, I will conclude now. I have no desire to speak about reconstruction proposals. I would only refer to the question of accumulation of sterling. The question of accumulation of sterling has been talked of in this House times without number. Here I would like to quote from the *Statesman* which gives an extract from the *Manchester Guardian's* City Correspondent remarks on India's sterling credit and "who seems to think that this question of sterling surplus has all been a gift of Britain to India". I should like to ask if that is a fact, if the whole of sterling surplus has been made up of goods and services rendered to Britain directly and if only Britain has contributed to make up all this sterling credit we possess today, or whether it includes all the exports surplus earned by this country by trading with foreign countries all of which have gone into that Empire pool and ultimately vanished from there to find a place in the sterling surplus.

Mr. Abdur Rasheed Choudhury (Assam: Muhammadan): Sir, I must sympathise with the Honourable the Finance Member because in his endeavour to find out tricks to take this House by surprise, he must have studied hard, he must have had to think very hard, he must have had to sit up nights after nights in finding out means for his assumptions and assertions in this Budget. Beyond this sympathy, I have got nothing to say about him. I have got no sympathy for his bad horoscope. I have got no sympathy for his ways of extracting money from the people of this country day after day. The more I read the Budget, the more I come to the conclusion that it is a Budget prepared with some fixed purpose, and that fixed purpose is that India should remain poor and become poorer so that England may remain rich and grow richer year after year. That is the main principle of the whole Budget.

I must say that the Budget is conspicuous in some other ways also. It is conspicuous because we are pressed to give more and more without being encouraged to earn more. We are pressed to give more taxation out of our existing sources of income without creating new sources of earning income. This means that our existing sources of income will come to an end on account of this pressure of taxation on them. In other words the Finance Member wants that industry in this country should not prosper so that industries in other countries may prosper and take our money by importing finished goods into this country.

Then there is another conspicuous thing in this Budget and that is this. The Finance Member in his sweet-toned speech threw a veiled threat on us that he must be followed blindly; we must not raise any question on the ways he is planning to tax us. In other words his speech is provocative because he gives a threat that unless we follow what he says, unless we admit that we are ignorant and he is wise, unless we admit that he was right to instruct us in financial matters, he has got the combined strength of the Central Government to bring us to our senses. Another thing in which the speech is conspicuous is that he has imposed taxation and every one has got to pay whether he is alive or dead. One has to pay the tax so long as he is alive but it will not cease on his death,—his successors will have to pay it.

These are the principal features of this Budget and I will deal with them one by one. Owing to the peculiar constitution of this country India has been dragged into this war. I am not raising the propriety of it but it is a fact that we are at war and have to pay for the war. Now let us see what we have paid for this war. Our expenditure has risen to about a crore every day. We are now in the fifth year of the war and by this time we have contributed for our defence something like 800 crores; and it will reach one thousand crores in the course of this year. We contribute similar amounts in supplies and services abroad. Over and above this we contribute in loans. We have already contributed 547 crores in loans and the Finance Member has told us that he is employing all methods so that every one may contribute to this loan. He has engaged even women to canvass for loans in remote villages so that neither widows nor

aged men can have anything in their pockets left. We do not grudge it; this is war and we are determined to win it and are gladly paying for it up till now. It will be interesting to see how we are financing this war. Rich and poor, traders and industrialists,—every one has to pay. The only body which is escaping taxation is the class of people referred to by Mr. Chettiar, and that is the class of Government servants and military contractors. These people are escaping this taxation.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. Abdur Rasheed Choudhury: Sir, I was speaking of one class of people escaping taxation. Believe me, Mr. Deputy President, and do not take it lightly, when I say that for getting a contract one has got to pay 10 per cent. of the probable profit to begin with, and then for every bill one has got to pay another ten per cent. Any enquiry will satisfy the Honourable the Finance Member.

Coming to taxation proper, we have got two kinds of taxation, one is direct and the other is indirect. Let me take direct taxation, that is, taxation on income. This income has risen from 19 crores when the war began to 190 crores in the course of these five years. I do not believe that the Honourable the Finance Member is satisfied that the earners of income have got so much increase in their income that they can pay so much. In other words, this taxation is not based on the increase of income, but on the existing income. Every year there is a change in slabs, every year there is a change in the proportion of income-tax, super-tax and so on. With the result that there are changes and changes in the proportion of income-tax, super-tax, corporation tax, and so on. For the same income we have got to pay one tax this year, an increased tax next year, a still further increased tax the year after next, and so on. The result is that there is no increased income, but there is a tendency of check on income. In other words, the Honourable the Finance Member is taking away all initiative from the earners of income to devote their energy to the earning of more income.

As regards indirect taxation let me say this. So far as direct taxation is concerned we do not mind, you pay on what you earn, but in the case of indirect taxation you have got to pay whether you earn or not. So far, indirect taxation was very little, but the Honourable the Finance Member for the last two years is bent on increasing the sources of indirect taxation. Last year he taxed tobacco, the only pleasure of hard working labourers and wage earners in the field. He is not satisfied with that. This year he has taxed betel-nuts. What are these betel nuts? This is the pleasure indulged in mostly by the hill tribes and, in the civilised portion of India, only by the widows. (Interruption.) The little pleasure which these unfortunate people used to indulge in, the Honourable the Finance Member could not brook but on the other hand he is taxing them all—widows, hill tribes or whosoever it may be.

Coming to another source of taxation, that is, taxes on coffee and tea. There is a difference between taxation on coffee and taxation on tea, because in the case of coffee the minimum price has been fixed and one knows what is the minimum price, but in the case of tea, it is not so, no minimum price has been fixed. And the Honourable the Finance Member taxes this source also without ascertaining how it will react on the industry. At present Indian tea is being sold in the Calcutta market at annas 4 or 5 or 6, that is the maximum. If you add another two annas of taxation, that means, the producer gets four annas. If it is sold at six annas, the producer will get only four annas. With the increased cost of production, with famine prevailing in the districts where tea is grown, producers are at their wits' end to maintain their labour force in proper working capacity. Unless the Honourable the Finance Member devises means

[Mr. Abdur Rasheed Choudhury.]

to see that this tax will fall on the consumer, it will react very harshly on the industry and the first pinch that will be felt will be by the labourers. I hope my Honourable friend, Dr. Ambedkar, will take note of this fact. I hope the Honourable the Finance Member will explain the situation and assure us whether the whole of it is to be paid by the producer, or by the consumer, or partly by the producer and partly by the consumer.

I have said before that India has been gladly bearing the burden of the additional taxation and defraying the cost of the war both in men and material. Naturally, if one pays, there is a desire to know what for it is being paid. I do not like to go into detail but there have been hopes given time after time that India will be given self-government or Dominion Status, whatever it may be. If that were in the Government's mind, the Honourable the Finance Member could have certainly said something about it, but his speech is conspicuous on account of the absence of any such thing. He has tried to throw some light on how after the war things are going to shape in India. He says the army is being expanded and better rations are given to the Indian ranks. But he is very clever, he conceals the fact whether the army is going to be Indianised, and he does not say whether the recruitment to the I.C.S. is going to be stopped after the war or not. So, there is a misgiving that, whatever amount we pay, whatever sacrifice we may make, Government in the near future are not going to give any political concession to India.

Sir, so far I have spoken rather jocularly about this matter. I shall come to a serious consideration of the matter. The first thing is this. Our misgiving comes in because of the way our taxation is being expended. The budget consists of civil side and the military side. So far as the civil side is concerned there is some sort of check or control or whatever else you may call it. But so far as the military side is concerned, there is absolutely no check. This House has no means of checking how the expenditure is incurred and on what items the expenditure is incurred. Now, Sir, there is some financial settlement between the Government of India and His Majesty's Government in this connection and all expenditure is allocated according to this financial settlement. I wish my Honourable friend, the Finance Member, had said something about that, but he has spoken very little about it. So far as I can see, this settlement is between His Majesty's Government sitting in London and British representatives of His Majesty's Government sitting in Delhi. Indians have no voice in this allocation. So the House has no means to check this allocation and no means to have any effective control over this allocation. If I give you concrete examples, you will be able to understand what I mean.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got one minute more.

Mr. Abdur Rasheed Choudhury: Well, Sir, I am sitting down with the deep conviction that this Budget is not for the benefit of India; it is for the benefit of non-Indians and it intends to keep India poor and make non-Indians rich at India's expense.

