

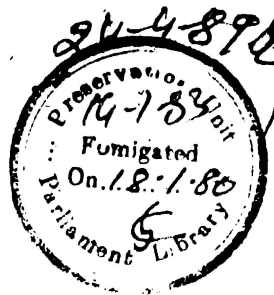
7th March 1944

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

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



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# LEGISLATIVE ASSEMBLY

Tuesday, 7th 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.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### CURTAILMENT OF FUEL RATIONS TO GOVERNMENT STAFF.

321. \*Mr. T. T. Krishnamachari: Will the Honourable the Home Member be pleased to state:

(a) whether it is a fact that fuel rations allowed to gazetted and non-gazetted staff working in New Delhi have been curtailed with effect from the 1st February, 1943;

(b) whether those rations were based on the salary of the person concerned and not on the requirements of his family;

(c) whether the rations fixed for persons getting a monthly salary of anything below Rs. 600 was a maximum of three maunds, in all, of coke and coal;

(d) whether in cases where food articles are rationed, it is computed on the number of persons constituting a family, irrespective of its income; and

(e) if the facts mentioned above are correct, the reasons for adopting different standards in respect of rationing food articles and fuel?

**The Honourable Sir Sultan Ahmed:** (a) No, but maximum limits have been prescribed for that portion of the rations which may be taken in the form of charcoal.

(b) Both the salary of the person concerned and the size of his family are taken into consideration in determining his rations of fuel.

(c) No. As I have stated above, the rations given to a Government servant depend both upon his salary and upon the size of his family.

(d) Not solely; income is also taken into consideration to some extent in rationing food grains and sugar under the Essential Supplies Scheme. Thus inferior Government servants are given larger rations of wheat and rice than those allowed to other Government employees.

(e) The facts mentioned by the Honourable Member are, as I have shown, only partly correct. It is in any case obvious that different principles must be applied in determining rations of food on the one hand and fuel on the other since each individual member of a family consumes an individual share of the food whereas one fire normally cooks a meal for several persons.

**Mr. T. S. Avinashilingam Othttiar:** When an increased ration of food is given, is not an increased ration of fire wood necessary to cook that food?

**The Honourable Sir Sultan Ahmed:** If the increase is given it is given to all.

#### IMPERIAL SECRETARIAT CIVIL GROCERY SHOPS.

322. \*Mr. T. T. Krishnamachari: Will the Honourable the Finance Member be pleased to state:

(a) if complaints have been received about the working of the civil grocery shop which has been opened in the Imperial Secretariat;

(b) the object of opening the said shop;

(c) whether he is aware that most of the articles stocked there are not such as are required for clerks and assistants and others like them;

(d) whether the few articles that are of use to such people are usually sold out in a few days, and the articles mostly in stock are tinned and canned stuff;

(e) whether many of the articles sold in December and January were above the market price;

(f) the nature of the contract under which the shop is run, and whether any Government officer is deputed to see that only useful articles are stocked, and that they are not sold above market prices; and

(g) how long Government propose to run the shop under present conditions, and whether they propose to take the advice of two or three representatives of the Imperial Secretariat Association in running the shop?

**The Honourable Sir Jeremy Raisman:** (a) A few complaints have been received but on the whole the establishment of the Civil Grocery Shops has, it is understood, been appreciated by the general body of Government servants:

(b) The shops have been established with the object of enabling Government servants to obtain their household requirements at reasonable prices.

(c) and (d). The articles stocked in the shop are for the most part those which it has been possible to obtain through the Canteen Stores Directorate. These consist mainly of processed foodstuffs, patent foods, stationery and toilet goods. Supplies of some of the articles are extremely limited but efforts are being made to obtain additional supplies to the extent possible without unreasonably restricting the quantities available for sale to the general public. Efforts are also being made to add new lines which would be of particular use to the lower-grade employees. For instance *gur*, tea and matches are now available in the shops. Proposals are also pending to arrange for the supply of cooking media, washing soap, etc., and to establish additional shops for the sale of cloth, (woollen and cotton) hosiery, and footwear.

(e) No.

(f) Under an agreement with Government the contractor provides the entire capital and sells goods to authorized persons within their monthly quotas at prices fixed by Government. A Special Officer has been appointed to ensure that the scheme is properly worked.

(g) It is proposed to continue the scheme as long as the need for relief to Government servants continues. An Advisory Committee, on which the Imperial Secretariat Association and other sections of the consumers are represented, has already been appointed to advise Government on the working of the scheme.

#### PROPOSED INCREASE IN PENSIONS OF RETIRED INDIAN CIVIL SERVANTS RESIDING IN BRITAIN.

**323. \*Mr. K. S. Gupta:** (a) Will the Honourable the Home Member please state whether there are any proposals sent by the Secretary of State for India to increase pensions of the retired Indian civil servants residing in Britain? If so, is he prepared to lay the relevant papers on the table?

(b) What are the conclusions of the Government of India on this subject?

(c) Are the Government of India aware that essential foodstuffs are far more costly and prohibitive in India than in Great Britain?

**The Honourable Sir Sultan Ahmed:** (a) Government know of no such proposal.

(b) and (c) Do not arise.

#### BYE-ELECTION FOR THE SEAT OF THE LATE MR. SATYAMURTI.

**324. \*Mr. G. Rangiah Naidu:** (a) Will the Honourable the Home Member please state whether the Central Government are aware of the restrictions imposed by the Provincial Government of Madras on the Congress candidate who stood for the Indian Legislative Assembly by-election (Non-Muhammadan Urban) in the City of Madras in the months of May and June, 1943, for the vacancy caused by the death of my late lamented friend Mr. S. Satyamurti? If so, was the Provincial Government justified in allowing election privileges to the opponent (Justice Party) of the Congress candidate and disallowing such privileges to the Congress candidate?

(b) Is it a fact that when the Congress candidate requested the Provincial Government to grant permission to hold election meetings in the city, he was asked to openly declare that he did not belong to the Congress Party? If so, has the Provincial Government acted so under any rules or regulations that authorised it for its action?

(c) Is it also a fact that election propaganda of the Congress candidate was impeded by arresting his workers?

**The Honourable Sir Sultan Ahmed:** (a) The Congress candidate was not permitted to hold election meetings because general orders were in force prohibiting the holding of meetings by members of unlawful associations.

(b) No.

(c) I understand that six persons were arrested in connection with the election for taking out a procession without a licence. They were sentenced to pay fines ranging from Rs. 10 to Rs. 15.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether the Congress is an unlawful association today?

**The Honourable Sir Sultan Ahmed:** On the outbreak of the disturbances in 1942, the Madras Government declared certain bodies to be unlawful associations under the Criminal Procedure Code. Following this declaration, orders were issued by the Commissioner of Police, Madras, under Defence Rule 56 prohibiting the holding of meetings by members of this association. These orders are still in force. Mr. Rangiah Naidu, the Congress candidate, I presume the Honourable Member who put the question to me, for the bye-election referred to by the Honourable Member was proposed by the Vice-President of the Tamil Naidu Congress Committee, one of the bodies declared to be unlawful by the Madras Government.

**Mr. T. S. Avinashilingam Chettiar:** May I tell you that Mr. Naidu does not belong to the Committee.

**The Honourable Sir Sultan Ahmed:** I do not know.

**Mr. T. S. Avinashilingam Chettiar:** May I know who supplied that false information?

**The Honourable Sir Sultan Ahmed:** He is the Vice-President, so far as I can see.

**Mr. T. T. Krishnamachari:** Are the Government aware that such restrictions would militate against the holding of bye-elections?

**The Honourable Sir Sultan Ahmed:** That is a matter of opinion, but I am glad to find that the Congress Member has been returned.

**Mr. T. S. Avinashilingam Chettiar:** It was made clear that the Tamil Naidu Working Committee was the only banned organisation. I also made it clear that members of the Congress who are not members of the banned organisation could conduct meetings for the bye-election.

**The Honourable Sir Sultan Ahmed:** My Honourable friend is giving information to me.

**Mr. T. S. Avinashilingam Chettiar:** Was it made clear that members of the Congress, who are not members of the banned organisation that he has mentioned, i.e., the ordinary four anna members, could conduct election meetings?

**The Honourable Sir Sultan Ahmed:** I do not know.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether the Government will impress on the Government of Madras to make the position clear and to tell them that what they have done in the past is wrong?

**The Honourable Sir Sultan Ahmed:** I am sure the Madras Government recognises its responsibility.

**Mr. T. S. Avinashilingam Chettiar:** May I know from where they got the information that he was a member of the Tamil Naidu Congress Committee?

**The Honourable Sir Sultan Ahmed:** Nobody said it. I said he was proposed by the Vice-President of that body.

**Mr. T. S. Avinashilingam Chettiar:** Proposed in the nomination paper?

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

(At this stage, Mr. G. Rangiah Naidu rose in his seat and was addressing the Chair.)

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

## DEARNESS ALLOWANCE FOR LOW-PAID PENSIONERS.

**325. \*Mr. G. Rangiah Naidu:** (a) Will the Honourable the Finance Member be pleased to state whether Government pensioners, Central and Provincial, and also those of local bodies in the country, who are drawing poor pensions, are being given war (dearness) allowance? If so, at what rate? If not, why not?

(b) Was the question of paying dearness allowance to pensioners ever contemplated by Government?

**The Honourable Sir Jeremy Raisman:** (a) and (b). The Government of India have sanctioned for service pensioners paid from civil estimates temporary increases of Rs. 3 in pensions upto Rs. 20 per mensem, and of Rs. 4 in pensions above Rs. 20 but not exceeding Rs. 40 per mensem with marginal relief to pensioners drawing Rs. 41 to Rs. 43 inclusive. The Governments of Bengal, Madras and the United Provinces have also sanctioned similar increases for their pensioners. The Government of India are not aware if such increases have been sanctioned by the remaining Provincial Governments and the local bodies in the country.

## INDIAN INSTITUTE OF INTERNATIONAL AFFAIRS.

**326. \*Mr. K. S. Gupta:** (a) Will the Honourable Member for Information and Broadcasting please state if there is an Association called 'Indian Institute of International Affairs' in existence? If so, when was it started and under whose auspices?

(b) Is the Honourable Member the Chairman of that Association by virtue of his official position?

(c) Are payments made out to this Institute from public revenues? If so, to what extent?

(d) Does the Honourable Member propose to lay on the table of the House papers relating to the organisation and record of the said institute?

**The Honourable Sir Sultan Ahmed:** (a) The Institute of International Affairs was inaugurated on 3rd March, 1936, at a meeting held at the Viceroy's House, New Delhi, under the presidency of the Marquess of Willingdon, shortly before the expiry of his term of office as Viceroy of India. At the inaugural meeting of the Institute, Commander Stephen King-Hall, R. N. represented the Council of the Royal Institute, England.

(b) No.

(c) The Institute has recently received a grant-in-aid for two years of Rs. 83,000 for the 1st year and Rs. 78,000 for the following year.

(d) No. The Institute is an un-official organisation but I am sure the Secretary will be very glad to reply to any requests for information.

## COMMUNAL COMPOSITION OF W.A.C. (I.).

**327. \*Mr. Govind V. Deshmukh:** Will the War Secretary please state:

(a) the number of the W.A.C. (I.);

(b) how many of the corps are (i) Hindus, (ii) Muslims, (iii) Indian Christians; and (iv) Parsis; and

(c) if Begum Shah Naważ, who was making contacts and speeches in several provinces of India during the last year suggested any steps to stimulate the recruitment of the W.A.C. (I.)?

**Mr. C. M. Trivedi:** (a) 7,703.

(b) (i) Hindus 359, (ii) Muslims 74, (iii) Indian Christians 1,209 and (iv) Parsis 254.

(c) No, Sir.

**Mr. Lalchand Navalrai:** May I know why the Indian Christians are so many and not the other communities?

**Mr. C. M. Trivedi:** The Indian Christians have offered themselves for recruitment in large numbers, while other communities have not.

## UNIFORMS OF W. A. C. (I.).

**328. \*Mr. Govind V. Deshmukh:** (a) Will the War Secretary please state if it can be made optional for the Hindu, Muslim, Indian Christian and Parsi women

of the W.A.C. (I.) to wear shirt blouses with sarees in lieu of bush shirts with sarees?

(b) Are there any officers of the abovementioned communities in the W.A.C. (I.)? If so, how many, and what are their ranks?

(c) Were these lady officers consulted when the uniform was fixed for them, i.e., W.A.C. (I.)?

(d) Is he aware that colour and smartness of the uniform are one of the great factors in stimulating recruitment of women to the W.A.C. (I.)? Is he aware that in America and Great Britain it is so considered and acted upon?

**Mr. C. M. Trivedi:** (a) Indian members of the Corps have the option of wearing the bush shirt cut short at the waist and tucked into the *saree*, but I will have the matter examined further in the light of the Honourable Member's question.

(b) The answer to the first part is in the affirmative. As regards the latter part, a statement has been laid on the table.

(c) No, Sir; the uniform was decided upon before those ladies joined the Corps.

(d) Yes, Sir.

Statement

Communities.	Senior Comdr.	Junior Comdr.	Subaltern.	2nd Subaltern.	Total.
Indian Christian	...	13	1	1	15
Parsi	1	6	...	6	13
Hindu	...	4	2	3	9
Muslim	...	...	..	2	2
Total	1	23	3	12	39

**Mr. Govind V. Deshmukh:** In view of the fact that this uniform was decided upon before ladies joined, will that uniform be revised after taking the opinion of the proper authorities who are concerned with getting more recruits?