Sardar Sant Singh: Sir, in speaking on this Budget I will only discuss the reactions of the layman towards the proposals embodied in the Budget by our financier general. The point that first presents itself is this: That in a poor country like India where 84 crores of revenue can hardly be raised—and whenever an attempt was made to raise more revenue the argument was given on the floor of this House that the country was too poor to bear this burden—we find that revenue has successfully been raised to four times its original figure. That is staggering in itself, but when we consider at the same time that the normal expenditure on defence forces which used to be 86.77 crores has been raised to about 262 crores, it is all the more so. The layman can hardly grasp the significance of this figure. There are some points, which though the Honourable Member has taken great pains to explain to the House in his speech extending over two hours, which still remain quite unconvincing. The first

of those points that occurs to me in connection with the defence expenditure is this: Indian troops, receiving lesser scales of pay, both men as well as officers, have been sent abroad and in place of those troops, British troops have been imported here. Looking at it, not from a political point of view but from a financial point of view, the cost of maintenance and pay of personnel between the Indian troops and the British troops being different, who bears this difference? If Indian troops had been kept here for defence of India, certainly the financial burden of India would have been less. The allocation of defence expenditure between the United Kingdom and India has been kept a close book. It never had the sanction of this House, so far as I remember, and it was never placed before this Legislature for discussion. Probably the Honourable the Finance Member would say that we are not constitutionally entitled to do that. It may be so. But may I ask him that during war time, when figures run so high, is it not fair that this allocation and the agreement between the two Governments—a subordinate Government and the ruling Government—should be placed before this House and discussion should be allowed on it? I think the Honourable Member is not unaware that doubts have been raised as to the strict observance of that agreement, and criticism has been levelled in the Press as to whether that agreement is strictly being adhered to or not. I quite concede that it may be difficult to interpret the agreement in terms of daily recurring expenditure and in the changing situations which the war undergoes. But still it is a matter of great interest to the tax-payer to know who is going to bear the expenditure incurred on British troops which have been imported for the defence of India, as this expenditure is alleged to be far greater than the expenditure which would have been incurred if the Indian troops had been employed here and not sent abroad.

The second point which I would like to make—and that too is from the layman's point of view—is about gold and silver. In this connection I put certain questions about the sale of gold and if I remember aright I was not given a reply to my question: "Who pockets the profits that are made?" Well, Sir, I understand that the rate of gold in the United States of America and England is about 35 shillings per tola, while the rate of gold in the Indian market which is prevailing at present is 71 rupees per tola. To a layman the margin of profit seems to be very big. It appears that a simple and surer course would be to purchase gold there and sell it here in the Indian market, and the profit should go to the Government of India, or to the people of India. It may come as a relief to taxpayers to some extent. But this course is not adopted. This is a *Times of India* puzzle which requires to be solved. Why an astute Finance Member like the Honourable Sir Jeremy Raisman should not have adopted this course straightaway is a puzzle to us. We would like him to explain to the country at large why he does not purchase gold there and sell it here? Then the second point which strikes me in this connection is this. Why is he not selling silver here? After all the reserve of the poor man is silver, not gold, and I am told that by the sale of silver in this country the price of gold is likely to come down. Though he has succeeded so far as cotton is concerned he has failed to bring down the price of gold to something near about the pre-war level of prices. I will request him to explain to the House why silver is not being sold in this connection. Some said he could not purchase gold in those countries because they would not sell it. Well, if it is so and if these countries refuse to sell gold to the Government of India in order that the gold may be sold here, can he not refuse to sell articles, which India produces, at controlled prices to the United Kingdom Corporation who makes huge profits by selling them at very high rates in Iran and Persia? The position is that when the United Kingdom Corporation sells these goods in those countries and purchases them from India, they make huge profits which legitimately belong to India. If the other countries refuse to sell gold and silver for the purposes of sale in India, it is but fair that those countries should not be allowed to make purchases of goods at controlled prices so that they may sell them outside at higher rates. There is the commonsense

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point of view which I want the Honourable the Finance Member to explain to the House and the country, because the country feels that India's interests are being given away to subsidize the war expenses of the United Kingdom and the other countries.

In this connection I will say a word about inflation too though I do not pretend to understand the whole subject. I have never pretended it, but again I speak from the layman's point of view. In the previous war of 1914-18 the Government used to purchase foodgrains from Lyallpur market and pay half in gold and half in paper. This time that procedure has not been adopted. The foodstuff is purchased and the payments are entirely made in paper money. Inflation can be remedied to a very great extent if some portion of the price paid to the grower is paid in bullion. The result would be that the grower will keep the bullion, store it and spend the paper money. I think I am not wrong when I say that this will help deflation a good deal.

The third point which I want to make in this connection is the question of control of prices. Various departments of the Government of India have been taking very great pains in issuing Ordinance after Ordinance controlling the prices of various commodities. The first Ordinance which they issued was an omnibus one in a few sections of which it was laid down that nobody was to charge more than 20 per cent. of its imported price. May I ask whether they took the trouble of finding out whether every article being sold in the country had any documentary proof of its imported price? The imported article may have exchanged hands a hundred times and you expect an ordinary dealer to find out the price which is allowed by law. Unconsciously he may slip into charging a price which he believed to be not more than 20 per cent.

The Honourable Sir M. Azizul Huque (Member for Commerce and Industries and Civil Supplies): That is not correct.

Sardar Sant Singh: I would like to be corrected if I am not right. That all embracing Ordinance was issued on the 16th or 17th November. I do not know the exact date. Then came several Ordinances trying to fix the prices of the various articles of consumption. Those prices were very good when we read them in the *Gazette of India* issued from time to time, but is there any relation between those prices and what are actually paid for the articles? People are asked to mark the price on the goods, but where are the goods? I went round in the whole of Connaught Place to find a watch and the only advice given by the dealer was that he has not got it. His friend has got it. If I could pay his price I could get it.

The Honourable Sir M. Azizul Huque: Why didn't you report that?

Sardar Sant Singh: It is very good to say why didn't I report it. It would have meant my coming all the way from Lyallpur to attend court in Delhi!

The Honourable Sir Jeremy Raisman: Then how can you cure it?

Sardar Sant Singh: I will tell you just now.

Similarly the case of this Parker pen. You have fixed the price at Rs. 86. Can you find one Parker pen in the whole of Connaught Place which used to have hundreds of them? Not a single one was available. My friend said they may be available to the Members of the Legislature. I said no.

The whole situation has come to this because an I.C.S. officer without vision, without imagination, had certain discussions and issued an Ordinance without seeing what effect it would have on the market. Trade is not taken into consultation at all. No ways and means have been adopted so far to find out whether a particular dealer in a particular article has that article with him or not.

The Honourable Sir M. Azizul Huque: Some traders charge Rs. 150 for the same pen!

Sardar Sant Singh: I am not against your control. I am against the method. You are controlling in the wrong way.

I will now put a constructive suggestion. Suppose A imports these goods. Cannot you ask him to hang the list in his shop to show what goods he has

got when he imported them and how much he has sold? The customer will know whether he has this article or not. But you have not the administrative staff to look after this with the result that the goods are not available in the market today. After all if you want inflation to be cured by opening more channels for the consumer to spend his money, you must find the article on which the money is to be spent. People may be willing to purchase and they may be in need of that. What is the need of these Ordinances? You are not going to harass people and prosecute them and send them to jail. You must properly consider your methods before you can ask people to co-operate with you. Simply to say that people are not co-operating when they do not find the goods at all in the market is not correct. Goods have disappeared and

3 P. M. you have not got the staff to find out where they have gone. The black market is flourishing today but the white market is at a discount. You have issued the Ordinance but unless you have got the staff to see that that Ordinance is observed fully by the market people, it is of no use. There are certain things which are sold at one shop at one price and they are sold at another shop at a different price. You have no machinery to which a person can go and report and where justice can be meted out to him. You want that I should make a report to the police, but what does a police man do? He goes to the shop where he is paid something and he comes back and reports that he did not have the goods. How am I to know, first of all, that a shopkeeper has got an article which he refuses to sell? There must be some way of looking at it before the control can succeed. Therefore, I will suggest that as the imported articles are imported under a licence, you should know how those imported articles are disposed of. Who has purchased those articles and who has stocked them? When you have known this, you should insist that the shopkeeper should keep a list in his shop so that the purchaser may know whether he has got those articles or he has sold them away. In this way, control can be of some value; otherwise, I am afraid, you are leading us into chaos and confusion. This confusion will lead us nowhere and it won't help you. It would result in the control of goods but it will not help the consumer to purchase his goods.

Sardar Mangal Singh: Sir, I listened closely to the record-breaking speech of the Honourable the Finance Member which he made while introducing the annual Budget this year. I waited and waited to hear something which may be useful to my countrymen in the coming difficult times, but I waited in vain. There was nothing in his speech except taxes, taxes and yet more taxes. In some quarters his Budget has been called a "pay more" budget, but if he does not mind, to my mind, the correct description of his budget is that it is a "pick-pocket" budget. He has very carefully and, if I may say so, surreptitiously, put his hands into the pockets of the people and has tried to steal money somehow or other. Tomorrow he will reply to the debate and he may fret and fume that Members sitting on this side of the House did not agree with him. He is here as an accredited representative of the British Imperialism and we are here as the representatives of the Indian tax-payer. It is no wonder, therefore, that we cannot agree amongst ourselves.

Sir, I am reminded of an incident. When a certain philosopher saw two women quarrelling across the street, he said: "These women will not be able to agree among themselves because they are arguing from different premises". The Treasury Benches and these Benches, so long as the present state of things continues, cannot agree amongst themselves because they are arguing from different premises. I am here as the representative of the tax-payer. When this war was declared, I was not consulted. I was not consulted when this so-called wonderful financial settlement was arrived at as regards the allocation of the defence expenditure between this country and Britain. Even the make-believe vote which this Assembly had on the defence expenditure has been taken away. Now, this House can only talk but cannot vote, let alone the acceptance of that vote by this Government.