**Mr. C. M. Trivedi:** The opinion of the ladies in the Corps was taken some time ago and the general consensus of opinion was that there was nothing seriously wrong with the uniform. But, as I have said, I will have the matter further examined in the light of the Honourable Member's suggestion.

**Mr. Govind V. Deshmukh:** I do not know what is the answer to part (d).

**Mr. C. M. Trivedi:** I said, yes. I am aware of that.

**Mr. Lalchand Navalrai:** May I know if there are different uniforms and there is difference in colour? Is it because that they belong to different classes or they work differently?

**Mr. C. M. Trivedi:** The uniform of W. A. C. (I.) Corps is of the same colour. My Honourable friend is probably thinking of some other uniforms.

**Mr. Govind V. Deshmukh:** Is it not a fact that this Corps has recently been divided into three parts, the navy, the air force and the land force? These wear different colours for their uniforms. Has that fact been brought to the notice of the Honourable Member?

**Mr. C. M. Trivedi:** A naval wing of W. A. C. (I.) has been formed recently. The uniform of this wing is of a different colour.

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

ARREST OF SARDAR RAGHBIR SINGH PANJ HAZARI.

**329. \*Sardar Mangal Singh:** Will the Honourable the Home Member please state:

(a) when and, under what rule, Sardar Raghbir Singh Panj Hazari was arrested by the Delhi Police;

- (b) whether he is being kept in police lock-up since his arrest;
- (c) whether it is a fact that he is being kept in his cell all the twenty-four hours and is not allowed to come out even for a short time for bath, walk or answering the call of nature;
- (d) whether there are any rules for treatment of prisoners confined in police lock-up;
- (e) whether he will be tried or detained after some time; and
- (f) why he is being kept in police lock-up for so long a time?

**The Honourable Sir Sultan Ahmed:** (a) He was arrested on 25th January, 1944, under Defence Rule 129.

(b) No. He was kept in police custody from the time of his arrest till the 26th February, 1944, when he was transferred to the Delhi District Jail.

(c) No.

(d) Yes.

(e) No answer can be given at this stage.

(f) He was detained for the purpose of interrogation.

#### FAMILY ALLOWANCE FOR MR. YUDHVIR SINGH, A DETENU.

**330. \*Sardar Mangal Singh:** Will the Honourable the Home Member please state:

(a) whether it is a fact that in reply to the representation for family allowance submitted by the wife of Mr. Yudhvir Singh, a congress detenu of Delhi, Government have sanctioned only Rs. 50 per mensem;

(b) whether Government are aware that his family consists of five grown-up children who are either in college or school and his wife; and

(c) whether Government propose to reconsider this case, and, in view of high prices, increase the amount of allowance to Rs. 300 at least?

**The Honourable Sir Sultan Ahmed:** (a) and (b). Yes.

(c) No.

**Mr. T. T. Krishnamachari:** Why no?

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

#### DELHI DETENUS DETAINED IN PUNJAB JAILS.

**331. \*Sardar Mangal Singh:** Will the Honourable the Home Member please state:

(a) the total number of detenus from Delhi who are now being detained in the Punjab jails; and

(b) whether Government are prepared to confine them in the District Jail, Delhi, so that their relations may not be put to expense and trouble when they go to interview the detenus?

**The Honourable Sir Sultan Ahmed:** (a) Forty.

(b) No. The Delhi District Jail is not a suitable place in which to keep security prisoners.

**Sardar Mangal Singh:** Do the Government realise that the relations of detenus have to go a long way and incur expenses? Now that the number is so small, could they not bring them to Delhi?

**The Honourable Sir Sultan Ahmed:** I will get this considered.

**Sardar Mangal Singh:** This will also help my Honourable friend, Sir Edward Benthall, in decreasing travel.

#### DESIRABILITY OF RELEASE OF MR. GANDHI AND OTHER CONGRESS LEADERS.

**332. \*Mr. K. S. Gupta:** (a) Will the Honourable the Home Member please state whether the attention of Government has been drawn to the election address of Mr. Hugh Lawson at Skipton (Yorkshire) wherein he said "we fight for democracy and freedom; we should give that for which we are fighting to the Indians. Only when we have removed from power men who have opposed even the modest demand of the Indian people will it be possible for Indians to believe in our good faith. The social and economic problem of India can never be solved by a Government which is not Indian"?

(b) Is the Government of India aware of the statement by Sir Richard Acland, Leader of the Commonwealth party, who said "I want Mr. Gandhi

and other Congress Leaders to be released and the establishment of National Government having the confidence of the Indian people. The Skipton people have given a clear verdict on the Indian issue"? If so, are Government prepared to release Gandhiji and other leaders of the Congress on this issue?

**The Honourable Sir Sultan Ahmed:** (a) and (b). No.

**EMPLOYMENT OF SCHEDULED CASTES IN ALL-INDIA RADIO.**

**333. \*Mr. Piare Lal Kureel:** With reference to his answer to question No. 166, dated the 23rd February, 1944, will the Honourable Member for Information and Broadcasting be pleased to state whether the exemption he has granted to the Muslims does or does not apply to the scheduled castes? If not, why not?

**The Honourable Sir Sultan Ahmed:** The Honourable Member is presumably referring to the reply given by me to the supplementary asked by Rao Bahadur N. Siva Raj in connection with question No. 167 on 23rd February, 1944. If so, the reply is in the affirmative. The latter part of the question does not arise.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member what is the exemption that is being claimed by these favoured Scheduled Classes, that the Honourable Member is referring to?

**The Honourable Sir Sultan Ahmed:** I will refer the Honourable Member to the supplementary question asked by Rao Bahadur N. Siva Raj on question No. 167 on the 23rd February, 1944.

**Mr. Lalchand Navalrai:** In what respect?

**The Honourable Sir Sultan Ahmed:** I have not got it.

**POST OF ASSISTANT SUPERINTENDENT, DEPUTY COMMISSIONERS' OFFICE, DELHI.**

**334. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Home Member please state:

(a) if it is a fact that the post of the Superintendent, Deputy Commissioner's office, Delhi, is held substantively permanent by Anglo-Indians since its creation;

(b) if it is a fact that in 1943 a new post of Assistant Superintendent in the said office was created;

(c) if the reply to (b) be in the affirmative, (i) the reasons therefor; (ii) the date of its creation; (iii) the scale of pay sanctioned for it; (iv) the method of recruitment laid down for it; (v) the newspapers or other publications in which the said post was advertised, and whether applications were invited; (vi) how many applications were received from each community, and what the minimum and maximum qualifications of those applicants were; (vii) whether the said post was filled up by promotion from the ranks; if so, who the eligible persons were; what their qualifications, community and pay in the scales were; (viii) the particulars of the applicant or candidate selected and appointed, *i.e.*, qualifications, pay, community, previous services, etc., and (ix) constitution of the Selection Committee or Board; and

(d) the policy laid down for the said office for promotions and appointments of the ranks and file and their reservation for different communities?

**The Honourable Sir Sultan Ahmed:** (a) The present incumbent of the post is an Anglo-Indian and, so far as I am aware, is the first of his community to be permanently appointed to this post.

(b) Yes.

(c) (i). Owing to considerable increase in the staff of the Deputy Commissioner's office and the volume of work devolving on that office due to the war, it became impossible for a single Office Superintendent adequately to perform his duties of supervision, etc. A post of Assistant Superintendent was, therefore, created to give him relief.

(ii) July 1943.

(iii) Rs. 190—7—225.

(iv) The post is filled by selection from among the clerical staff of the Provincial Administration who are all eligible for appointment thereto.



(v) The post was not advertised nor were applications invited.

(vi) Some applications were received but the detailed information required by the Honourable Member is not readily available and it would take time to collect it.

(vii) The reply to the first part is in the affirmative. As I have stated above, all members of the clerical staff are eligible for appointment to this post.

(viii) Mr. M. B. Gomes, B.Sc., formerly Confidential Clerk in the Criminal Investigation Department, was appointed to this post. Prior to that he was employed in the office of the Deputy Accountant General Posts and Telegraphs and since 1942 he has been working under the Delhi Administration. He is an Anglo-Indian and his present pay is Rs. 197 in the time scale of Rs. 190—7—225.

(ix) The appointment is made by the Deputy Commissioner.

(d) It has not so far been found necessary or desirable to reserve posts for any communities in the office of the Deputy Commissioner. As regards promotions, they are made on the basis of merit.

**Maulvi Muhammad Abdul Ghani:** May I know what is the academic qualification of this Assistant Superintendent?

**The Honourable Sir Sultan Ahmed:** I thought I said that he was B.Sc.

**Pandit Lakshmi Kanta Maitra:** Why were not any applications invited for the post?

**The Honourable Sir Sultan Ahmed:** Because it was by promotion. Appointments were made from people in the Department itself.

**Pandit Lakshmi Kanta Maitra:** Was it not the creation of a new post, not a case of promotion?

**The Honourable Sir Sultan Ahmed:** I answered the question under (c) (iv)—“The post is filled by selection from among the clerical staff of the Provincial Administration who are all eligible for appointment thereto”.

#### COLLECTION OF TOLL BY DELHI POLICE FROM TONGA DRIVERS.

**†335. \*Mr. Hari Sharan Prasad Srivastava:** Will the Honourable the Home Member please state:

(a) if it is a fact that constables of the Delhi Police Force or Civic Guards on traffic duty at tonga stands of Delhi collect a toll from tonga drivers at the rate of annas two per tonga per trip on ordinary days and annas four on mela or other heavy traffic days;

(b) if it is a fact that the said toll is collected for the Viceroy's War Purposes Fund; if so, what amount has so far been collected; and

(c) if the reply to (a) be in the negative, whether he proposes to find out the facts at tonga stands at Hauz Qazi, Railway Stations, Shahdara, etc.; if not, why not?

**The Honourable Sir Sultan Ahmed:** (a) No.

(b) Does not arise.

(c) The Honourable Member is presumably referring to the Collection of money by the Tonga Drivers Union to defray union expenses.

#### JAPAN'S PSYCHOLOGICAL WARFARE.

**336. \*Mr. K. S. Gupta:** (a) Will the Honourable Member for Information and Broadcasting please state whether the Government of India have taken note of the following:

“Lord Wavell knows what we shall be up against in the reconquest of occupied Asia unless we can offer the people a programme more attractive than that of the Japanese. He knows how much depends on the invading armies receiving the active co-operation of the inhabitants. He has warned that the natives of South-East Asia will oppose a return to the old colonial system”—written by H. G. Quaritch Wales in *The Nation* of New York?

(b) Is it a fact that the same writer has said “we bemoan the supposed inability of India to unite. Why continue to divide those who wish to come together”?

† Answer to this question laid on the table, the questioner being absent.

(c) Are the Government of India aware of Japan's offering independence to each one of her conquered territories, Burma and the Philippines and *The Times* has recognised that it met with a considerable success and it has to be combated?

(d) Are there any measures in contemplation to combat the success of Japan's psychological warfare?

**The Honourable Sir Sultan Ahmed:** (a) and (b). Government have seen the quotations in an article in the Press.

(c) Yes. The so-called offer of independence by Japan to certain territories she has occupied is a mere facade. The inhabitants of those territories are governed by Japanese military rule and their condition is such that the Government of India do not attach much importance to this piece of Japanese propaganda.

(d) There are no grounds for assuming that Japan's psychological warfare—meaning presumably Japanese propaganda to India—is particularly successful. But concrete measures have been taken to meet such propaganda, the most important being to inform the public exactly what sort of people the Japanese militarists are. The release of the documented evidence regarding Japanese treatment of civilians of all races in occupied countries and in particular the treatment of Indian and Allied prisoners of war, has contributed to the ordinary man's better understanding of the enemy. Government are satisfied that the policy of spreading the truth about the Japanese and their methods of war is sufficient to off-set the propaganda spread by the Japanese.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### COMMUNAL PROPORTION FOR RECRUITMENT OF CLERICAL AND MENIAL STAFF IN MILITARY ACCOUNTS DEPARTMENT.

**98. Mr. Ananga Mohan Dam:** (a) Will the Honourable the Finance Member please furnish information on the following points:

(i) what communal proportions have been laid down for recruitment of clerical and menial services in the Military Accounts Department;

(ii) the number (community-wise) of Accountants, Assistant Accountants and Permanent Clerks from Lahore transferred to other Accounts Offices in India during the period from 1st April, 1942 to the 31st January, 1944;

(iii) the number (community-wise) of temporary clerks and temporary routine grade clerks transferred under the F.C.M.A., Poona, during the period from 1st April, 1942, to the 31st January, 1944;

(iv) the number (community-wise) of temporary clerks and temporary routine grade clerks transferred from 1st April, 1942, to the 31st January, 1944 to (a) Baluchistan Area, (b) Sind Area, (c) Lahore Area, and (d) Delhi Area; and

(v) the number (community-wise) of temporary clerks, temporary routine grade clerks, record clerks, dufftries, peons, farashes and chowkidars employed in the main office of the C.M.A. and P., Lahore Cantonment?

(b) If the figures in (v) above indicate preponderance of one community over the other, why has the representation of the majority community in the main office been reduced to such a low level?

**The Honourable Sir Jeremy Raisman:** (a) I lay a statement on the table.

(b) Does not arise.

#### Statement

(i) The communal proportions for clerks are the same as those generally observed in the case of other Services of the Central Government, namely—

Muslims . . . . .	25 per cent, of vacancies.
Other minority communities . . . . .	8 1/3 per cent.
Scheduled Castes . . . . .	8 1/3 per cent.

The remaining vacancies are open to all communities. There are no communal proportions for recruitment of menials.

	Hindus	Muslims	Others
(ii) Accountants . . . . .	14	1	1
Assistant Accountants . . . . .	1	..	..
Permanent Clerks . . . . .	72	16	9
(iii) Temporary Clerks . . . . .	47	71	9
Temporary Routine Grade Clerks . . . . .	94	92	16
(iv) (a) Baluchistan . . . . .	21	15	2
(b) Sind Area . . . . .	34	13	2
(c) Lahore Area . . . . .	161	104	17
(d) Delhi Area . . . . .	6	16	1
(v) Temporary Clerks . . . . .	203	238	22
Temporary Routine Grade Clerks . . . . .	166	105	25
Record Clerks . . . . .	8	10	5
Duftries . . . . .	8	14	..
Peons . . . . .	45	28	3
Farashes . . . . .	7	8	1
Chowkidars . . . . .	13	1	..

COMMUNAL COMPOSITION OF TEMPORARY CLERKS, ETC., RECRUITED BY C. M. A. AND P., LAHORE CANTONMENT.

99. **Mr. Ananga Mohan Dam:** Will the Honourable the Finance Member please state:

(a) the number (community-wise) of temporary clerks and temporary routine grade clerks recruited by the C.M.A. and P., Lahore Cantonment, during the period from 1st April 1942 to the 31st January, 1944;

(b) the number (community-wise) of Officers, Accountants, Assistant Accountants, permanent clerks and permanent routine grade clerks, from Lahore detailed for field service during the period from 1st April, 1942 to the 31st January, 1944;

(c) whether the J.C.M.A. and P. who is in direct charge of administration and four Superintendents who deal with recruitment, postings, transfers and promotions are all Muslims; if so, why the majority community has not been fully represented in selecting men for these duties; and

(d) the number of Muslim temporary clerks and temporary routine grade clerks, employed in the various offices of the Sialkot Cantonment, under the C.M.A. and P., and whether they all belong to Sialkot and Gujranwala Districts; if so, why they have been posted to their home district in preference to others?

**The Honourable Sir Jeremy Raisman:** (a), (b) and (d). I lay a statement on the table.

(c) No, there is one Non-Muslim.

It is not possible to apply communal proportions to individual sections of offices.

		<i>Statement</i>		
		Hindus	Muslims	Others
(a)	Temporary Clerks . . . . .	226	393	34
	Temporary Routine Grade Clerks . . . . .	368	286	68
(b)	Officers . . . . .	2	1	..
	Accountants . . . . .	3	..	1
	Assistant Accountants . . . . .	2	..	1
	Permanent Clerks . . . . .	11	5	5
	Permanent Routine Grade Clerks . . . . .	3	1	1
(d)		Hindus	Muslims	
		16	26	
		(8 belong to Sialkot District).	(9 belong to Sialkot District and 3 to Gujranwala District).	

**JUMA PRAYERS IN OFFICE COMPOUND OF J. C. M. A. AND P., LAHORE.**

**100. Mr. Ananga Mohan Dam:** (a) Will the Honourable the Finance Member please state if it is a fact that a big plot of land in the office compound of the J.C.M.A. and P., Lahore, has been covered and used as a mosque? If so, was the necessary sanction of higher authorities obtained? Are Government prepared to extend similar concessions to office members of other communities?

(b) Are Government aware that on Fridays the Muslim members of the establishment, the J.C.M.A. and P. and other Muslim officers stay in that mosque for unlimited period for their Juma prayers, and lecturers, preachers and *Mullas* are brought in to deliver speeches, who create communal hatred?

(c) Is it a fact that the J.C.M.A. and P., Lahore, invites Muslim members of the office establishment at his bungalow and encourages them to make false complaints against Non-Muslim officers and Superintendents?

**The Honourable Sir Jeremy Raisman:** (a) No. A simple platform was erected in the office compound some years ago, under sanction of the Controller for the use of Muslims, for purpose of *Juma* prayers. There is no objection to the use of the office compound by other communities if it is required by them during the office hours.

(b) No.

(c) No.

**NON-MUSLIM SUPERINTENDENTS PUNISHED BY J. C. M. A. AND P., LAHORE.**

**101. Mr. Ananga Mohan Dam:** (a) Will the Honourable the Finance Member please state if it is a fact that the J.C.M.A. and P., Lahore, gave severe punishment to Non-Muslim Superintendents who made true reports against Muslims in the interest of office work?

(b) Is it a fact that on the occasion of last *Id* the J.C.M.A. and P., Lahore, held an open meeting of the Muslim members in office rooms?

**The Honourable Sir Jeremy Raisman:** (a) No.

(b) No.

**PROMOTIONS FROM ROUTINE TO CLERICAL GRADE IN THE OFFICE OF J. C. M. A. AND P., LAHORE.**

**102. Mr. Ananga Mohan Dam:** (a) Will the Honourable the Finance Member please state whether any communal proportions have been laid down for promotions from grade to grade? If not, is it a fact that in making promotions from routine grade to clerical grade the J.C.M.A. and P., Lahore, has given undue preference to the members of his own community who were not recommended by their officers?

(b) Is it a fact that the absence of Muslims from office is not recorded and all reports made are destroyed by Muslim Superintendents in the General Section?

(c) Is it a fact that the present J.C.M.A. and P., Lahore, is a resident of the Bijnor District (United Provinces)? If so, what is the number of Muslims of that district recruited by him during the period from 1st April, 1942 to the 31st January, 1944, as temporary clerks, temporary routine grade clerks, record clerks, duffries, peons, farashes and chowkidars?

**The Honourable Sir Jeremy Raisman:** (a) Such proportions have been laid down and no undue preference is given to members of any community in making promotions.

(b) No.

(c) Yes. The number recruited is as under:-

Temporary clerks	2	Peons	7
Temporary routine grade clerks	15	Farashes	Nil.
Record clerks	4	Chowkidars	Nil.
Duffries	2		

**SCHEDULED CASTES REGIMENTS RAISED IN BRITISH INDIA.**

**103. Mr. Piare Lal Kureel:** (a) Will the War Secretary be pleased to state the total number of scheduled caste regiments raised in British India, together with their names and places where they are stationed?

(b) Is it a fact that caste Hindu and Muhammadan officers are also appointed in these regiments?

(c) If the answer to (b) above be in the affirmative, what is the present communal proportion of these officers in these regiments?

(d) Do Government propose to appoint only scheduled caste officers in these regiments? If not, why not?

**Mr. C. M. Trivedi:** (a) There are five regiments which consist entirely of scheduled castes or in which members of the scheduled castes are taken. In the interests of security the location of battalions cannot be revealed, but Regimental Centres or Training Battalions of these Regiments are located as follows:

- (1) Training Bn., The Mahar Regiment—Kamptee.
  - (2) Training Coy., The Chamar Regiment—Meerut.
  - (3) Regimental Centre, The 17th Dogra Regiment—Jullundur.
  - (4) Regimental Centre, The 3rd Madras Regiment—Madukarai.
  - (5) Training Bn., The Bihar Regiment—Agra.
- (b) Yes, Sir.

(c)	Regiment.	Hindus to Mohammadans.
(1)	Mehar . . . . .	18 1
(2)	Chamar . . . . .	2.5 1
(3)	17th Dogra . . . . .	3 0
(4)	3rd Madras . . . . .	9.6 1
(5)	Bihar . . . . .	1.4 1

(d) No, Sir. It is not the policy to make any distinction between various castes and creeds in the appointment and posting of officers.

#### SCHEDULED CASTES COMMISSIONED OFFICERS IN INDIAN LAND FORCES, ETC.

**104. Mr. Piare Lall Kureel:** (a) Will the War Secretary be pleased to state the total number of scheduled caste Commissioned Officers (all ranks) in the Indian Land Forces, the Royal Indian Navy and the Royal Air Force?

(b) How many of these Commissioned Officers (all ranks) were recruited before and after the present war?

(c) Are Government satisfied with the present representation of scheduled castes in the Indian Land Forces, the Royal Indian Navy and the Royal Air Force? If not, what steps do they propose to secure their due representation in these Forces?

**Mr. C. M. Trivedi:** (a), (b) and (c). It is not the policy to make any distinction between various castes and creeds in the recruitment of commissioned officers. It is, however, possible that some officers belong to scheduled castes, but no records are kept and their collection would involve an amount of time and labour not justifiable in war-time.

#### STEPS FOR APPOINTMENT OF SCHEDULED CASTES RECRUITING OFFICERS.

**105. Mr. Piare Lall Kureel:** (a) With reference to his reply to my Resolution moved on the 19th November, 1943, in this House, will the War Secretary be pleased to state whether Government have taken any steps to appoint Scheduled Caste Recruiting Officers? If not, why not?

(b) Do Government propose to take immediate practical steps to appoint Scheduled Caste Recruiting Officers now?

**Mr. C. M. Trivedi:** (a) The answer to the first part is in the affirmative. The second part does not arise.

(b) I understand that Scheduled Caste recruiting staff is employed in areas where there is heavy recruitment for a particular community, e.g., in Bihar and the U. P. there are several Honorary Assistant Recruiting Officers belonging to the Scheduled Castes. The Adjutant General in India has been asked to examine the feasibility of appointing more recruiting officers of the Scheduled Castes in the light of the local circumstances in different recruiting areas.

#### DIFFERENTIATION IN TREATMENT OF ACCREDITED CORRESPONDENTS.

**106. Mr. Kailash Bihari Lal:** (a) Will the Honourable Member for Information and Broadcasting please state if his attention has been drawn to a letter

published in columns 1 and 2 of page 5 of the *Hindu Outlook*, dated the 8th February, 1944, under the caption "A. B. and C."?

(b) Is there any proposal of the nature referred to in the said letter before Government?

(c) Are Government contemplating to differentiate in treatment amongst the Accredited Correspondents? If so, what is that difference, and on what principles?

**The Honourable Sir Sultan Ahmed:** (a) and (b). Yes.

(c) Yes. With a view to place representation of Indian newspapers at Headquarters on a more satisfactory basis and to enable correspondents to provide a more effective news service it has been decided to place the accredited correspondents in two classes. Correspondents in Class I will be entitled to all facilities which have been allowed in the past to accredited press correspondents. Correspondents in Class II will be entitled only to receive the Bureau's material, to the use of the Government of India Press Room and Library and to elicit information from the Bureau of Public Information.

A correspondent will be placed in Class I or II according to:

(i) his standing in the profession as determined by the time he has spent in the profession and the status he has attained; and

(ii) the standing of the newspaper or news agency he represents.

#### ADMISSIBILITY OF CONSOLIDATED OR PERMANENT ALLOWANCE WHILE ON LEAVE.

**107. Mr. Kailash Bihari Lal:** Will the Honourable the Finance Member please state if it is a fact that a Consolidated or Permanent Allowance is paid to an employee holding the post to which it is attached throughout the year including the period on leave on average pay; if not, the reasons therefor, and the rule restricting its payment while on leave on average pay.

**The Honourable Sir Jeremy Raisman:** I presume the Honourable Member is referring to compensatory allowances. If so, he will find the conditions regulating the drawing of such allowances, other than travelling allowance, during leave in Division IV of Part II of the Supplementary Rules. As regards permanent travelling allowance, his attention is invited to rules 22 and 23 in Division VI of those rules.

#### SHORT NOTICE QUESTION AND ANSWER.

##### SCHEDULED CASTES SUBJECTED TO FORCED LABOUR AND *Begar*.

**Rao Bahadur N. Siva Raj:** Will the Honourable the Labour Member please state:

(a) whether protection and welfare of agricultural labour is the function of the Labour Department of the Government of India;

(b) whether he is aware of the resolution passed at the Annual Session of the All-India Scheduled Castes Federation held at Cawnpore on the 29th and 30th January, 1944, condemning the system of *begar* forced labour prevalent all over India and of which the Scheduled Castes are the only victims;

(c) what action Government propose to take to stop the system of *begar*; and

(d) whether the Government of India propose to appoint a Committee to investigate into the system, with a view to abolishing the same by law?

**The Honourable Dr. B. R. Ambedkar:** (a) The subject falls under the Labour Department, among Departments of the Government of India; the general subject is one included in the list of concurrent subjects in part II of list III of the Seventh Schedule to the Government of India Act, 1935.

(b) No formal communication has been received from the All-India Scheduled Castes Federation.

(c) Government of India has not considered the question so far.

(d) The suggestion will be considered in due course.

**Mr. Govind V. Deshmukh:** Is the Honourable Member aware that in the Central Provinces and Berar this *begar* has been abolished?

**The Honourable Dr. B. R. Ambedkar:** I have no information on the point.

**Mr. K. C. Neogy:** May I know if it is not a fact that His Excellency the Crown Representative and his agents have been impressing upon the State administrations that this sort of forced labour should be discontinued, and that this has led to very beneficial results in certain parts of the country?

**The Honourable Dr. B. R. Ambedkar:** I am glad to have the information.

**Dr. Sir Zia Uddin Ahmad:** May I know whether the Honourable Member is aware of the fact that in the United Provinces, out of what they call the cultivators, 35 per cent. are village labourers and they do not get any benefit on account of high prices. The cultivators do not get them in kind. They are paid in money and they find it exceedingly difficult . . . . .

**The Honourable Dr. B. R. Ambedkar:** What is the question?

**Dr. Sir Zia Uddin Ahmad:** The question is whether the Honourable Member is aware of this fact that the cultivators . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has made a long speech.