[Sardar Mangal Singh.]

Sir, I do not propose to go into the high finance and I do not want to be drawn into the controversy of what was the cause of the high cost of living, whether it was the inflation or whether it was the scarcity of consumer's goods or whether it was the psychological cause leading to hoarding and profiteering. It is enough for me to say that this Government has, by its own bungling, created a situation in this country which has taken away 35 lakhs of my countrymen and women. My case is quite simple. Here was the Government which was not trusted by the people. They wanted money and they wanted the rupee finance to meet their expenditure and the expenditure of the United Kingdom and other United Nations. People did not trust them and they did not give them their money. Then, what did they do? The Finance Member asked the Mint Manager to print notes. What was the reaction of this on the people? People were panic-stricken and they had seen their countrymen who had come from Burma and other places. They became panic-stricken and there was hoarding and profiteering over which this Government could have no check. Besides this, there was a huge corruption amongst the officials. Everybody was trying to make money while the people were dying. Sir, this is the position. I do not want to say more on this high finance. My case is quite simple. Had there been a national Government in this country, had there been a Government in this country which could make an appeal like Mr. Churchill did in his famous sweat-and-tears oration, if there were men like Pandit Jawaharlal Nehru and Mr. Jinnah sitting there on the Treasury Benches making an appeal to his countrymen to defend their country, there would have been enough money and Government would not have been forced to print more notes and the country would have been quite all right. The inflation policy of the Finance Member is responsible for the deaths of 35 lakhs of my people. Besides these casualties, God alone knows how many people there are who have now become destitute and disabled. I think the number of these casualties is far greater than the casualties of the United Kingdom and the United States of America put together in this war. But I leave this subject here because there are other Honourable Members who can deal with this aspect more ably than I can do.

I confine myself to the examination of the defence expenditure alone. Although the Finance Member spoke for full two hours, he was all the time more particular to hide things than to explain them. What did he say about the defence expenditure? There are certain important points on which he did not give any information. How much has he spent during the last year and the year before that on behalf of the United Kingdom? He was silent about that. He was careful to hide that fact. In his speeches of 1941-42 and 1942-43 he gave these figures. At that time it was 400 crores; and by this time I think it must have risen much higher, and therefore he dare not disclose that figure. I would ask him in his reply to give me this figure—how much he has spent on behalf of the United Kingdom: it was 400 crores in the year before last year. Then again he must have spent for the United States of America also. I want that figure. And the most important thing which he mentions is the financial settlement: it is called a settlement between England and India. It is quite a wrong impression to call it a settlement between Britain and India. Really speaking it is a settlement between Britain at London and Britain at Delhi. This House was not even consulted about it, and how can you call it a settlement—a big name—between India and Britain? In that settlement, apart from the normal budget they have added expenses about the Indian war measures. Here again the Honourable the Finance Member has not given any details of these Indian War measures. How has he spent these crores upon crores of the hard-earned money of my countrymen? He has not given any details. Then again, about the lend-lease, he has actually skipped over it, saying only that the talks that were going on between the United States and India, which were suspended then, have been ended now. What about India? We are spending here on behalf of the United States—on his own admission—

about 81 crores by the end of this year. How much financial benefit we will get, he has not told us. He only says "The United Kingdom may get 350 crores, and out of that (*it is his personal estimate*) we may get one-third". In this matter also he has not explained anything.

Then the most important thing he has hidden is about the so-called ceiling of the army strength which is necessary for our local defence purposes. According to this wonderful settlement, it is laid down that the cost of troops available to India for the local defence purposes and what army is necessary, His Excellency the Commander-in-Chief will fix a ceiling. We have not been told what that ceiling is. He says only: "As already indicated so far as the land forces are concerned, the present ceiling has not yet been exceeded". But what is that ceiling? That ceiling is liable to be changed at any moment; what is the use of fixing it? He has tried to mislead the House by saying that there is a certain ceiling. There will be no ceiling; it is only a fiction. On all these four points, he has not given us any information.

Before the war, the Defence Department used to issue some pamphlets which contained some information. But this time the Government of India has placed in the hands of Honourable Members this big pamphlet, as if we are school children. There is no information there. There is a picture of some soldiers killing mosquitoes. What is this? Do you expect me, on this, to vote crores and crores? You do not even tell us what it is for. I come here to demand of the Government that we are paying huge sums—I am coming to that later on—I have to pay, my children will have to pay: I simply ask you to explain to me what are those sums: these estimates are visible estimates; there are hidden, invisible estimates and expenses; I want the Honourable the Finance Member to tell me what are all those expenses and how you are going to spend all that money. If he pleads that there is a war on and the enemy may know, if he pleads public interest, then I would request the Honourable the Leader of the House to give one day for a secret sitting of this House so that we may discuss all these details, and we may at least know where we are spending and how much we are spending and what the effect of this policy will be in the after-war period. At least I want to know. But this Finance Member speaks for 120 minutes and he does not devote even ten minutes for this purpose; he does not tell us anything—the reason probably is that he does not want our vote for them; these 300 crores in the Budget are not votable.

If we look at the figures of the past five years, as to how the defence expenditure is rising we see that in 1939-40 it was 49.5 crores, in 1940-41 it rose to 73 crores, in the next year to 103 crores, and in the year after that to 238.89 crores. Last year it was 300 crores, and in the next year's budget it is put down as 301 crores. There is one important thing to note in this. The Finance Member spends the money and then gives us the revised estimates. He gives a small figure in the budget estimates so that the Members and the public may not feel alarmed. In 1941-42, the budget estimates were 84.13 crores and the revised estimates were 103 crores, that is, 20 crores more than the budget. In 1940-41 the budget estimates were 53 crores and the revised estimates 73 crores—20 crores more. In 1942-43, he has beaten the record; the budget estimates were 138 crores, while the revised estimates were 238 crores, that is, about 80 per cent. more than the budget estimates. In the current year again, the budget estimate was 199.66 crores and the revised estimates are 300 crores, that is, 50 per cent. more. Why is this? We are now in the fifth year of the war; the Honourable the Finance Member must be able to judge beforehand what the expenses are going to be; if we go on at this rate, the revised estimates for the coming year would be 450 crores. Next year he may come before us and give us this figure. The defence expenditure of our country has increased from 45.47 crores to 300 crores, and next year it may be 450 crores. So, Sir, we have spent Rs. 1,065 crores on this war so far. During the last war, it was only 212 crores. Now, we have already spent five times more than what we spent during the last

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war. If we go on at this rate, then my countrymen will not be able to support this huge expenditure.

Then again, the Honourable the Finance Member hides things. He plays hide and seek. The financial settlement which he has announced is most unfair to this country. It does not deserve the name of a financial settlement. In regard to the financial settlement, India's liability for the cost of the forces serving within her geographical frontiers is subject to the condition that such forces are both necessary and available for local defence purposes. I want to ask if these two million men, Indian and British troops are only sufficient for local defence purposes only. I want to know if our troops engaged for fighting in Arakan and for whom we are paying, are for local defence purposes only or are they for imperial purposes? In this country the British troops and other troops are maintained for imperial purposes only. It is wrong, it is improper to charge the Indian exchequer for this. The whole expenses should be debited to His Majesty's Government. That is my point. Before the war, we had roughly a lakh and a half troops of whom roughly about 60,000 were British troops. There was absolutely no justification to put this heavy burden on the Indian taxpayer when you increased the number of British troops and when you expanded the army. We are part of the Empire and the whole of the expenses for this expansion of the British army should be met from the British exchequer. We are fighting for the Empire, and we are also asked to pay for them. I strongly object to this sort of tactics on the part of the Honourable the Finance Member.

Mr. B. B. Gupta (Cities of the United Provinces : Non-Muhammadan Urban) : Sir, before I come to my criticism, I want to assure the Honourable the Finance Member of my sympathy in his difficult task in which he has to find money, while the policy is to be dictated from five thousand miles away, and the expenses are to be incurred by the machinery which considers itself master and ruler of the people rather than their servants. It is due to this reason, Sir, that the difficulties in this country are going on expanding and mounting up, and still we do not know when the end will come for all our sufferings. I share the view of the Honourable the Finance Member regarding the sufferings of the people during the last eighteen months. But I cannot help pointing out that the machinery of Government has proved beyond doubt that it is too slow to adapt to the changed circumstances and to foresight. It may be due to incompetence or conflicting interest which they have to watch. But the fact remains that the sufferings of the people have been aggravated which otherwise could be easily minimised if the methods were adopted in time and properly. Sir, under the bogey of inflation all sorts of hardships have been inflicted upon us. Firstly, you tempted us to part with our wealth for higher prices. Once the commodity was taken away, now you want to take the money also back, not only by means of persuasion, not only as a loan which can be available to us for use afterwards, but by means of force also. Has the lot of the cultivators improved so much that hardships should have been perpetuated against them as had been done last year in my Province when under the name of fighting inflation, collective loans were proposed to be raised by the villagers. How were those loans collected? Police parties with village revenue assistants were parading the villages and fixing the amount of money which has to be contributed by the particular village. And then what was happening, once the amount which was fixed was paid, sometimes upto fifty per cent, that was not accounted for and no receipt was given for that amount. After some time again the same party reached those very villages and demanded 50 per cent of the amount. When receipt was demanded from them, the poor villagers were subjected to all sorts of tortures and indignities, they were beaten, their houses were plundered and money was forcibly realised. That happened not in one place, not in two places but in dozens of places. I am glad this collective system of loans has been stopped. I hope, Sir, that you will see that in the new system of individual loan raising, these methods are not repeated and the people are assured that they are free to purchase only as much

loan as they like and for whatever amount they pay, they should be granted a receipt for the same.