**Dr. Sir Zia Uddin Ahmad:** I want to know whether the Honourable Member is aware of it and what action do the Government propose to take. That is the question.

(No answer.)

#### MOTION FOR ADJOURNMENT.

##### INCLUSION OF GRANT TO THE INDIAN INSTITUTE OF INTERNATIONAL AFFAIRS, UNDER EXTERNAL AFFAIRS DEPARTMENT EXPENDITURE.

**Mr. President** (The Honourable Sir Abdur Rahim): I have received notice of an adjournment motion from Mr. T. S. Avinashilingam Chettiar. He wishes to discuss a definite matter of urgent public importance, namely, the device practised by the Government on the Legislature by putting the grant of Rs. 73,000, given to the Indian Institute of International Affairs for a library in India in the External Affairs Department—a matter which should have come in the Department of Education, Health and Lands, thus depriving the Legislature of its right to vote on the matter.

I should like to know what the facts are.

**The Honourable Sir Jeremy Raisman** (Finance Member): So far as I am aware, this amount has not been given for a library and the question of its being shown in the Demand for Education, Health and Lands Department hardly seems to arise. The grant has been given to this Institute. As explained by the Honourable the Leader of the House this morning, it is an Institute for the study of International affairs and there is no device in including it under External Affairs. It is the natural heading under which an item of expenditure of that kind would fall. Even if any question should arise as to what would be the proper classification of that expenditure, it has been held on a previous occasion when a similar point arose—and I am referring to Ruling No. 211 of the Rulings from the Chair, page 171—that if any doubt should arise, the matter would be one for the decision of the Governor General under the Ninth Schedule to the Government of India Act. At any rate it was then held that such a point was not a point of order for the Chair since the Governor General's decision would be final.

**Mr. President** (The Honourable Sir Abdur Rahim): Is it the suggestion that the matter was before the Governor General for decision?

**The Honourable Sir Jeremy Raisman:** No, Sir. The matter is in the first instance one for the Governor General in Council and the classification was decided in consultation with the Auditor General. My point is that there is no question of any device. This was the natural classification for expenditure of this character. There is no question of a library.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): It is a question of a library. This grant is for a library to be established in New Delhi.

**The Honourable Sir Jeremy Raisman:** Not for library. That is not the purpose.

**Mr. T. S. Avinashilingam Chettiar:** As was pointed out by Mr. T. T. Krishnamachari, this grant is for a library in New Delhi. May I point out that the Indian Institute of International Affairs is not an international concern?

**Mr. President** (The Honourable Sir Abdur Rahim): It may be the Honourable Member's view . . . . .

(Mr. Chettiar rose in his seat.)

I am not bound to hear the Honourable Member unless it be a point of order . . . . .

**Mr. T. S. Avinashilingam Chettiar:** I want you to hear on the point of order itself. I submit that before you pass an order, you are bound to hear me. May I read out a few sentences: It is said here that the Chairman announced that he had accepted a grant of Rs. 73,000 from the Government of India for two years and a non-recurring grant for the establishment of a library. May I point out to you that under the Legislative Assembly Circular which was issued to us, libraries are the concern of the Department of Education, Health and Lands.

**Mr. President** (The Honourable Sir Abdur Rahim): The grant for the library is only Rs. 10,000.

**The Honourable Sir Jeremy Raisman:** The grant of Rs. 73,000, to which the Honourable Member refers in his motion, is entirely for purposes other than a library. That is a subsidy to the Indian Institute of International Affairs. There was a separate block grant for the library of the Institute which amounted to Rs. 10,000.

(Mr. Chettiar rose in his seat.)

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order. On the facts stated by the Honourable the Finance Member, I must hold that there is no question of any device in order to make the grant non-voted. The grant of Rs. 73,000 is not for a library and there is no reason for thinking that the Government of India's decision that the grant for the Indian Institute of International Affairs falls under the External Affairs Department was not perfectly *bona fide*.

#### ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Monday, the 6th March, 1944, the time fixed for receiving nominations for the Standing Committee for Roads, seven nominations were received. Subsequently one candidate withdrew his candidature. As the number of remaining candidate is equal to the number of vacancies, I declare the following Members to be duly elected, namely: (1) Captain Thakur Singh, (2) Raja Bahadur Kushal Pal Singh, (3) Mr. A. C. Inskip, (4) Major Nawab Sir Ahmed Nawaz Khan, (5) Babu Baijnath Bajoria, and (6) Hajee Chowdhury Mohammad Ismail Khan.

#### ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE POSTS AND AIR DEPARTMENT.

**Mr. President** (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that up to 12 Noon on Monday, the 6th March, 1944, the time fixed for receiving nominations for the Standing Committee for the Department of Posts and Air, three nominations were received. As there are only three vacancies, I declare the following Members to be duly elected, namely, (1) Mr. C. C. Miller, (2) Mr. Kailash Bihari Lall, and (3) Nawab Siddique Ali Khan.

#### THE GENERAL BUDGET—GENERAL DISCUSSION—*contd.*

##### FIRST STAGE—*contd.*

**Mr. Abdul Qayyum** (North-West Frontier Province: General): Mr. President, we listened very carefully to the speech of the Honourable the Finance



[Mr. Abdul Qaiyum.]

Member, which he delivered while presenting the Budget for 1944-45. One thing which strikes everybody is that the defence expenditure has enormously increased. Not only are we not allowed to deal with that part of the Budget which deals with the defence services but even our wishes as regards the other expenditure, namely, the civil expenditure, are very often flouted as a result of the certification powers which are enjoyed by the Governor General in this country. This Assembly has now been reduced to a mere debating society because the defence expenditure forms a very considerable portion of the Budget now presented to this House. We have been told that ceilings have been reached in different parts of the defence services and that the defence expenditure would be stabilised roundabout the figure of three hundred crores. It is very difficult to believe such a thing, because the object of all this defence expenditure is not only the defence of India but also the reconquest of Burma, Malaya, Straits Settlements, and other British possessions which were overrun by the Japanese about two years ago. India is now the base for operations against Japan, the spring-board from which the Allied forces will continue their march for the re-conquest of these lost territories.

Now, we are paying for all this war. The question which naturally comes to one's mind is: What are we going to get as a result of this sacrifice in blood and money? We are all aware what this war is being fought for. We know what measure of freedom the people of Burma enjoyed when they were under British control. We know that Burma was being kept under British domination because of the oil, rubber and other vested interests which the British had in that country, and now we in this country have to pay with our blood and money, the lives of our youngmen, and to exert our utmost so that Burma can be re-conquered for the British oil and rubber interests. We have nothing to gain; we were not consulted when this war began; and we know that all these preparations are being made for the re-conquest of Burma and other territories in the interests of Great Britain, in the interests of British Imperialism and British finance. Now, Sir, if this is the object, there is absolutely no valid reason, there is absolutely no justification, for this undue and excessive drain on the resources of this country. Why should we pay for the re-conquest of Burma? Have you consulted the people of Burma? Do they really want to be re-conquered by you and what sort of treatment can the Indians expect in a free Burma re-conquered for Britain? Our people were treated so very badly when Burma was a part of the British Empire. Now, we are asked to re-conquer that country again for the British Empire. We cannot hope for, nor can we expect, any better treatment after Burma has been re-conquered.

Now, Sir, we have been told that these ceilings have been fixed by His Excellency the Commander-in-Chief, but we know full well that these ceilings can be adjusted and have been adjusted from time to time. As the real war against Japan has not even begun, and as the real process of re-conquest has not even been started, we can rest assured that this defence expenditure is going to mount higher and higher. Who is going to decide and who is going to arbitrate between a powerful Britain and an India in bondage? Can we expect from a Government which is subordinate to the British Government in Whitehall that it will stand up for the rights of the Indian people in the matter of the allocation of expenditure between Great Britain and this country? It is crystal clear that this war is mainly being fought for a purpose in which, we, the people of this country, are not interested. Burma is not going to form part of this country and we are absolutely sure that we are not going to get any better treatment than the one which was accorded to us when you held sway over that country. Why should we pay for this war? The Government of India is not in a position to stand up against the Government of Great Britain in the matter of allocation of expenditure. The defence expenditure has mounted from 26.77 crores to something like 301 crores and the total money which this country has spent so far on the war effort of Great Britain is something like 1,068 crores. Now, Sir, we know full well and the people of this country are

well aware that all this expenditure, which is stated to be incurred by the British Government is, in fact, being paid for by the people of India. There is absolutely no doubt about that.

Sir, the Honourable the Finance Member talked of inflation and how he was going to combat inflation by more taxation, by compulsory saving, by the advance payment of income-tax and by means of other devices which he elaborated in the course of his very long speech. He himself is responsible for this inflation. Is it not a fact that the Government of India are primarily responsible for this inflation? Are we to believe that those who launched this policy of inflation were so ignorant that they did not know that it will play havoc with the economy of this country? We have had such terrible disasters in this country, of which the famine in Bengal is an instance, which will be a standing monument of the failure of British regime in this country, when about six millions of our countrymen lost their lives as a result of your inefficient administration and as a result of the break-down of Governmental machinery in the matter of the distribution of food. You see the people who started inflation, and you are devising the ways and means to fight down that inflation. Now, the real cause of this inflation, to my mind, is the obligation which you have incurred by spending rupee finance for Allied war purchases in India at controlled prices. The all-powerful British Government and their Allies purchase various articles which they require for the prosecution of this war at controlled prices. We are not allowed even to make a legitimate profit out of what we have to part with in favour of the British Government and even their Allies who are involved in this war. The real remedy for inflation is production of more consumer goods in this country, and if you look at this aspect of the case, there is nobody who can deny the fact that the Government of India have miserably failed in increasing the volume of production in this country. The Government of India ought to have learnt a lesson from the Russian people, who did not so much indulge in the manipulation of currency and finance, but devoted all their energies to increase production and that is the real reason why Russia has stood up against Germany so successfully in this war. The Government of India have failed in increasing production in this country, they could not in the nature of things have succeeded very far because the Government is irresponsible, and out of touch with the feelings of the people of this country. The people of this country have no faith in you, and you have no love or regard or affection for the people. You are here only to rob them of all that you can get out of them, not in the interest of this country but in the interest of your masters, the British financiers and the British imperialists.

The Honourable the Finance Member got some tributes from one or two Honourable Members on that side of the House. I am also going to pay him a compliment; I congratulate the Honourable the Finance Member on the fact that he is looking so well after the interests of his own countrymen and of his own Government at the expense of the people of this country who are just a subject nation. I pay him that compliment and I think he is a very patriotic person, because even when pretending to be a servant of the people of this country, he has seen to it that at every step and at every turn our interests are sacrificed to the interest of his people and of his Government.

There is some talk that this inflation is going to be met with by another device. We are told that we are getting imports of consumer goods in this country. Now, Sir, we have suffered considerably so far. I can assure the Honourable the Finance Member that we, civilians, in this country are prepared to suffer a little more if Great Britain does not import any more goods into this country. If you are to import at all, you must import machinery, capital goods, with which we can set up our own industries in this country. We can import raw materials if necessary for our growing industries. But you will have nothing of the kind. While you insist that India should pay for the maintenance and construction of air fields in India, all this amount was sufficient to start a first class aeroplane factory in this country and we would have been self-sufficient; if we only had a national Government of our own, we could

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make aeroplanes in this country instead of importing them from England, for which we have to pay so much.

Now, Sir, the British war expenditure, as I have stated is responsible for inflation in this country and the British expenditure amounted to something like 700 crores by the end of March 1943, and this amount is bound to go on increasing. How has the Government of India met this expenditure. The Government of India met this expenditure by creating paper money and I am told that about eight crores of paper money are being put into the market every week to pay for the goods which the Government of Great Britain and their Allies need for the prosecution of the war in which we have absolutely no interest. The people of this country still remember that in the last war, we spent something like 300 crores on similar ventures for the benefit of Great Britain and a similar fate awaits us in the matter of heavier expenditure which we are incurring in the course of this war. We would be sadly disappointed if we entertain too sanguine a hope of obtaining full material equivalent in return for the goods and the services which we supply to the British Government. Sir, what do we get in return for the goods and services which we render to Great Britain? We are told, "Oh! in this country, it is not only the Government of India which is spending money, but it is the British Government and the Allied Governments who are spending much more than what the Government of India are spending". Now, Sir, how are we paid for that? All that we get in return for these very substantial services and goods are promissory notes from the British Government. We get I. O. U.'s. The Government of India have asked the Reserve Bank to print paper money against these I. O. U.'s which do not represent any real value and which the Honourable the Finance Member and people of his way of thinking are pleased to call sterling securities. The word 'sterling' sounds as if there is absolutely any amount of gold behind it, but it is only the credit of the British Government, with which you are exploiting and cheating the whole world. Not only that, but you have been dumping crores of rupees in the form of paper notes in this country, and you are responsible for the debasement of the rupee, which fact has escaped the due attention which it deserved. The real reason for all this is that you are a subordinate Government, you are servants of Great Britain and naturally you have to look more after the interests of Great Britain.