Sir, the Budget has perhaps only a few merits but a lot of demerits. On the merit's side is the raising of the taxable limits from Rs. 1,500 to Rs. 2,000. But I do not know whether this limit has been raised as a mercy upon the people or because it is due to the result that you could not manage the collection from these small taxpayers. Secondly, Sir, your assurance that the financial settlement holds good is a happy augury. But, at the same time, increasing defence expenditure is difficult to understand. How can you justify that the financial settlement as it was arranged holds good? If that is so, then why should your defence expenditure go on rising? Your assurance that the setting of the South-East Asia Command does not entail extra liability is a welcome assurance. But again, when the fear from the West has totally disappeared, and when in the East also you are organising attack, and, if we are not to be saddled with the burden of expenses involved in the East Asia Command, then what is the reason that the defence expenditure should stand at the present figure as disclosed by you?

Sir, I find that the Budget has been deliberately designed in such a manner as to draw the maximum taxation without any regard to the people's capacity to pay. The revenue income, as said by many speakers before me, has gone up from 84 crores to 308 crores. On whom does the main burden of this increased taxation fall? The same people without whose willing cooperation all this much-boasted war effort of this country, the success of the much-advertised control measures and the sound budgetary position would have been simply a farce. And what is the reward which they get in return? Before the war the proportion of direct taxation to the total revenue was only 20 per cent while now it is 75 per cent; before the war the total revenue from direct taxation was only to the tune of 15 crores, and now it stands at 159 crores. I want to know whether the Finance Member thinks that the capacity of businessmen is unlimited. He has suggested in his budget the taking away of the 100 per cent income from the excess profits tax. Then the taxable income from Rs. 15,000 has been subjected to the taxation of about 4 annas and 6 pies per rupee. And after that whatever money reaches the hands of the individuals is subjected to further taxation of super-tax amounting up to 11 annas per rupee. After paying all this money what will be left in the hands of Indian business for industrial development of the country or to meet other obligations?

The Honourable the Finance Member has been cleverly manipulating his figures of expenses and income. On the expenses side he has been trying to show reduced expenses on the war budget. Last year he showed only 190 crores as the budgetary expenses on war while the actual amount reached 300 crores. On the income side what he estimated the actual collections showed off 35 crores more; out of that 32 crores have come from direct taxation. It is perhaps only to justify increased taxation that these figures are so manipulated; but I think the time has come when the policy has got to be revised. I know some of my Honourable friends are being carried away by the Finance Member on socialistic utterances based on pure sentiment. But they should see what is the effect of the present policy of Government. They should know that the economic development of the country is resting on Indian shoulders, on the shoulders of Indian businessmen. If the capacity of Indian businessmen has been reduced to such a position that they cannot take up any more new industries in hand, what will be the ultimate result? British capital is already showing signs of not taking much interest in India. The result will be that the task of further industrial development will rest entirely on the Government of India. But when industrial management is left or entrusted to the Government of India, what is the effect? It only ensures a ready market for the manufactured goods of England and ensures a permanent import market by way of replacements, etc. Do you want this state of things to continue in India or do you want real industrial development to take place? I think I am voicing the sentiment of Indian businessmen

[Mr. R. R. Gupta.]

when I say that we in India are not in that sense capitalistic as you find in Great Britain or America. We are in the forefront only so long as we know that it is we who have to fight the battle of economic development of the country. The moment we are assured that the Government of the country is in the hands of the people who have got the welfare of the country at heart and Indian interest receives first consideration, you will find us going into the background. I for one will not mind even if at that time the social system of the country is developed on the lines of Soviet Russia.

Apart from that have Government fulfilled all other requisitions before they go on piling taxation upon taxation? My Honourable friend, Sardar Mangal Singh, has just pointed out the position of defence expenditure and shown how this expenditure is being multiplied. Firstly, I will point out that the total amount shown under the head of defence expenses does not represent the correct amount. Many of the items debited in the revenue account and in the railways should also go to the defence expenses account; and if all those items are correctly debited to the defence expenses I think the figure will mount to somewhere near 325 to 350 crores for the coming year. Again, if the difference between the budget and the actuals of last year be any guide we may easily expect that this year will close with defence expenses reaching the figure up to 400 crores at least. Does it not show that the proportion of India is going on increasing while the threat to India is going on diminishing? If that is the position, then in that case certainly this House has a right to ask the Honourable the Finance Member how he is going to justify this increased expenditure on defence every year. The phrase used by the Honourable the Finance Member that India has reached the utmost limits of its economic capacity to meet further burdens, I think, in the absence of real proof, to transform this sentiment into reality and especially in view of his emphasis on the point justifying the importation of consumer goods—it is a matter on which we will require certain categorical assurances.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has one minute more.

Mr. R. R. Gupta: Does the Honourable the Finance Member intend to import consumer goods and implements for agriculture to reduce the pressure on Indian economy? If that is so, I do not think the country will support that policy. Lately we have found that under the name of consumer goods a lot of rubbish has been imported from England under the direct permit given by the Secretary of State for India. That import included items such as whisky, toilet goods, cycles, etc. At a time when shipping space was not available for food-stuffs, when people were dying, the import of these articles was permitted. If that is the policy which is going to be followed, we have a fear that all our sterling resources will be frittered away by these methods.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Dr. Sir Zia Uddin Ahmad: We have already completed four years of war and we do not know how long it will continue, probably another five years.

An Honourable Member: Last time you said, six years.

Dr. Sir Zia Uddin Ahmad: Therefore the principles of economics that we have framed for peace time cannot possibly be applied under war conditions, and I would like to examine these principles as far as they apply to this Budget.

Let me first take up the question of what we call the paper currency reserve. In peace time, according to the classical theory, the metallic reserves ought to have been in the form of gold and silver. We continued this thing for a considerable time, but England went off the gold standard, and then it became difficult to keep gold in reserves as it was all accumulated by France, and the United States of America. Immediately after that, we found that metallic reserve or any other form of reserve was not necessary. We saw, just before the war, from 1930 onwards Germany had no reserves of any kind, but

it went on with its work all right, by method of control over internal transactions and by the method of barter over all their transactions outside Germany. Here in India also we found that we had certain difficulties when people began to hoard money and all these silver coins, went underground. The Honourable the Finance Member had the vision and he, against all classical rules and peace-time rules of political economy, printed, or, I should say, stamped the rupee on paper and not on metal and he called it the rupee. People criticised him, and I myself criticised him when he first introduced this paper rupee, but after careful consideration, I thought that it was a very wise step, though I can say that it was not a correct thing to have one paper currency as reserve for another paper currency. We find the same position now. Our notes in circulation are 821 crores. Against that, I find from the Explanatory Memorandum that out of a reserve of 821 crores, 713 crores are in the shape of what we call sterling securities. This security paper is another form of paper, it is not metallic reserve. The metallic reserve is only 44 crores, against a total of 821 crores. When a large portion of this paper currency is put down in the shape of paper currency of some other form, in such cases the security is really the prestige of the Government, that is all. If the prestige of Government goes away, your paper currency has no value, your securities will have no value, and nothing will have any value. If everything depends upon the prestige of Government, why this intermediate security? You ought to take bold steps and say that there is no need in war time for any kind of security. It is all paper transaction which can be done away with altogether. The whole thing depends upon the prestige of the Government. The moment the prestige goes, there is nothing behind and nothing is left behind. The move that has been taken, I think, is the correct move, and it is unavoidable in war time conditions. You cannot have metallic reserves at such a time, and you put it in some other form for the sake of show, and you say that you have Indian securities or United Kingdom securities or securities in any other form, but they are all meaningless. I would recommend that we should go one step further and say that it is all quite unnecessary.

As regards political economists, I say they are very good and their work consists in preparing statistics which are likely to be required for our discussions, and to arrange such statistics is the principal object of the economists. But to draw inferences from statistics is not the work of economists, it is the work of the man of common sense. I remember once, reading the graph of fever. The temperature at 6 o'clock was 100 degrees, at 8 o'clock it was 102, at 10 o'clock it was 104, at 12 noon it was 106, and as the temperature was bound to rise to 108 and 110 in the evening, it was stated that the man was surely going to die. We had a definite example of this illustration in the United Provinces when the price of wheat was calculated by the authorities then in power on the supposition that the prices would go up to Rs. 22 and 24 and they began to purchase wheat at enormous prices. Therefore, the writing of the graph is very useful, but the conclusion to be drawn from the figures in the graph, the manner in which they should be interpreted, should be left to persons who will draw better inferences if they are not entangled with economic theories.

Another thing to which I would invite the attention of the Honourable the Finance Member is, what is the wealth of a country. The wealth of a country does not depend upon the number of notes printed and circulated or which you can print and circulate. The wealth of a country does not lie in your metallic reserve, gold or silver, or whatever it may be. You have got to take the example of Germany. After the last war they had to pay 250 milliards gold marks per annum as war indemnity. They continued to pay that amount simply on account of the hard labour which they put in. I went to Germany in 1922. Then they said that they had not the slightest doubt that, though they had no money whatsoever, they could produce goods, they could work days and nights, and continue to pay. One thing is that the wealth of a country depends not so much upon your reserve, upon your notes, upon your metal, but it depends upon

[Dr. Sir Zia Uddin Ahmad.]

the capacity of the work, upon the natural resources. These are the two important factors on which alone the wealth of a country depends. But what is the measurement of this work; what is the unit by means of which these things can be measured? That is the point. It is very necessary for all units of measurement to have a fixed and a definite value. Probably my Honourable friend, the Finance Member, will say that the unit of measurement should be a fixed and definite quantity. You cannot measure by an India rubber which if you stretch it will give you one result and if you squeeze, it will give you another. I remember the case of a person who was convicted by an Honorary Magistrate for ferocious driving because the Magistrate made out that he was driving at a tremendous speed of one million inches per hour. But when the case went before a Judge he said that it means only 15 miles per hour, which is not a ferocious speed and the man cannot be convicted for that. So it depends upon the unit which we choose and not upon the figures you have got. The first thing, which is very important, is that when you accept this proposition that the wealth of a country depends entirely upon the capacity of the country and upon the natural resources, then your money and your rupee is only a measurement. It is not wealth. It is only a measurement by which your wealth can be judged, and it is very necessary that your unit of measurement must have a fixed and definite value. If you judge it by means of the rupee or purchasing power, then the rupee has one value today, another tomorrow, and yet a different value altogether in black market. Therefore the rupee cannot be taken to be the unit of measurement. What then is the unit which can be taken to measure the wealth of a country? I think the only unit which you can take up is the wage measure, i.e., how much you require to keep up a man per day or per month, which I call 'unit of wage labour'. It can be judged by the wages of an individual. I mean the wage may be in terms of rupees; it may be five annas one day and Rs. 1-8-0 on another day. Before the war, the ordinary wage was five annas per day; at present the wage in the same locality is Rs. 1-8-0. This means that if you judge it in terms of rupees, the wage has increased five times. Therefore the unit of wage must remain the same. My point is that the wealth of a country should be judged by wage unit and the wage unit should be expressible. If you want really to express that in terms of rupee, then there must be some kind of co-relation and the co-relation should be a definite and fixed quantity between the wage and the unit, whatever it may be. In other words, we come to this conclusion—and I am giving up all the intermediary arguments—that your wage unit must be co-related with the purchasing power of the rupee, i.e., your 'paper rupee must have a definite and fixed purchasing power and should be expressible in terms of wage units which and which alone is a permanent factor. So, whenever you want to measure the wealth of a country, it is necessary that the value of the rupee should be fixed in terms of a fixed unit which I call the wage unit, and therefore its value should be definitely fixed. It is an exceedingly important point that you must have fixed purchasing power of the rupee. I have requested the Finance Member before from some other point of view and I express it again from this point of view that the value of the rupee should be fixed and definite as far as the purchasing power is concerned. What we find is quite different. The purchasing power of the rupee is something today and quite another tomorrow. In some cases I have got figures of price index of various articles. I have in mind only two commodities at the moment which really upset the purchasing power of the rupee—cotton piece-goods and wheat. Everything moves in a certain ratio to these two commodities, but these two commodities have been moving in a ratio which cannot be compared at all. My Honourable friend, the Finance Member, cannot put in an excuse that it is not his business; it is the business of the Food Member or the business of the Commerce Member. I cannot accept that explanation. It is his business to see that the unit of his measurement remains constant. I can tell you very clearly that the stability of finance of India will not depend upon the bank rate of interest and I think

it is misleading and not fair to the people of India to say that. In theory it is all right that you have cheap money so that the industries may prosper. It sounds very well but when you put it into practice, it goes against the poor man. Only big industrialists can take money at 3 or 4 per cent. from the Government and begin to earn money not only at 20 per cent. but sometimes 200 or 300 per cent. Then, is it not the duty of the Finance Member to step in and say such profiteering is not permissible? In 1924 we had the same problem before us, but at that time the Finance Member stepped in. The Honourable Member ought to have applied the same thing to these business concerns now, i.e., these people should have a definite percentage of profit and nothing more. If you allow them to make profits in a measure which cannot be expressed in terms of wage unit, it is unjustifiable. What right has a man got to grab large amounts of profit by putting money in a business concern, money which he really inherited from his father or grand-father. He cannot make as much interest if he deposits it in banks. The Honourable the Finance Member should have stepped in and prevented such things happening. He did not do it, and it means that he has not discharged his real duty as a custodian of the finances of India, and he has allowed indefinite profits to be made by people who are not entitled to it. The maximum profit ought to be fixed by law. If you don't see to that, communist feelings are bound to spread in this country.

Mr. R. R. Gupta: What right has the Honourable Member got to draw rupees one thousand per month when average income in the country is only 65 a year?

Dr. Sir Zia Uddin Ahmad: This assumption is wrong; I am not drawing one thousand rupees per month.

The next point is about the value of securities. During the Great War, when Sir William Mayor was the Finance Member, the value of these securities fell down to 51, i.e., the value of the rupee was reduced to half. My Honourable friend, the Finance Member, has by special manipulation been able to keep the value of securities in the neighbourhood of 100 and he did not let it fall. That is very creditable. But to my mind it is very well in peace time but during war time it is not a good policy. Do you know what has happened? The value of hundred rupees has gone down; the purchasing power of hundred is not hundred at present; the purchasing power of one hundred is 25. Therefore, really speaking, the value of securities has gone down from 100 to 25. It would have been much better if the value of these securities had fallen down to 51 and the purchasing power of the rupee had been the same. If you cash your securities you get 100 out of 100, but when you go to the market you get 25. Therefore, the real value has reduced to one-fourth. It would have been much better had the value of securities been reduced to 50 or even to 40, provided the purchasing power of the rupee had remained constant. Therefore, to have constant care about the bank rate of interest, and to see that the value of securities remains the same, but to give up altogether the idea of maintaining the purchasing power of the rupee is not good finance. It is a policy which will break the financial power of Government of India later on. In this connection of lowering the price level of the rupee, I find that we come back to the same position into which Germany fell in the years 1923 to 1926. People deposited large numbers of marks in England. The purchasing power went down. A person who had one billion marks in the German Bank got
 4 P.M. a letter to say that they had put on a stamp of one million marks on the letter and that his accounts were cleared. Therefore, if you allow the value of your currency to go down, there is a danger that the foreign credit that you are establishing may go down too. Now, our rupee is linked up with sterling at the rate of one rupee to 1s. 6d. We do not know what is the wage unit in England and in India. This artificial

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got one minute.

Dr. Sir Zia Uddin Ahmad: In peace time it is all very well. But at the present moment you will have to compare the wage unit in the two countries and by that method alone you can link up the currency of one country with the currency of another. Tomorrow it is quite possible your balance will remain as it is. But then the value may go down and your purchasing power will be reduced. Therefore, there is a great danger of a transfer being effected if the purchasing power of the rupee is not checked. Therefore, it is desirable and it is the duty of the Finance Member, as the custodian of the finances of this country and the interests of the people to realise, that the purchasing power of his rupee and the value of it depends on the credit of the Government. He should step in and say this shall be the purchasing power of the rupee irrespective of what the Commerce or the Supply Member says. He should regulate all these things because they are more important than anything else, otherwise, I foresee enormous pitfalls in the future finance of this country.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): I cannot start without saying that the Honourable the Finance Member brought out a Budget which has a very depressing feature. That is not a feature of this year only but for the past few years he has been bringing out Budgets that are very depressing.

The Honourable Sir Jeremy Raisman: Very depressing to me.

Mr. Lalchand Navalrai: I was just going to say that it is now depressing to you. But the Honourable the Finance Member still goes on stronger year by year like Johnny Walker!

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): But not with Scotch Whisky but with South African!

Mr. Lalchand Navalrai: At any rate he fears nothing because there is power in his hands. He knows how to inflate currency and order money notes to be printed, and he also knows how to make and manipulate his Budget. He knows how to under-estimate revenue and over-estimate the expenditure.

Nawabzada Muhammad Liaquat Ali Khan (Rohilkund and Kumaon Divisions: Muhammadan Rural): It is an underestimate in either case.

Mr. Lalchand Navalrai: At any rate he knows his business. Whether the country has got anything to eat or not, whether there is famine or not, he goes on eating for himself and feeding the British Government and the military.