Let me at this stage turn to the sterling assets which we are supposed to hold in Great Britain. Now, Sir, the Honourable the Finance Member told us that after paying a lot of money which we owe to Great Britain, I think he stated that it was something to the tune of 350 million sterling, there is still a balance of 950 crores left with the Reserve Bank in the form of sterling securities. That is the claim which we have got against Great Britain. We are told that the holding of the Reserve Bank on 31st March 1944 will be something like 950 crores. Now, Sir, it is well known that even among the Dominions, India is the only creditor country whose balances have been held in abeyance or have been adjusted to suit the financial economy of Great Britain, a large part of the balances were paid off by Britain to clear them off against sterling loans and railway securities and I am informed that another part has been transferred into a sort of sinking fund as an anticipatory reserve for the payment of pensions and home charges in England, and in both these matters the people of India were not consulted. The question arises as to how are these 950 crores to be used? The Honourable the Finance Member has said that it would be foolish on our part to use these 950 crores for industrialisation purposes, for importing machinery and other things which we are so badly and sorely in need of in this country. But would it not be better if the Honourable the Finance Member were to use these 950 crores for acquiring foreign industrial interests in this country and for importing such essential basic machinery which our industries sorely need. This Government which is absolutely irresponsible, this Government which is absolutely out of touch with the wishes of our people, this Government which is bent upon doing things which are harmful to our economic and political interests, this Government has absolutely no right to determine

at this stage as to how this debt should be liquidated. Foreign capitalists—who have various investments in this country were terribly perturbed when Mahatma Gandhi during the course of the Round Table Conference demanded that a Tribunal should go into the question of foreign investments in this country and then they trotted out the argument about sanctity of contracts and all the awful rest of it. But now that we have got 950 crores in sterling securities, there is absolutely no reason why all these foreign and alien industrial concerns in this country should not be paid off so that we should have no more interference in matters economic from outsiders whose only interest is to get as much as they can out of this country. Let me here make it quite clear that I am not a hater of foreigners. Even the English people are quite welcome, we do not bear any grudge or ill-will towards them. If they are prepared to live as citizens of India, forego all these horrible privileges which they are enjoying at our expense, if they wish to make India their home they are welcome and the people of this country, even when they have got power will accord them treatment which every citizen enjoys in this country. But we are having a lot of trouble from these foreign interests and it would be much better if these are liquidated.

Then there is another danger. It is but natural that the presence of these funds in London should serve as an irresistible temptation for purchasing plant, equipment and machinery in the United Kingdom and in the United Kingdom only. It is also possible that this amount may also prove to be a gift without India getting even verbal credit for it. Now our subjection, our slavery does not exist only in the domain of politics but also embraces and extends to the realm of economics. Our rupee has been linked to the pound sterling. We are not free; our rupee has been linked and a ratio has been set up, not because we gain anything from it but because it suits the Imperial interests of Great Britain. No one can deny that the control of inflation is essentially a political rather than an economic matter. What is possible therefore for a national Government commanding the complete confidence of the people in such matters cannot even be attempted by a foreign Government such as now holds India in its grip. The remedies which the Honourable the Finance Member has suggested are all designed to meet the difficulty of the moment; none of them remedies it for ever. The only remedy which is likely to solve this problem for ever will be to sever the fixed connection between the rupee and the pound sterling and this severance must be an irrevocable one. The rupee must be left like the pound before the war to find its own level in international exchanges. Even if this remedy is not immediately possible it should be seriously considered when the war is over. If we can sever this link it will be a mark of India's real and complete emancipation, political as well as economic. We must be entirely free from any outside influence or control, and then only will India's position be natural, her policy rational and her contribution to world rehabilitation substantial. It is absolutely necessary that we should cease to depend on the pound sterling and all the implications and consequences which it involves.

And here I want to briefly touch the question of the dollar fund. We have been told that a part of the dollar fund is to be made available for the use of this country; but may I know from the Honourable the Finance Member why only a part of this dollar fund is to be made available and not the whole of it? What is the attitude of the British dominions, dominions which are free to determine their economic relations with other countries? What is their attitude? And if it is necessary in this connection, I would suggest that the Reserve Bank Act be amended to enable it to hold its dollars on India's account to be used for import of capital goods after the war.

In the matter of lend-lease arrangements the Honourable the Finance Member stated before this House last year that some sort of negotiations were going on between the Government of this country and the United States. But now we are definitely told that these negotiations have come to an end because we do not know what the post-war policy of the Government of India is going to be in this respect. We are not even allowed to deal directly with the United States

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in such a simple matter as lend-lease arrangements. Everything is to be done through the British Government. If it is a case of dollars they must go into the Empire pool; if it is a case of lend-lease goods they must all go to the British Government, and then the British Government in their mercy can allot us any portion that they like, and they also have the right to decide what portion should be paid for by this country and what portion should be paid for by them. It is a very strange thing that a party to a suit should have the power to decide what they have to pay and what the people of this country have to pay. The Honourable the Finance Member has informed us that our aid to the United States in the matter of services and goods supplied for their forces, for shipping facilities, and also raw materials like tea which we send from this country, amounts to something over 81 crores, and that 350 crores worth of goods have been received; of course there is no proper allocation between us and Britain. He thinks that one-third will have to be paid for by the Government of India. Here also there is every danger of a miscarriage of justice, because the Government of India will not be able to effectively fight the case of the people of India. All these goods and all these services which are being rendered, for which we have to pay, are mainly intended for the conquest of Burma, in which we have absolutely no interest. We can support an Indian army which has been trained purely for the defence of this country. If Japan decides to attack this country, and if there is a national Government the people will rise and support it. But this war is purely for Imperial aggrandisement, for Imperial conquests, for oil, rubber, tin and many other things in which we are not interested.

One thing more, Sir, and I will conclude. What we need is a comprehensive and co-ordinated plan. The Government of India have got absolutely no plan and have never had any plan for our key industries such as automobiles, aeroplanes, chemicals and locomotives. If I remember rightly, it was in 1940 that the Government of India gave an assurance in this House that a locomotive factory would be set up in this country at an estimated cost of 50 lakhs of rupees; but nothing has been done so far. While metre-gauge locomotives could be manufactured, broad-gauge locomotives cannot be manufactured; and even at this time of shipping economy they prefer to import finished locomotives from abroad in hundred rather than have a locomotive industry in this country. As far as the automobile industry is concerned it is absolutely vital for any nation's existence in the modern age. Now note what was done. Plans were ready for an automobile industry and the work was just about to commence when down came the Government of India and strangled the whole scheme, with the result that the automobile industry could not be started. The real reason is that British competing interests must have preference as against Indian interests.

As far as all these things are concerned, the Government of India have neither any scheme of their own nor is there any mention in the budget that some such scheme is in the mind of people who are responsible for spending the money which they take from us. The real reason is that the Government of India is run in the interests of the British people and not of the people of this country. If we had a responsible Government, if we had a national Government representing all the interests in this country, things would have been much different; the response to the war effort would have been on a much greater scale; production would have gone up by leaps and bounds and people would have put their heart into it. As it is, the people have absolutely no interest. Some people are acting as a result of self-interest; the industrialists are goaded by the profit motive; then as a result of your inflation so many people are dying of starvation; they have nothing to eat and therefore they go and join the army. These people between them do not constitute India. India is a country which contains 40 crores of people.

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

**Mr. Abdul Qaiyum:** I am finishing, Sir. Unless there is a Government which can kindle the fires of patriotism, which can appeal to the sense of self-respect of the people you are not going to have the type of war effort which we have recently witnessed in Russia. And unless you have a war effort of that kind,

**12 Noon.** you can neither defend this country successfully against Japan nor is there any possibility of your ever reconquering Burma and other countries. And even if you reconquer them, I hope the people of those countries will have the guts to stand up against you and stop you from robbing them and exploiting them in the manner in which you indulged when those countries formed a part of your Empire. Sir, I conclude.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): This is the fifth war Budget of the Finance Member, but it is the tenth taxation measure for the people of India. Since the beginning of the war, taxes have been heaped upon the people of India year after year and almost all available sources of revenue have been tapped. But not satisfied with that, the Honourable the Finance Member has now taxed his ingenuity to the fullest extent and has shown himself to be a diligent research-worker in finding out new sources of revenue.

What is the amount which the Honourable the Finance Member wishes to raise in the course of the ensuing year? It is 308 crores, and when you compare it with the pre-war year 1938-39 which was 78½ crores, we find that the amount that he wishes to raise is nearly four times the normal revenue of the country. Now, Sir, what is the expenditure that is going to be incurred in the course of next year? That amounts to the colossal figure of 363 crores, and even after the levy of additional taxation there will be a large deficit to the extent of nearly 55 crores. Is this, I ask, a satisfactory state of things? For the ensuing year the Finance Member proposes to raise additional taxation to the extent of 23½ crores. I will examine briefly the taxation scheme which he has placed before us.

The Honourable the Finance Member does not wish to make any additions to the Excess Profits Tax, for which the big businessman will feel thankful to him. But his proposal to hold in compulsory deposit the whole of the proceeds left after making good the Excess Profits Tax and after paying the income and super-taxes will stand in the way of industrial development of the country. The Finance Member's additions to the corporation tax, the super-tax and higher ranges of income-tax will also hamper the growth of industry in this country. Although they may be justifiable on the ground of ability to pay they cannot be regarded as consistent with the interests of the country. The Finance Member has been wise in not adding to the burden of the middle classes of the population by increasing the taxes on the lower ranges of income. His decision to raise the taxable minimum from Rs. 1,500 to 2,000 is the one bright spot on the dark picture of the Budget.

Coming to the excise duties, we find that all available sources have been tapped. As regards tobacco, it is my conviction that it is poison for the brain-workers while it is solace and comfort for the manual labourers. I therefore do not object to the additional levy on cigars, cigarettes, and cheroots, but I strongly urge that he will spare the poor man's tobacco. As regards taxes on tea and coffee, they are open to very serious objection on the ground that they are taxes on food. I should like to see to it that these taxes are not levied. Coming to the last item on this list, namely, betel-nuts, this burden will fall on large classes of the population as betel-nuts are regarded as a conventional necessity though not as an absolute necessity.

Sir, the amount which the Honourable the Finance Member will raise by means of taxation will not be sufficient to meet the expenditure, and what is the reason for the heavy expenditure that the country is going to undertake? It is mainly accounted for by the large increase in defence expenditure, or, what I should like to call military expenditure. Military expenditure in the course of the next year will amount to the huge figure of 276 crores. This will be under

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the Revenue Head; and to that must be added the expenditure of over 24 crores under the Capital Head.

Now, the question is: Is such a colossal expenditure within the capacity of the people of this country to meet? I think the burden is too large. The Honourable the Finance Member has told us that the expenses of the South-East Asia Command will not fall upon the shoulders of the people of this country and he has assured us that the financial settlement between this Government and His Majesty's Government stands. But we should like to know whether it is considered a fair and equitable financial settlement which imposes a burden on the people of India and which is beyond their capacity to bear. Is it right and just or not?

This brings me to the question of reducing defence expenditure. In this connection I may point out that the expenditure under the head Defence has greatly increased because Indian troops have been sent abroad whereas other troops, non-Indian troops, have been brought to this country. The Indian troops cost much less than the non-Indian troops whose cost is prohibitive. This is a direction in which Indian expenditure can be reduced. But the interpretation of the financial settlement should also be carefully considered, and last year I suggested that an impartial tribunal should be appointed to go into the whole question. This has not been done but if India is to incur further expenditure you cannot refrain from showing that you are doing justice to the country.

There is another aspect to be considered in connection with defence expenditure. The whole of this expenditure is non-voted and we have no control over it. I may be reminded that India is a subject country, but that is all the greater reason why we should not be a willing party to the incurring of a huge expenditure and to the imposition of a large burden of taxation.

With regard to civil expenditure, I find no mention of economy or retrenchment in the speech of the Honourable the Finance Member. It is a well known fact—it is known to everybody even to the man in the street—that a large number of unwanted posts carrying high salaries has been created and that no attempt is made to secure economy in the administration of the different departments. It is said that there is the Public Accounts Committee to scrutinise expenditure but the examination which is undertaken by the Public Accounts Committee is *post-mortem* examination. What is needed is that there should be a body which will concurrently examine all the accounts in order to prevent wasteful expenditure.

Sir, with regard to civil expenditure there is only one item which may be considered as a redeeming feature of the expenditure side in this budget, and that is the grant made by the Central Government to the Government of Bengal for the purpose of meeting the expenses of the famine. But the amount which has been provided this year and which is to be provided in the coming year's budget, are too small to be of very great use. The calamity has been so great—and there is the apprehension of another calamity—that the Finance Member should come to the rescue of the Provincial Government to a much larger extent than he has agreed to do so far. I do not think that the finances of the Bengal Government have been properly managed. There has been a great deal of mismanagement there, but this is not the time to go into that question and for the moment the people of Bengal will have to be saved. For that purpose the Central Government must go to the more complete rescue of the people of that Province.

The Honourable the Finance Member derives a great deal of satisfaction from the fact that he has provided Rs. 10 lakhs for the promotion of research in industry. But it does not appear to me to be a very adequate amount. Compared to this grant the gift which has been made by the Tata Trust is larger, and our best thanks are due to that Trust for their generosity. The Finance Member has held out a hope of granting a crore of rupees after the war for

establishing three laboratories—physical, chemical and metallurgical. But I have no faith in post-dated cheques and I do not feel enthused over it.

Sir, after providing for the expenditure of the Government of India for the current year and for the coming year, the Finance Member has suggested that some money should be raised for the use of the Provincial Governments. He has mentioned two matters with regard to which taxes may be levied—estate duties on non-agricultural property and death duties.

**The Honourable Sir Jeremy Raisman** (Finance Member): That is the same thing!

**Dr. P. N. Banerjee:** As an economist I do not object to these taxes. They are legitimate sources of revenue, but this is not the opportune moment when you should raise this revenue. You have proposed to raise this revenue for utilization in the post-war period. Post-war reconstruction is a thing which should be left entirely in the hands of the future National Government . . . .

**The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar** (Supply Member): Is that so?

**Dr. P. N. Banerjee:** . . . . which will come into existence after the war. We hope that the national Governments will be established both at the Centre and in the Provinces, and it will be for them to raise money for carrying out any schemes of reconstruction that may be necessary. If you raise money now, there is every possibility, there is every fear, of that money being squandered in meeting the ordinary expenses of administration. Therefore I do not agree with his view that we should raise money now in order that reconstruction may be given effect to after the war.

Sir, there are some points in the speech of the Honourable the Finance Member which I would have liked to discuss fully, but time at my disposal will not permit me doing so. Therefore, I will confine my observations to only a few of them and I will discuss them very briefly. In the first place, I should like to say that the exposition given by the Honourable the Finance Member of the Lease and Lend arrangements does not appear to me to be very clear and I should like him to appoint a Committee of this House in order to go into the whole question. There is a great deal of apprehension regarding the interests of this country having been sacrificed for the interests of other countries. I welcome the decision of the Finance Member to sell gold in India, but the manner in which this gold is purchased does not seem to be the right one. Why should not the Government purchase gold direct in the United States and the United Kingdom and then bring it over and sell in India? In this respect, the interests of India and not the interests of other countries should be kept in view. There is no reason why the Finance Member should sacrifice the interests of India at the altar of the greed of the United States and the United Kingdom.

The Finance Member has told us that a portion of the dollars which accrue from the sale of India's exports to the United States will be set apart as a special fund. This is a move in the right direction, but, here again, I must emphasise that the needs and interests of India must be secured by placing these dollars under the control of India and by utilising them for the benefit of India. These dollars must not be utilised in importing goods for the consumer, but should be utilised only for importing capital goods for the industrial development of this country.

The Finance Member spoke at some length on the question of control. I do not deny that during a period of war some measure of price control is necessary and desirable, but the control which has been exercised so far has been of a crude and unintelligent sort and the machinery which has been employed has been inexperienced, inefficient and corrupt.

**Rao Bahadur N. Siva Raj** (Nominated Non-Official): Insufficient also.

**Dr. P. N. Banerjee:** I may add that price control can be made effective only if the Government is able to secure the co-operation of the people and create confidence in their minds.



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On the question of inflation, I generally agree with the views of the Finance Member, but our difference lies in the emphasis. The Finance Member lays greater emphasis on taxation and compulsory saving, whereas I lay greater emphasis on production of consumers' goods in this country. It appears to me that, unless he reverses this emphasis, he will never be able to solve this problem, which is growing more and more acute day by day and which is likely to assume very grave proportions in future. Increased production of goods in this country, not importation of consumer goods from outside—that is the point which we must emphasise to the fullest extent, because, if he seeks to tackle this problem by importing goods from other countries, there will arise other difficulties and the remedy may ultimately be worse than the disease itself. This is a very complex problem and I will not go further into it at the present moment. I will discuss this question at greater length in the course of my speech on the Finance Bill, but for the present I would earnestly request the Finance Member to lay greater emphasis on what I have suggested.

There is one matter connected with this subject, to which I will refer at the present moment. In the course of the debate on the railway budget the Finance Member, in trying to defend his colleague, the War Transport Member, observed that economic considerations were different from humanitarian considerations. I was surprised to hear this because I know that in many economic matters he holds sound views. I believe he knows, as almost all Members of the Assembly know, that Economics is the most humanitarian of all the sciences, and to draw a line of distinction between economic considerations and humanitarian considerations is to completely misconceive the scope and functions of the science of Economics.

**The Honourable Sir Jeremy Raisman:** I was only replying to an interruption.

**Dr. P. N. Banerjea:** In conclusion, I wish to emphasise the fact that this budget places great burdens on the people, and it provides for extravagant expenditure. We have no control over two-thirds of the expenditure of the Government of India, and over the remainder we have only a limited measure of control. In a situation like this it is our incumbent duty to consider seriously what our attitude should be towards this budget, and I hope we will not fail to do our duty.

**Mr. E. L. O. Gwilt (Bombay: European):** Sir, the Leader of this Group dealt yesterday with the broad principles of the Budget, and I join with him in his commendation of the reasonableness of its revenue proposals. I would, Sir, express our satisfaction at the proposal to raise the taxable minimum of incomes from Rs. 1,500 to Rs. 2,000 per annum.

The theory of modern taxation, as illogical as in one sense it may be, is nevertheless, to place upon the shoulders of the individuals best able to carry it the burden of contributing towards the revenue of the country. It is also designed to reduce the volume of inheritable wealth, and here the proposed death duties will tap sources of wealth, which, particularly in the United Kingdom, have swelled the exchequer so appreciably over the last two decades or so.

The illogical aspect of tax upon incomes lies in the assumption that personal ability is adequately and proportionately reimbursed; so therefore, the greater his ability, the more a man works for the State, for construct the process of taxation of incomes as you will, that is the effect of it.

Despite this anomaly, as I have said, we welcome the raising of the minimum taxable limit, and however much we may personally dislike them, the extensions of indirect taxation the Budget provides. It may be argued, and probably with some truth that in a country such as India, even these measures may leave millions of well-to-do persons untouched by indirect taxation, but the fact remains that the process of widening the incidence of indirect taxation is

inevitable in a country approaching the commencement of vast industrial expansion. When this commences, revenues from customs duties must greatly diminish.

And now, Sir, before I enlarge upon the subject of provisions for the industrial expansion after the war, I wish to deal with the question, as an anti-inflationary measure, of adequate supplies of consumer goods during the war. One of the greatest difficulties confronting India at the moment is a shortage of man power. I refer to expert technical executive man power. This has come about in two ways: by the drafting of experts into the Army and the fact that the industrial expansion of the country greatly exceeds its pre-war potential. Not only therefore, is it of urgent importance that a large volume of these men be released from the Army, but that there should be a survey of the industrial potential of the country as it is today.

To what extent, for instance, has the 1940-41 supply and production plan, imperative as it was then, been recast to meet changing conditions? To what extent can the present industrial potential be allocated to the supply of consumer goods? But as important and urgent as I consider an immediate survey of this nature to be, I am conscious of the lack of expert man power and believe, because of the breadth of industrial expansion, of which I have spoken, it is not to be found in sufficient volume within the country, even though men are released from the Army; I am afraid the Army will say, and rightly, that it cannot part with them all.

At all events, another important pre-requisite to the production of consumer goods is adequate availability of coal and wagons, but as these are the respective responsibilities of the Members of Labour and War Transport, I will not dwell upon them, except to express our wishes of success to the Coal Controller in his onerous task. I would suggest too, closer collaboration between the Centre and the Provinces not only in determining what are the highest common factors of demand for consumer goods, but that when these are determined, the plans to produce them are followed to materialisation. Decisions are one thing, goods are another. Decisions too, Sir, I suggest should be in favour of such goods as can be manufactured to mass production contracts within the country.

Those, Sir, who have pressed the most energetically for an increase in supplies of consumer goods, will no doubt *not* be opposed to one of the provisions of the Income-tax Amendment Act now before the House. The provision to which I refer is the payment of Income-tax in advance. To pay the tax many merchants will need to release goods in order to raise the money to do so.

But whilst I am on this subject, may I draw the attention of the Defence Member to the fact (I see he is not in the House at the moment) that the landlords of premises requisitioned by the Army, are justified in expecting that they be paid rent during the tenure of the tenancy.

I would now draw attention to the dangerous extent to which many of the Executives in this country are pressed. There is a limit, Sir, to the volume of work that can be expected from men who have consistently overworked for years on end without adequate time for recreation. I would urge that the survey I have suggested should include an examination of man power within Departments to see that none are top heavy particularly in their executives, to the disadvantage of other Departments who may be short of them. In England, Sir, early on in the war, a survey of this nature became necessary, and the matter is kept constantly under review. Very considerable experience must have been acquired by those whose duty it is to review the situation, and I would suggest that not only their advice be sought, but some of their personnel requested to come to this country to assist in this direction.

Next Sir, I would add the tribute of the European Group to that paid by the Finance Member and also just now by Dr. Banerjee, to the generosity of the Tata Trust in contributing 20 lakhs of rupees towards the establishment

[Mr. E. L. C. Gwilt.]

of a National Metallurgical Laboratory. The Finance Member also made mention of the establishment of a National Physical and a National Chemical Laboratory, both of which must prove of the greatest assistance to India's post-war industrialisation plans.

In a country where wealth is so grossly unequally distributed, as it is in this, it is not to be wondered at, that unless a child is born with the proverbial silver spoon, his chances of advancement are limited. There must be, we know there are, many children in this country, and those of adolescent age, with outstanding ability, to whom the chance will not come their way to give to the State the benefit they should be able to provide. I would suggest, therefore, that the State should give aid to befit them to take their place in Commerce and Industry in the future.

I am aware, Sir, of the Sargent plan, and what I am about to say does not in any way detract from its motives. It is intended to supplement it, to be ancillary to it. I suggest that for a minimum period of ten years, and until the Sargent plan fructifies, the State grant scholarships to children and young men and women of the intellectual capacity I envisage, scholarships designed to grant them professional and technical education abroad. In this suggestion is envisaged an extension of the Bevan plan, but for the education of the *executive* of the future.

I would suggest too that in putting this interim educational plan into effect, the Central Government should seek the assistance of the Provinces and employers to bring to the notice of the education authorities, the names of candidates requiring to be examined, whatever be their social status, for it is those without the wherewithal particularly that I ask assistance; it is probably that today these young people may not even be in the primary schools or Universities. Some of the Indian States, Sir, are in advance of the Central Government in the matter of assistance of this nature.

I will now deal with the question of controls. No one has ever claimed that any control can be 100 per cent. effective. No control ever has been, but there is no gain saying the fact that such controls as have been established, and have been given time to operate, have gone a long way in reducing the prices of the goods to which they extend, but, Sir, I venture to think that this success would have been the greater had those who administer them in the Provinces been as well acquainted with their basic principles and provisions as those at the Centre who frame them.

As things are, in some Provinces, little is being done, whilst in others a very great deal of time not only of the individual, but also of the Police and Courts has been wasted over trivial and foolish technicalities and over detail, which defeat the main object of the control and frequently make them appear ridiculous. This may be due to a lack of co-ordination and personal contact between the Centre and the Provinces, though I am inclined to think it is due to the lack of sufficient contact between the representatives of the provinces who are in touch with the Centre, and those provincial officers who actually administer the control. I believe, Sir, that some of the trouble is due also to the practice of issuing rules and directives and leaving it at that instead of bringing all the personnel together to discuss the intricacies of the rules and directives so that they may be fully conversant, particularly with the broad principles and spirit of the control rather than with its printed word. When a business concern embarks upon a policy, its first action is to bring together its Branch Managers in order that they may be fully acquainted with what they are expected to do, to achieve the objectives at which the policy aims.

And now, Sir, like my, Honourable friend, Sardar Sant Singh, I will refer to the fallacies of the Anti-Hoarding and Anti-Profiteering Ordinance. I doubt whether anyone in business today is not breaking that Ordinance, for they would go out of business if they were not and therein lies its danger. I appreciate it is an enabling order and realise only too well the difficulties Government have

had in dealing with profiteering, but I suggest it would have been better had the Ordinance, in so far as it applies to profiteering, been based upon the Prices of Goods Act which was placed on the Statute-book of Great Britain in, I think, November 1939. The provisions of that Act are framed upon what is known as the basic price, and the permitted price. If my memory serves me correctly, the basic price was that at which goods were sold on the 25th of August 1939; the permitted price was that by which the basic price may be increased but in strict conformity to the increased cost of production. The margin of profit, therefore, allowed under the Prices of Goods Act is the same *absolute* profit as that obtaining on the 25th of August 1939, that is to say, the profit in pounds, shilling and pence or in rupees, annas and pies rather than the *percentage* of the profit.

Despite the fact that the Ordinance is an enabling Ordinance, it is bad legislation when a law is passed which the Government knows full well is being broken by everyone in the country, even though it be to grant them powers to take penal action against those persons who break it the most audaciously and criminally.

And now, Sir, I would like to draw the attention of the House to the words of Mr. A. D. Shroff, one of the authors of the Bombay Plan, whose reputation in Bombay as a sound financial thinker stands high. Whatever may be the merits or shortcomings of that Plan, its authors make clear that they claim nothing for it but that it is a plan. In its publication, however, they have not laid sufficient emphasis on the warning given on Saturday last by Mr. Shroff when he said 'every one must prepare himself and herself to face the hardships, the privations and the sacrifices which the execution of a plan of that magnitude will entail'. I hope, Sir, that these words will be pondered over for the sacrifice and privations, particularly by those unaccustomed to them—and they represent a very large measure of people in whose hands today are the guiding reins of industry—will come the harder but come they inevitably will whatever be the plan to equalise the wealth of the country between the rural and the agricultural population.

India, Sir, will emerge from this war with her relative economic strength greatly increased. By the time it is over, she will have virtually cleared her external debt. To what other country of the United Nations can such a statement apply, particularly as her soil will have suffered practically none of the ravages of the war? I say with sincerity that war under those conditions is a bad apprenticeship, particularly for a country on the threshold of its industrial career. That is the reason why I have drawn attention to the words of Mr. Shroff.