What I would say is this, that when he has a method to do he should do something to raise his reputation and not get stronger year by year to burden India. There is, however, one redeeming feature. He has raised the lower tax limit to Rs. 2,000. But he should have done something more with regard to those poor people. He should have raised the assessing limit to Rs. 3,000. He can realise that under present circumstances the people have no capacity to purchase and I will show that their control systems and their rationing systems are not helping the public as much as they ought to. After all, if he is raising the limit to Rs. 2,000, the expenses of the Department will be the same. He cannot possibly lower the staff. The staff will remain the same for we have experience of that. When income-tax is reduced the staff remains the same and if it is increased then the staff increases. In that case it will be a great help to the people if he raises the limit to Rs. 3,000.

There will again be time to induce and appeal to the Honourable the Finance Member on this matter when the cuts come up or when the Finance Bill comes up.

Lastly, though the Budget has this redeeming feature, he has not left his old habit of increasing taxes if not here then there. This time he has raised the tax on betel-nuts. Well, I do not know how this commodity occurred to him, because it is such a small thing. It may be that he worked in the Madras Presidency sometime. Is that so? I do not know. Yet it seems his attention went towards Madras or Ceylon because in those places betel-nuts are in plenty. He thinks that this tax will not be taken notice of. He is making a mistake in that too. People have a habit and I will tell the Honourable Member that

those who take these betel-nuts, coffee and tea have cultivated a habit for these things. But coffee is something like food to them. Just as they cannot do without wheat and rice, so they cannot do without coffee. I have seen some of my friends going to the Coffee House four times a day. The Coffee House is the creation of the Honourable the Supply Member. So, you should not consider that coffee is an article which is being used as a luxury. If it were a luxury, then, of course, there will be some justification in taxing it. It has become more or less a necessity. So, betel-nuts, coffee and tea ought not to have been taxed. Now, there remains tobacco. I have no sympathy with those who smoke tobacco. I do not smoke myself and I would very much like that others also at least reduce smoking.

Mr. D. K. Lahiri Chaudhury: What about drinks?

Mr. Lalchand Navalrai: If it is a luxury, it may be taxed.

Mr. D. K. Lahiri Chaudhury: To some it may be a necessity.

Mr. Lalchand Navalrai: If it is a necessity to some people, then they will not take it by bottles but they will take it by spoons.

Now, Sir, so far as tobacco is concerned, there is one thing which I should like to bring to the notice of the Honourable the Finance Member. I have received a certain pamphlet on that subject from the manufacturers and they are complaining of certain inconveniences and they have mentioned certain difficulties which are in their way. Of course, this is not the exact time to mention them just now. I will put them before the House later on.

Then, Sir, with regard to rationing. Rationing has also many difficulties. Only two days ago, a friend came from Bombay and I asked him how rationing was going on there. He said that rationing was not working so well there. He said the first difficulty is the non-supply of food articles. I told him that the Food Member is full of praises for the working of your rationing system and he has also told us that he is getting you so much wheat from Australia and from other places. He told me that many a time people are told by those who run these rationing shops that they have not got the article which they want to store and ask them to come the next day, and the next day they are also told the same thing. I have a personal experience of this affair as there is rationing of wheat, sugar and some other articles at our place. Today they will say there is no wheat, next day we are told that it has not yet arrived, on the following day we are told that it has been exhausted or they will say that I have forfeited my right. When I say that it is not due to my fault because I had been coming to you for several days, they say they cannot help. The same thing is going on perhaps in Bombay. I do not know what will be the fate of Karachi, because this rationing scheme has just begun there. So, more care should be taken so far as rationing is concerned. You should see that there are sufficient supplies. Unless you have adequate supplies, you should not introduce rationing. Let all people be treated alike.

Then, I come to the control of prices. That is also very defective. In this connection, I would refer to two things. Either the Department fixes more price of certain articles than it should or the control price that has been fixed is such that it is more than the selling price in the market. I know that there are certain articles which are being sold at a lesser price than the price fixed. When we ask the reason for selling it at a lower price, we are told that the people do not afford to take it at the control price. That shows that the control price is higher than the market price. Therefore, the Department ought to be very careful in fixing the price. I know there are no representatives of the trade who are consulted in fixing these prices. It is solely some officers who are in charge of rationing who fix these prices, and these officers are supposed to know every thing.

The Honourable Sir Jeremy Raisman: Generally, the control prices are the maxima which cannot be exceeded, but there is no harm if they are not reached. My Honourable friend ought to be pleased when he finds that the actual prices are somewhat less than the maxima.

Mr. Lalchand Navalrai: But the maximum prices are also put at a higher rate. Take, for instance, the textiles. It is said that Government has put

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a higher price there perhaps because they want more money from them in the shape of income-tax.

The Honourable Sir Jeremy Raisman: That is a complete lie when it is said.

Mr. Lalchand Navalrai: I wish it were a lie but that is what we have been told from more than one source. If the Honourable Member will ask me privately, I will mention to him a concrete case. I won't mention it on the floor of the House.

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

Now, Sir, I come to the question of war expenses. It is a white elephant and it is eating away our vitals. Of course, we cannot help it because, after all, it is the world war and I do not deny that we should also share the expense of the war. But there should be some justification for charging the Indian exchequer. We ought to know how much is being spent from the Indian exchequer for defending India. That is the first thing. I have put direct questions on this subject. I have asked how much is being spent on behalf of India and how much on behalf of the United Kingdom, but the reply has always been that they have got no figures. If there are no figures, how are you going to satisfy the country and the House that a fair and equitable financial settlement has taken place. The public should be satisfied on that point. We have the instance of the last war when you went on spending just as you are doing now. When the question came of squaring up the accounts, what happened? Arbitrators had to be appointed to do this and we do not know what happened—whether the award was just or not. In a like manner, you are keeping no accounts to show how much money has been spent for India and how much for the others. When afterwards you say that India has so much due to her from Britain, how are you going to do it? We know how these accounts are taken—the British people will say: "No; we will not pay you for this item because it is for the purpose of India". And we will have to be satisfied with that. But will we be associated with that when the settlement is made? Is there any assurance going to be given to us that we will be so associated? No. They do it *ex parte* and they fix their own sum and poor India suffers; the Honourable the Finance Member may say that the war is won; but in what way? I think there is some deception in it. I submit that the points should be made clear; even now in the Budget the Honourable Finance Member should give it

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

Mr. Lalchand Navalrai: I do not want more. The Honourable the Finance Member should get up and tell us during this Budget time or during the Finance Bill how much it is at present, so that we will be in a position to tell the Finance Member whether we are satisfied with it or not, and to bring the account to a proper conclusion.

The Honourable Sir Jeremy Raisman: What is it that the Honourable Member wishes to know? What are the figures he wants?

Mr. Lalchand Navalrai: I want to know how much is spent for the British and how much for India and how much India have to pay for this war up to this time and how much has been paid and how much the British have to pay, so that we may know our position.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Lalchand Navalrai: Very good, Sir.

Khan Bahadur Mian Ghulam Kadir Muhammad Shahban (Sind Jagirdars and Zamindars: Landholders): Sir, I am not one of those, who think that anything and everything, in season and out of season, is good enough to beat the Government with. I for my part have never refrained from criticism whenever it was necessary, nor am I going to be afraid of giving praise where and when it is due.

The Honourable the Finance Member has presented his Budget for 1944-45. I have no hesitation in acclaiming it as one of the best performances in the realm of finance. It is true that he has not been so very fortunate as the Honourable the War Transport Member, who has given us a surplus Budget. But he has gone one better. Under the greatest handicaps he has produced a Budget, which has minimised the hardships and evils which a great war always produces, to the maximum extent possible by adjustments of taxation and expenditure.

The financial year 1943-44 is expected to close with a total revenue of Rs. 254.50 crores which is Rs. 35.50 crores more than the original Budget expectations. I cannot appreciate the criticism against this. Evidently, there are some in this world who would hug misfortune, rather than view with joy the prospect of a lighter burden. Sir, I think all criticisms against under-estimation of receipts, which are repeated *ad nauseam*, are simply for the sole satisfaction of having criticised the Government. But for the better revenue receipts, what would have happened is this: the expenditure would have been there all right; but there would have been an additional burden, very largely of tax, to the tune of 35.50 crores. We are engaged in a titanic struggle against the evils and might of Nazism and the dark arrogance of the Japanese imperialism. Neither the might of the Germans has been as yet broken, nor their Aryan friends of Mongol extraction have been exhausted. It is true that cracks have begun to appear on the Nazi walls, and the Japanese are uneasy in their minds when they think of the now not so distant a day when the allied aerial and naval armada would blacken their skies and horizons and extract the justly due retribution from them. But there is still an uphill way to climb and a tortuous way to wind. Our country is justly and legitimately taking a noble part in the destruction of aggressors. The price paid by this country by way of defence expenditure against the evil designs of the Nazi and Japanese supermen is by no means high.

Sir, I would advise my friends to devote a little time to the study of the defence expenditure of India. Not one bee but several bees are in the bonnets of some of my Honourable friends in this Assembly. They are under the impression that India is bled white for the prosecution of this war. It is true that we are spending enormous amounts on war and war preparations. But it should never be overlooked that our position in this respect is infinitely better than that of any belligerent country. Out of the total expenditure incurred in India on defence and supply during the 5 years between 1939-1940 and 1943-44, the amount finally charged to Indian revenues under the terms of the Financial Settlement is now expected to be about Rs. 800 crores, leaving a balance for the same period of about Rs. 940 crores at the debit of His Majesty's Government. Rupees 800 crores in five years mean on an average only about Rs. 160 crores per annum.

It is a welcome news indeed, Sir, that the setting up of the new South East Asia Command under that able warrior, Admiral Lord Louis Mountbatten, has not added to our liability for defence expenditure. If it was anything otherwise, our military expenditure would have been simply colossal. While undoubtedly severe burden on the economy of the country is imposed by these fresh operations, the Finance Member deserves the gratitude of every Indian for his fight against fresh burdens on this country. The Government of India indeed do well deserve of this country for making it clear to the British Government 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. What is more, we have it on the authority of the Finance Member that the Government of India have also made no bones in emphasising in unambiguous terms that an early lightening of India's present burden should be ensured by the release of goods for vital civil needs and that certain types of supplies and productive capacity at present appropriated for war purposes is essential for civilian consumption if the unhealthy tendencies now manifesting are to be

[Khan Bahadur Mian Ghulam Kadir Muhammad Shahban.]

counteracted. Our land forces are now grown and are sufficiently strong for local defence purposes. An assurance has been given and that at the proper moment too, that in case, the present strength is exceeded, the cost of such excess would not fall on this country. Such an arrangement is only just, because Indian troops would be in that case engaged in warfare not only for India's defence but also in fighting the battles of her Allies. Above all, Sir, it should give us all joy that our Navy has operated in British waters and participated in various operations in the Mediterranean, including the invasion of Sicily. India's coastlines are great and it is to be hoped from the foundations laid in this war, a mighty navy, a navy belonging to this country and manned by her children would be built up. Indian Air Force, we hear would soon be ten squadron strong. As the future, I may mention to the amusement of some of my Honourable friends, is all in the air, I repeat my hope in regard to the development of air force, the same I entertain in regard to the future naval might of the country.

I am sure I have the support of my Honourable friends, Mr. N. M. Joshi and Mr. Jamnadas Mehta, when I congratulate the Government for the liberal provisions they have made and are contemplating to make in regard to dearness allowance and provision of supplies at concessional rates which now amounts in all to Rs. 286 lakhs.

Our industrialists, may be, why, must be sore at having all their excess profits taken away; at any rate for the time being, on account of the new proposals for immobilising all their excess profits. But then, let us look at the other picture. The value of the orders placed by the Supply Department has risen from Rs. 184 crores in 1941-42 to Rs. 256 crores in 1942-43. It must be considerable in 1943-44 also. They may ask, what is the use when the Government have taken all the profits. But then, the Government have not expropriated all the profits. That part, in excess of the Excess Profits Tax would be returned to them after the war. What is more, the Government is keeping it safe for them! Joking apart, in my opinion, the Government have really acted in the interests of the future reconstruction and industrialisation of the country. Immediately, it checks inflation. So far as the future is concerned, the money would be returned to the capitalists when the peace time normal industrialisation would be their paramount consideration instead of the war time projects consequent on the shortage of imports absorbing all their capital.

The economists and Professors of India have in general been true to their calling. In this, they have not, and rightly too, chosen to differ from their contemporaries in the advanced western countries. The remedy advocated by these specialists is taxation, loans and compulsory savings. So far as the tax proposals are concerned, no right thinking economist or public man can object. It cannot be avoided either for meeting the war needs or for combating the inflation which every war in the world brings in some measure or other. That being so, one has to make the best of the bad bargain by adjusting it—I mean the system in such a manner that it is fair and equitable. So far as the equity part is concerned the rich have been rightly and properly tapped. As in all civilised democratic society every one should be made to contribute according to his ability, the indirect taxes such as those envisaged in the proposals on tobacco, tea, coffee, etc., which are luxuries even though they be styled as poor man's luxuries cannot and ought not to be objected to.

Sir, once again, I reiterate that the Finance Member has done the best he can under the circumstances and he deserves well of this country for so very skilfully piloting the finances of India under the present abnormal conditions.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I have no desire to detain the House on the discussion of general finances, as revealed in the budget, as I believe the House and the Honourable Member are aware of the re-action in the country and criticism which has been levelled by the different commercial magnates who were assembled in Delhi a

few days ago in connection with the meeting of Federation of Indian Chambers of Commerce. We know, Sir, now our finances are. I would hardly like to make any comment on the general proposals of taxation but I would much like to refer to the principles involved in the Finances of this country. What we find is that the distinctive features of the Budget remain more or less closed and is without any foresight for the future. The war expenditure is mounting up every year to a huge figure. Last year it was the definite opinion in this country that India could not be saddled with the growing military expenses and it was the opinion even of the Prime Minister of England in 1924 when he said in the House of Commons that India could not bear any taxation in the matter of army as it was more or less in the nature of an army of occupation and His Majesty's Government should bear the burden. That being the position, we were told last year by the Honourable the Finance Member that in the financial settlement the burden to this country was rather small than what it would have been. But looking at the figures and looking at the apportionment of amounts, we find that we cannot be convinced of that position, particularly, when it is not revealed what amounts will fall to our share under lease-lend arrangement. That is not given out to us and it is still under His Majesty's Government's arrangement and it will probably be decided by His Majesty's Government without any reference to this House or to the Government of India. Now, Sir, the broad issues about stability in finances has been very well discussed by my Honourable friend, Dr. Sir Zia-uddin Ahmad, and we feel that no effort has been made to stabilise the rupee currency of this country. Although we know that sterling has deteriorated to some extent, and nobody can forecast as to what would be its position in the world exchange in future, yet we are still linked to it and we are not making any programme of liquidating the sterling securities we held in England and we are just in a position in which nothing can be ascertained and nothing can be said. I do certainly feel that the Honourable the Finance Member has made a very good exposition of the finances as they exist today in India in matters of receipt and expenditure. But he has not made us any the wiser as to what situation we will have with regard to sterling balances. We are told a certain part of it may be utilised for buying certain railways which we have done. Last year, Honourable Members of this House tried to impress on the Government the great necessity to liquidate some part of the sterling balances that we hold there. We find no appreciable improvement in that direction as well. We are not the only country who have been supplying war materials; there are other countries, the colonies and dominions like Canada, South Africa and Australia who have done it, but perhaps none of them accepted that position. Last year the Finance Member said that in some way Canada and Australia offered them better terms; but in the matter of supply and exchange they did not agree to anything but trade on the basis of gold exchange.

The Honourable Sir Jeremy Raisman: Is not the Honourable Member aware that Canada has provided 2,000 million dollars by way of lend-lease, that is, supplies without payment?

Mr. Muhammad Nauman: I am aware of that but that was a different account. So far as sales have been made they have been paid through the dollar gold. The Honourable Member will correct me if I am wrong. But I was all along given to understand that that amount which was contributed by Canada in lend-lease bill was a separate Block account and it was not being paid for with the commodities that were being sent to the United Kingdom or to the Allies through their Supply Department.

The Honourable Sir Jeremy Raisman: That is precisely what it is used for.

Mr. Muhammad Nauman: I did not know that position and it is difficult to understand other countries' financial obligations. However, at least the Finance Member knows that our finances have not been very sound for many years and although the Honourable Member has tried his level best to make both ends meet by saddling the present generation and posterity with taxation and borrowing—probably more on posterity through borrowing, the Honourable

[Mr. Muhammad Nauman.]

Member must appreciate the fact that our taxation has already gone up by about 300 times above what we used to have in normal times. This is in spite of the fact that according to the Honourable Member our burden of army expenses is shared to a very great extent by the Allied nations and the United Kingdom. Novel methods are utilised in the matter of taxation; I refer particularly to the Transport Member having levied a 25 per cent. increase in the fares and thereby tried to get about 35 crores to be contributed to the general exchequer. I do agree that in this particular budget, as the Finance Member has revealed, he has tried to give one relief, namely, by raising the taxable income from Rs. 1,500 to Rs. 2,000; and I must say that it is appreciated all over the country, but this is not all that this country desires. Then again, his proposal of direct taxation does not call for very much criticism; I say, these are not the real questions of importance in the finances of the country. The issue is what would happen and how we will be able to liquidate our huge sterling balances piled up in the United Kingdom and what would be the position of our rupee as linked to sterling at 1/6 if sterling depreciates in value and nobody can foresee the extent of depreciation. That position has not been explained to us. It is not a question only of making the expenses and income of this country balance; it is the duty of the Finance Member at this particular juncture to tell us what prospects are there for maintaining sources of income and what economy can be planned under the heads of expenditure, how they are managing it, and also what is the total wealth of the country and how it is being invested and made use of. At present of course we are in the midst of war, whether we like it or not and whether we sanctioned it or not, we are in it, and one thing must be made clear to us, namely, what will be the position of sterling securities that we hold to which the rupee is linked if sterling depreciates. That has not been made clear and I should like an elaborate statement on that from the Finance Member. With these few remarks, I take my seat.