I will not allow this opportunity to pass of asking the Finance Member to study the South African and Argentine methods whereby the cultivator receives a fair share of the price at which his grain is sold in the market. The enforcement of such a process in this country will, I believe, go far to equalise the balance of wealth between the rural and agricultural areas.

In conclusion, Sir, I believe that my Honourable friend, Mr. Jamnadas Mehta, was serious when yesterday he demanded that a Dictatorship should handle food. I whole-heartedly support him if he means that the recommendation of the Gregóry Report, that all transactions in food grains should be the monopoly of Government, should be enforced. Food is largely a provincial matter and I hope no Provincial Government is in opposition to this obvious essential.

In finality, in these discussions and in this great monument of under-statement, the Finance Member is frequently treated as an inanimate and impersonal body. To his personal being and to the skill of his endeavour, I would pay tribute. He has piloted this country's finances through the treacherous and troubled waters of the war and history will no doubt prove how truly he has served India.

**Mr. N. M. Joshi** (Nominated Non-official): Sir, I recognise that during a period of war of this immense magnitude the finance of a country cannot be in a normal condition. Not only the expenditure but even the revenue is in an abnormal condition. It is extremely difficult to make a correct estimate of the revenue and also to forecast the necessary expenditure. Therefore, I shall not deal with the details of the present Budget, but I shall examine very briefly the general policy of the Government of India and of the Honourable the Finance Member, which is followed in the management of the finance of this country. The Government of India have to find money for the ordinary needs of the country as well as for the defence of this country. Not only that, the Government of India, in my judgment, very gratuitously, have taken upon themselves the responsibility of finding the rupee finance for the purchases made in this country by the Government of the United Kingdom and also by the United States of America. I feel that the Government of India, if they had only to meet the ordinary needs of the country and for the defence of this country, could have easily found money during the present period by methods of taxation and of voluntary loan.

As far as taxation is concerned during the war even without inflation, the capitalists and the merchants both make money and if the Honourable the Finance Member will only avoid throwing burden on the people who are unable to bear any burden, he can easily secure whatever amount is necessary for the needs of the country. Similarly during the period of the war, even without inflation, I feel that the Honourable the Finance Member could have raised the necessary amount by voluntary loans, if the Government had the confidence of the public in this country. There is no doubt that the Honourable the Finance Member has secured a large amount of money by means of loans, but I feel that if the Government of India had made themselves a national government, had insisted upon a national government being established, they could have got all the money necessary by voluntary loans. If the Government of India could not establish a national government in their place, instead of securing money by resorting to the free use of the printing press, the Government of India, in my judgment would have been justified in raising money by compulsory loans from people who could afford to give those loans. But, Sir, the Government of India, so far as the capitalists of this country are concerned are very timid. They do not like to displease the wealthier classes of this country and, therefore, as the Honourable the Finance Member wanted large sums of money for financing the purchases of U. K., he resorted freely and without any control to the use of the printing press. He is therefore responsible for the inflation which has taken place. Some time ago, not very long ago, the Honourable the Finance Member doubted the existence of inflation in this country and when he had to recognise, he said there are tendencies towards inflation in this country and he even justified the use of the printing press for securing the necessary finances.

In my judgment the Honourable Member does not fully realise the consequences of inflation. Sir, when a Government intentionally prints money without any control, the people who suffer are the poorest people in the country. On account of inflation, the rich become richer and the poor become poorer. The capitalists, the big manufacturers and the merchants make money; the landlords, the big landlords. I mean, also make money. The large class of wage earners, including the agricultural wage earners, I may even say the people who receive moderate salaries, they all suffer, not only that, but in our country a large portion of the cultivators suffer because in our country, the cultivators are small cultivators. The average holding in India consists of four or five acres, and a very small portion of our cultivating class consists of people who have got surplus to sell. Those who have not got surplus to sell, a substantial surplus to sell, they suffer on account of inflation. This inflation has brought large misery to this country. Unfortunately the Honourable the Finance Member has not got sufficient information regarding the misery which is caused

by the policy which he has followed. I have heard in this House remarks that on account of inflation the cost of living has gone up, the prices have gone up, but the working classes have received dearness allowance. They talk of large dearness allowance being received by the workers of Ahmedabad and Bombay. But even in Ahmedabad and Bombay, the whole increase in the cost of living has not been compensated for. It is only 75 per cent. of the increase in the cost of living in Ahmedabad and Bombay that has been compensated for. The real wages neither in Bombay nor in Ahmedabad are even equal to the pre-war real wages. In other less organised industries the workers have suffered terribly. The dearness allowance where it is given is not quite sufficient. It is inadequate. I therefore feel that the Government of India must hold itself responsible for the great misery which has been caused to the working classes of this country and also to the masses of the people of this country.

The Honourable the Finance Member excuses himself for not having taken the safeguards to prevent inflation when he was making free use of the printing press to keep his rupee finance. Not that the Honourable the Finance Member was not aware that safeguards could be taken. He himself had told us only during the last Session that the use of the printing press does not necessarily lead to the evils of inflation. I want to ask him as to who is responsible for not taking safeguards which are necessary to prevent the evils from inflation. The Honourable Member excuses himself again by saying that the machinery of the Government of India was not well equipped for the proper use of the safeguards which are necessary, namely, the controls which are necessary. He also lays the blame on the country being not well organised as some other countries so that he could not take sufficient measures, adequate steps for control over prices. Sir, as regards control over prices, we all think it is necessary if the people of this country are to be protected against the evil effects of the inflation policy of the Government of India. But the Government hesitated all the time, they were hesitating for a long time. They acted slowly and when they acted, they only acted partially. Sir, the Honourable the Finance Member is responsible for the evils which have arisen on account of his policy of vacillation as regards the control of prices. He now talks about control of prices. He said he could not control prices because it was necessary to control food prices first. But why did he not control food prices first. He should have done that. Similarly he talks about prices of cloth having been reduced by 40 per cent. But he forgets that the prices of cloth have trebled and even quadrupled and the reduction of 40 per cent., even if that reduction is real, is not going to give relief to the people of this country. I therefore feel that the Honourable the Finance Member must be held responsible for not exercising sufficient control over the prices in this country. I would suggest to him that even now if he wants to protect the people of this country, he must take firm and vigorous measures for controlling the prices of all articles in this country.

Then, Sir, the Honourable the Finance Member in my humble judgment, if he wanted to protect the people of this country against the evils of inflation, should have regulated and controlled the production of goods in this country, and encouraged the production of those goods. Unfortunately the Government of India's policy as regards production of goods was again not only vacillating but inadequate. The Government of India do not even now realise that if the people of this country are to be protected against the evils of inflation they must encourage the production of more goods. They are not only not doing it but in many cases they are still very indifferent. I know there are industries in this country—they may be small or large—many of which on account of the shortage of coal are unable to produce sufficient goods. The Government of India must be held responsible for the shortage of coal. And not only that. The other day when we were discussing the production of coal my Honourable friend, Sir Henry Richardson, stated very clearly that the industrialists have at present no encouragement to produce

[Mr. N. N. Joshi.]

sufficient coal, and the Government of India, very wrongly and very weakly in my judgment, have sanctioned a production bonus for the coal owners. I feel that the policy which the Government of India are following in this matter is wrong. If you try to encourage the manufacturers by way of production bonus the burden of taxation will again fall on the poorer people of this country. Therefore the only remedy for the Government of India was to insist upon the manufacturers giving the necessary production or the Government of India taking the industries in their own hands and under their own control. But again the Government of India, when it is a question of dealing with capitalists, follow a policy which is timid. Moreover, the Government of India in my judgment should have encouraged production and kept production under their own control so that we would have got more goods for our use than we have been getting. Not only that. I feel that the Government of India should have also kept full control over the distribution and rationing of goods. The people suffered for a long time on account of improper or unequal distribution of foodgrains in this country; people are still suffering on account of scarcity of cloth or at least the high prices of cloth. I feel that even in the matter of the supply of cloth the Government of India should not hesitate to introduce a system of rationing. For all these reasons the poorer people of the country have suffered on account of the wrong policy which the Honourable the Finance Member has been following in the matter of inflation.

Then, when the Finance Member tries to find money by way of taxation he again follows a wrong policy. It is not difficult for the Government of India to secure whatever money is necessary by taxing only those people who are able to bear the burden of any further taxation. I know the Finance Member has increased the rate of income-tax, super-tax and also the deposits from the excess profits tax. But as he is already getting more money by way of indirect taxation and which already has been weighing very heavily on the people, he could have avoided getting more money by the duty on unmanufactured tobacco which falls upon the poorer people of the country; he could have avoided levying a duty—and according to me a very heavy duty—on betelnuts. He had no right to tax articles of food like tea and coffee. The Honourable the Finance Member again to avoid a little further taxation on the wealthier classes of this country has come forward with measures of taxation which will further increase the burden of taxation on the poorer people. He has already by his policy of inflation put a great burden on the people which he could have avoided and he is now trying to add further to that burden by imposing taxation which will fall on the poorer people.

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

**Mr. N. M. Joshi:** I hope the Finance Member will show a little more courage and spirit of justice to tax only those people who can bear the burden of taxation. In England these rich people are not allowed to have large incomes at present. But in India the wealthier classes can have any large incomes which they like. The Honourable the Finance Member could have increased the rate of income-tax; there was sufficient scope for it; but he was timid and so he could not do it.

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

**Mr. N. M. Joshi:** Sir, I have done.

**Rao Bahadur N. Siva Raj:** Sir, in the circumstances in which the Government of India are placed and the limitations under which the Finance Member is called upon to work, it is indeed a matter for congratulation that he has given us a Budget in which it will be somewhat difficult for an impartial critic to find many points on which he can be criticised or to which objection can be taken. The budget indeed must bear upon it the impress of the conditions that exist in our country. There are two such features which one can

notice in this Budget. One which is not due to any fault of the Finance Member. is the lack of control that this Legislature and the public have upon the Government of India and, even more the lack of control that the Government of India in their turn have over the army authorities. The second condition that exists is the fact that Government in their turn have no confidence, generally speaking, in the people of India in all their war efforts. It is unfortunate that it is so, but the fact remains that on account of the tendencies that have been exhibited by the political parties in India—in one case a positively hostile and in another an indifferent attitude towards the war effort—the Government of India in their turn have become rather panicky in the matter of preparation of this Budget. So that in the present Budget, if the conditions had been otherwise and if the parties in our country had been practical, knowing the effects of war and knowing the possibilities that this war has given our country and had come in for co-operation in this war effort, some of the undesirable features of this war Budget could have been avoided. It is my firm conviction, Sir, that this Budget is in certain parts needlessly exorbitant because of the fear that the Government of India has in respect of the co-operation of quite a number of people in our country. However, I would not labour the point having regard to the time at my disposal. I merely want to utilize the little time at my disposal in raising one or two questions in connection with this Budget.

In the first place, I want to know whether at all it is necessary in the preparation of the defence expenditure that a classification should be made between the basic normal Budget and, what is called, India's war measure. I do not suppose that either the Budget of the United Kingdom or the United States has made any such distinction and, in the second place, I want to know if this classification will have any bearing later on in the matter of the allocation of the defence expenditure in India as between India and the United Kingdom or even the United States. I feel, Sir, that particularly now, when the United Nations can take credit for having achieved victory in many a battle field and having turned the corner, and having regard to the fact that India may now be considered to be not a place which so much depends upon its defence as upon the fact that it is an operational base and it is about to take offensive action against Japan, I personally feel that even these 36 crores and odd, which is classed as a normal basic Budget, ought to be included in the operational expenses, if I may use that phrase, so that, really speaking, India ought to have much less of the normal basic Budget and that more of these 36 crores ought to go into the expenses of what I call the 'operational expenditure'. With regard to the allocation of the expenditure between India and His Majesty's Government I should suggest—I do not actually know what the arrangement between this Government and His Majesty's Government, because that is an Agreement of confidential nature—that any increased expenditure on account of war ought to have some bearing to its basic normal Budget. I do hope the Finance Member will keep that in view.

Sir, there is another point which I should like to stress upon the attention of the Finance Member as also upon the attention of this Honourable House. The Budget has got certain features. One feature is that it is the result of unpreparedness generally of His Majesty's Government to meet this war and, as in all cases where a man is unprepared and wants to meet an emergency the expenses are bound to be much greater than those of a man who has foreseen and is making a plan of defence, and it is rather hard that India should be called upon to pay much more than she should normally for the unpreparedness of His Majesty's Government, which generally takes the responsibility for Empire's defence.

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

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



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

**Rao Bahadur N. Siva Raj:** Sir, I was referring to the question of supplies to the armed forces in India. While it was probably necessary in the past on account of the unpreparedness of the Government of India that they should indent for a large amount of supplies, which may not be quite necessary, scientifically speaking, for the requirements of the army, the time has now arrived when the Government should revise its policy of supply for the army. If it is done carefully and scientifically I honestly believe that it is possible for us to reduce the amount of supply, and moreover it is possible for us to distribute the indent for those supplies more evenly than hitherto. That will go to reduce in my opinion some portion of the expenditure for the army supply.