Sri K. B. Jinaraja Hegde (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, the war has added an enormous burden to India's economy and the Finance Member has been aware, as appears from his budget speech, that he expected a crash at some time or other. One thing that has been worrying us all these years ever since the war started is the question, why India's economy has been so much linked to British economy and why India should be purchasing all sorts of goods required for the war and still not finally settle the accounts with Great Britain. We are reaping the worst of that position. We are purchasing not only British requirements in India but also purchasing requirements of the United Nations, and in return what we got is only a paper credit, and as against that, rupee notes are freely printed and distributed. The effect of that procedure has been very patent in this country. It is really a surprise why the Finance Member did not take a lesson from Britain in the matter of restricting inflation. We find that in spite of the war and the serious part which Britain has been taking in it the living index has not increased by even 25 per cent. in Britain, and in America it has not increased even by 15 per cent.; whereas the figures given by the Finance Member in this Explanatory Memorandum show that the living index has increased in India; in some places by 200 per cent. and in some other places by 300 per cent. If at all if there is any occasion to discuss this matter it is the occasion when the budget is presented to this House and I expected the Finance Member to explain why we find so much of difference in the living index, instead of simply telling us in the Explanatory Memorandum that there is so much difference and so much rise in the living index. To my mind it is due to the most foolish policy that the Finance Member has been following in this country ever since the war started. Sometimes we are comforted by being told that we are building up huge sterling resources in Britain. We have an indication in his speech as to what is going to happen to these sterling securities. Some of the leading industrial magnates of our country have put forward the view that these sterling securities should be utilised for

post-war reconstruction. That suggestion elicits a reply from the Honourable the Finance Member to the effect, that it ought not to be used in that manner, but it must be kept as an asset for the future. I ask him whether in the past we had any such sterling securities and how we had utilised such sterling securities. There is a fear in the country that one day or other immediately after the war these sterling securities which are being built up day by day are going to vanish under some jugglery or other. I want an assurance from the Honourable the Finance Member as to what he is going to do with these sterling securities. There is no use of making huge purchases on behalf of Britain and America in this country and adding in the account books figures showing that we have so much sterling securities. I want an assurance as to how these sterling securities are going to be utilised.

When we come to the defence expenditure, we find that during the course of the war it has increased from 46 crores to 276 crores. About 10 crores have been spent by the railways for extension of railway lines called the strategic lines, and that ought to be added. That comes to 286 crores, plus there are railway concessions shown for the military and their goods. In addition to all this, almost all departments of the Government of India and the Provincial Governments are spending more on account of the war. If a proper account is taken as to the burden of this war, I am certain in my mind that we are spending not less than a crore a day. What is the benefit? We do not know. Our expenditure on this war, our credits given to America and England will be adjusted, but when and how? Nobody knows. We are told that there is a ceiling fixed in the matter of men and material, but we do not know what that ceiling is. At the same time expenditure is incurred without consulting this House, by giving false figures at the time when budget is presented. Already many Honourable Members have made reference to the fact that 50 crores and 100 crores were spent in the past more than what is provided for in the budget. Why has not the Finance Member come forward and called a special Session of this House and asked for more money? Is it fair to this House to come and say at the end of the year, I have spent 50 per cent. more, or 80 per cent. more, and present us these figures? It is absolutely no consolation to this House. In peace time, if anybody had said that India was capable of spending 276 crores on war, nobody would have believed it.

Sir Muhammad Yamin Khan: 300 crores including capital.

Sri K. B. Jinaraja Hegde: Yes, 300 crores. If anybody sees these figures he will simply be flabbergasted to see that a country like India should spend 300 to 350 crores in this war. But, Sir, these figures

The Honourable Sir Jeremy Raisman: I suppose the Honourable Member realises that it has all been received in this country too, not spent outside the country.

Sri K. B. Jinaraja Hegde: That is exactly what I want to explain, I was coming to it. How this is made up we have to understand first. Under income-tax, we find that in 1938-39 the revenue was 15.8 crores. Today the Honourable the Finance Member has been able to collect 158 crores, ten times more. Has the country become so rich all at once in these five years as to increase our income-tax by ten times?

Mr. N. M. Joshi: Paper money.

Sri K. B. Jinaraja Hegde: Exactly. This is due to nothing but paper money. These increases in income-tax do not show that our country has increased in its wealth. It shows how jugglery of figures has been made and how paper money is freely issued. There is another lesson. I want the House to draw from these figures. Under income-tax, excess profits tax and corporation tax, we find Rs. 158 crores were collected, and the Honourable the Finance Member expects 44 crores more this year. I think I am correct. When we know that this increase is simply artificial on account of inflation, we must also realise that this increase is also due to inflation in prices and the excessive profits which the industrialists and businessmen were making all these years. There is absolutely no doubt about it. Now, the Government has started to

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control the prices of industrial goods as well as goods coming out from agriculture. If there is any truth behind this control, if the prices are really going to be controlled and if the profits are really going to be controlled, I wonder how the Honourable the Finance Member is going to get 44 crores more. I believe there is some truth in certain Honourable Members' allegation that prices are not really controlled because Government wants to get more money under income-tax.

The Honourable Sir Jeremy Raisman: Estimates for next year are based on profits which will have accrued during the present year.

Sri K. B. Jinaraja Hegde: Is the Finance Member going to say that from next year onwards income under this head is going to diminish? I am sure in my mind that it is not going to be reduced and the control of prices is not going to affect this revenue. If it is going to affect this, how is he going to balance his budget from next year onwards? If this increase of income-tax is not going to balance his budget this year, how is control of prices of goods in this country and control of profits going to help him in balancing his budget?

Now, we find the budget is being balanced by increased borrowing. He was very critical of the so-called Bombay plan and he began to distinguish between borrowing during peace time and borrowing during war time. In order to combat the inflation, there is the accepted method of increasing production of both agricultural and industrial goods in this country. But we find that his speech and his plan are absolutely barren so far as this important aspect of the problem is concerned. And he says that future plans of post-war reconstruction are in the making. I do not know whether this huge mountain in labour is only going to produce a mouse at the end of a few months. There is an indication of a new tax which is going to be imposed very soon in this country and that is called the death duties. We are told that the income out of this death duty is going to be utilised for the post-war reconstruction. This programme of post-war reconstruction has to be judged from the results

5 P.M. of 'Grow More Food' campaign which has produced more food in this country? There is another bogey that is started—post-war reconstruction. We do not know what you are going to reconstruct. We do not know what are the plans. But still very soon we expect to have a Bill so that we may sanction what is known as death duty. Sir, we want to make it clear at this juncture that we cannot be a party to this sort of Finance Bills and taxation. We are not going to entrust a single pie in the hands of Government either for post-war reconstruction or to balance the budget. If there is really any programme for the post-war reconstruction, and if under that programme our agricultural and industrial products are going to be increased and thereby the problem of inflation is to be fought, then certainly we are going to help; otherwise, we do depend upon this House to throw out these Bills.

Sir, the Finance Member said that he spent about two crores on the campaign of 'Grow More Food'. I happen to be one of the members of my District Food Council and I remember a circular was sent there saying that people should be advised to collect bones and use it as bone-meal, so that more food could be grown. A friend of mine, who is also a member of that District Food Council, funnily remarked; if Government is not going to help in growing more food, it won't be difficult to collect bones very soon. This is very true. We have in his speech that only two crores were spent on this campaign whereas he provided 276 crores for war account. He does not think that providing food in the country is more important or at least as important as providing enough money for war. Sir, we have no details as to how these two crores have been spent or how much he wants to spend in future. It seems to be a huge joke. We do not have figures to show how many new acres of land have been brought under cultivation under this 'Grow More Food' campaign. It is a patent fact that we have something like 94 million acres which can be brought under cultivation, and the land which is under cultivation is only irrigated to the extent of 16 per cent.; 84 per cent. of land still require water, but we find that there is no programme for providing water under this 'Grow More Food'

campaign. We do not know as to whether they are going to erect dams or take advantage of rainwater in order to grow more food. There is no programme to supply the requisite manure. Why? Take the case of Britain. She is fighting this war day and night but at the same time she is encouraging cultivation. She has intensified her agriculture, she has brought new land under cultivation. On the other hand, look at this country, which is mainly agricultural and where, out of every ten persons seven are engaged in agriculture and where the Central Government has got a programme of 'grow more food', and yet we find absolutely no attention is paid to this important aspect of the administration. Sir, it won't be long, if they continued at this rate, before we find another famine, not only in Bengal but in all provinces of this country. I want that the Government must devote some more of their time and money in this important programme.

Sir, the budget, as it stands, imposes new taxes, on areca-nuts, tea and coffee. As my Honourable friend, Mr. Jamnadas Mehta, observed, what is he going to collect from this new taxation? He is going to collect ten crores out of these items. Look at the class of people from whom he is going to collect this tax. He is going to collect this from people in the lowest strata of society. Does he know, Sir, where areca is grown? Areca-nut is taxed to the extent of 50 per cent. by way of custom duty. If I am not wrong, the Central Government even now is collecting custom duty on this import. The Finance Member wants that when it goes to the hands of wholesale dealers it should be charged at two annas per lb. In the year 1938-39 the price of areca was two annas per lb. and today he wants the areca should be taxed at two annas per lb. by way of excise duty.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member's time is up.

Sri K. B. Jinaraja Hegde: Sir, I have finished.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 7th March, 1944.