Another thing that I would urge upon the attention of the Finance Member is that he must ask the army in many ways to undergo some sacrifice, exactly like the civil population is called upon to. In fact one notices in this country such a gulf between the armed forces and the civil population in the matter of their supplies that the civil population has not merely gone without many things but it has also suffered for lack of the essential commodities. The army is, I think, more than supplied not only with necessaries but also with luxuries, and it is necessary that like other countries, *e.g.*, the United Kingdom and the United States, equality of sacrifice must be established between the armed forces and the civil population, so that there might not be too much of strain upon the civil population. In connection with this, I should like to invite the attention of the Honourable Member for the transfer of six crores from the Customs Revenue to the defence services as an exemption. I think, Sir, that six crores ought to have been made the income under the Customs and must be debited to the defence expenditure, because later on when the allocation is made of the expenditure between the Government of India and the United Nations, credit may be given to this and the burden will be distributed between India and the United States Government.

Another suggestion I should make to the Finance Member is to fix, just as he controls the price of other commodities in India, the price of gold that is sold in India. Even that must be brought under a kind of control. I think there is considerable truth in some of the suggestions and criticisms made in the way in which gold is sought to be sold in this country. We must take advantage of the position and we must get the real benefit of these gold transactions in India. So, it is essential that the Government must fix a lower price for gold.

I want to say something in connection with the Burma evacuees and the Burma question. I agree with those who made the criticism that the Government of India is spending too much on these Burma evacuees. No doubt I agree that it is quite consistent with our sense of generosity and hospitality to treat these unfortunate people kindly and give them such charity as they deserve, but I find that the Government of India has established a policy with regard to the treatment of the Burma evacuees by going further and giving them preferential treatment, so much so that our own people in India do not get the benefits which these Burma evacuees get. So, it is necessary that the Government of India ought to change its policy towards the treatment of the Burma evacuees.

There is also the question of the Government utilising the services of our local people in many of the positions which now are occupied by these gentlemen from Burma. Sir, as I said there is one matter of which there could be no difference of opinion in this House with regard to this Budget, and that is the new lead that has been given by the Finance Member in the framing of this Budget and I hold the opinion that in the future any Government of India cannot afford to go back to the old state of its finance and it ought hereafter to deal with and handle what will seem to us to be astronomical figures. And

whereas for the purpose of the war we have come to this state of things we do hope that the lead that has been given by the Finance Member will be continued by his successors for a purpose which is more permanent and which will be more useful, namely, the post-war reconstruction schemes. No doubt people are not quite definite as to what exactly is the post-war reconstruction scheme for India. I am not a believer in the word post-war. I believe that reconstruction, rehabilitation, improvement and the development of India ought to go side by side with the war efforts themselves. We already find, on account of the policy adopted by what might be called the United Nations High Command with reference to fighting the enemies, namely, putting down Germany first and coming to Japan later, we fear that just at the time when India is entering on an offensive against Japan and probably locked up in a struggle against Japan, countries like the United Kingdom and the United States, having defeated the Germans, will be starting on and working up their post-war reconstruction schemes. So, I fear India will be really handicapped on account of this high strategic policy which has been adopted by the conference of the United Nations. I would insist that the Government of India do immediately take up the question of post-war reconstruction on a practical basis instead of merely dealing with files, plans and schemes, and that India should not be caught napping in the middle of a deadly struggle with Japan and at a time when countries like England and America would probably already have gone a long way in the matter of rehabilitation and the reconstruction of their schemes.

**The Honourable Mr. Azizul Huque** (Member for Commerce and Industries and Civil Supplies): Mr. Deputy President, very few words are needed from me to reply to some of the points raised in connection with the administration of the various control measures and the administration of the Department itself. Before I say anything, I have to refer to certain remarks and views of Sardar Sant Singh. I think we have to adopt an attitude of despair if in a country of 400 millions we have to take any steps, and in a measure like price control a man like Sardar Sant Singh says that it is no use going to the police or it is no use making a report about high price or if there is not that amount of co-operation which is essential. I am glad to say that even though Sardar Sant Singh did not complain there are many others who are coming forward with complaints, and every bit of these complaints is being investigated and necessary action taken with a view to check profiteering and hoarding. Here, round about Delhi, there have happened several cases and all over India there have been many cases, some of which have eventually gone to courts and some of them have been punished. But I do point out when criticisms are made that it is not more than four months before that this Anti-hoarding and Profiteering Ordinance was promulgated. Four months time is not long when we consider the gravity of the problem which we have to tackle. But quite apart from the fact that any successful handling of either price control or checking profiteering must necessarily depend upon the extent of co-operation from the public, I must refer to the fact that some of the criticisms show that they have not yet cared to know what the provisions of the Ordinance are.

Criticisms have been based mainly on the ground that we have fixed the profit at 20 per cent. If the ordinance is carefully gone into, it will be seen that we have not done anything of the kind. We have no doubt tried to rationalise profit, and in order that there may not be any loopholes when matters go to court to decide the nature of the profit with respect to different commodities, we have tried to rationalise profit at 20 per cent. as a general basis. But we have also made provision that it is open to any trader, to any seller, to approach the Controller General to fix a higher percentage of profit if that is justified. Here I may say that there have been several cases in which we have gone beyond the 20 per cent. figure when cases have been referred to the Controller General. Therefore, it is not correct to say, and it is more or less to divert attention if you say that we have fixed the profit at 20 per cent. No. All that we have done is this:—The time has come for a country like India when we must try to rationalise profit on some basis or other. We have taken the basis to be 20

[Sir M. Azizul Huque.]

per cent. That 20 per cent., we consider as a result of our experience, ought to be quite enough to meet the average charges of transport plus profit. But if one section of the traders, namely, the wholesale dealers take 16 per cent. and leave only 4 per cent. for the retail dealer, surely 20 per cent. will never be enough. If the wholesale dealer wants 50 per cent. 50 per cent. will not be enough. There must be some adjustment between the wholesale dealer and the retail dealer, after deducting the transport charges as to what should be the nature of the wholesale dealer's profit, and what should be the nature of the retail dealer's profit. In a country where criticisms are not unjustifiably made on many aspects of our life, that things are not managed according to the standard of poverty of the people, we lay down 20 per cent. as the maximum profit and, we are criticised on the ground that it is too low for a poor country like India. I do not hold that view. I feel that there is enough scope for everybody to make a substantial profit if he wishes to on the rationalised profit of 20 per cent. provided the profit is apportioned between the wholesale dealer and the retail dealer after meeting the transport charges. We are not saying this without facts. We have dealt with the question of standard cloth, and we have taken the overall charges including transport charges of the provinces, including transport charges of the Central Government, including the profit of the retailer, for heavy commodities like textile goods, at 6½ per cent. and we have found that that rate is quite enough to leave a small margin of profit. Having regard to that experience of ours, we fixed 20 per cent. But we knew that there were commodities in which 20 per cent. might not be enough. The question is, what shall we do if we want to do it? What should be the standard? Anything which you do other than fixing at some definite rate or other, must again expose ourselves to the criticism that we have not enunciated the law properly and that it is impracticable-owing to its generalities and vagueness. I feel that 20 per cent. for trade and business as between the wholesale dealer and the retail dealer is the most salutary maximum which we can put before the country, and I have no doubt in my own mind that a time will come when the profit of 200 per cent. or 300 per cent. will be a thing of the past. That cannot be supported for a poor country like India. A poor country like India wants a low profit for everybody, and I believe the traders also must feel that the time has come when the question of 100 or 200 per cent. profit is a thing which cannot be justified on any ground of commonsense or reason according to the circumstances of this country.

**Sri K. B. Jinaraja Hegde** (West Coast and Nilgiris: Non-Muhammadan Rural): What about the percentage of profit on watches?

**The Honourable Sir M. Azizul Huque:** My Honourable friend has put me a question, I will give a reply to it.

I am here saying that we have not fixed 20 per cent. in every case. Take an example like watches or fountain pens. If a watch is considered a necessity, if it is a fact that watches are not as plentiful as black berries, if it is a fact that dealers in watches have to keep a certain amount of staff of their own, if it is a fact that under war conditions they cannot sell as many to-day as they did before, surely we shall have to assess the profit on a consideration of all these factors and not stick necessarily to 20 per cent. If, therefore, there is any charge where we have gone more than 20 per cent., if we have gone even to 50 per cent. if it is a fact that watches are not as plentiful as black berries, if it is a fact and I am quite prepared to face criticism and justify our action for every bit of the item in regard to which price has been fixed.

**An Honourable Member:** It is 100 per cent.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Is there any case where more than 100 per cent. has been fixed?

**An Honourable Member:** Radios.

**The Honourable Sir M. Azizul Huque:** The price of radios was fixed long before the Ordinance came into effect.

**Mr. T. T. Krishnamachari** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): The profit is made by Government.

**The Honourable Sir M. Azizul Huque**: That was fixed long before.

**Sardar Mangal Singh** (East Punjab: Sikh): What about the high salaries?

**The Honourable Sir M. Azizul Huque**: I will join my friends if there is an all round curtailment of everything. I have never been afraid of being a poor man, but here I want that that poverty should be shared by everybody and not that there should be a rich who will reap the benefit at the cost of the poor.

**Mr. T. S. Avinashilingam Chettiar**: May I know what is the maximum profit that has been allowed by Government?

**The Honourable Sir M. Azizul Huque**: I think the Honourable the Finance Member will be able to give an explanation with facts and figures that the Members of the Executive Council have to part with a substantial part of their salaries for the purpose of income-tax.

**Mr. T. S. Avinashilingam Chettiar**: May I know what is the maximum profit that has been allowed by Government?

**The Honourable Sir M. Azizul Huque**: If it is the object of my Honourable friend to criticise with respect to any abstract figure, I cannot argue with him, but I say this much that we have tried to rationalise the profit at 20 per cent. and as regards any commodity where we have allowed more in profit, we have carefully gone into the question as to the cost of transport and other charges and on that we have assessed the profit. But do remember that this profit includes the cost of transport. If a radio is transported from Bombay to Nagpur it is not the same thing as to transport wool from Nagpur to Bombay. Therefore, after considering all these factors,—the cost of transport from port to headquarters, and then from headquarters to rural areas—after a calculation of all these we have fixed an overall profit of 30 per cent. 40, 50 or it may be 100 per cent. But it is certainly less than the price which has been charged only about 5 months before. I am prepared to accept the criticism as to why in some cases it is 100 per cent.—it may or may not be so—but I will not accept the criticism when I say that we have reduced from 300, 400 and 500 per cent. at least to the figure with which my friend credits me today. I have nothing more to say on this point except that I have to point out to this House that under the Ordinance it is now incumbent on every seller to give a cash voucher for every sale over Rs. 10 and for every sale below Rs. 10, if the purchaser wants it, it is incumbent upon him to give the voucher.

**Mr. Ananga Mohan Dam** (Surma Valley *cum* Shillong: Non-Muhammadan): But they don't give any.

**The Honourable Sir M. Azizul Huque**: I cannot deal with the crimes and sins of four hundred millions of people. I can only deal with it if my friends take the responsibility of reporting it to me and if I do not take any action, after the matter has been reported to me, then my action is open to criticism. Sir, the Indian Penal Code was promulgated not with a view that there would be no crime in this country. It is with a view to deal with crimes that laws are made. I know that my friend will say there will be crimes, there will be omissions. There will be fragrant breaches. It is with a view to minimise the evils that laws are promulgated. We cannot make a perfect man or a perfect society. Much more will be needed for that purpose but for the time being we have been able to devise a system by which much of this evil will be minimised.

As regards the other points, it is now only four months since we started work. Our staff is not yet too large. We have to depend on provinces and we have to depend upon many other factors but we are gradually trying to bring down the prices and I think everybody will admit that at least for the articles which are available the prices have appreciably come down.

Sir, I will only say one thing more and that is this. Sometimes, it is not realised what a colossal amount of work has to be done before these control measures are brought in. Leaving aside the standard cloth, I have before me the other textile orders. They are huge printed volumes of

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textile prices and it is not the complete list. A large amount of administrative work has to be gone through before a system can be perfected. We have to go carefully into the question of specification and other technical details and for the time being I take credit for this fact that we have done our level best. We shall be glad to have helpful criticism and if any one would kindly suggest as to how things can be done, I can assure him on behalf of the Department that we will be only too glad to give heed to the suggestions and even where there are things which have not been done correctly, if they are pointed out to us, we will certainly try our best to rectify the mistakes.

**Dr. Sir Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): May I put a question? The price in the case of certain articles has come down from 500 to 300. Can we reasonably expect that there will be a further reduction?

**The Honourable Sir M. Azizul Huque:** So far as textiles are concerned, which is the main matter, from August, we have brought down the cloth price from 2/3 to 1/14. We are gradually trying our best to bring down prices slowly without bringing about a crash in the economic position of the country.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): The Honourable the Finance Member told us that this was the 5th war budget that he had to introduce. May I tell him that he is perhaps the sixth Finance Member with whom I have had to deal as a Member of this House, and never before had I felt so humiliated as I do now in speaking on an occasion like this. I recall the discussions that took place on the 24th February, in the course of which this House, in no uncertain voice, made it perfectly clear that it was not prepared to agree to the enhancement of the railway fares; and yet what do I find in the Honourable Member's speech? In paragraph 65 of his Budget speech, he actually assumes that the railway fares have been enhanced already and he cites that as one of the anti-inflationary measures which he is going to take. There is no word of explanation as to the circumstances in which the vote of this House came to be so flagrantly disregarded. It is not merely because I consider it a matter of sentiment that I am raising this issue. It has a constitutional significance. May I draw the attention of the House to page 18 of the Explanatory Memorandum on the Budget as laid before the Indian Legislature? Honourable Members will find that the Railway Reserve fund is shown there under the Ways and Means Estimates, as 20 crores 84 lakhs—the original figure which was contained in the Demands for Grants of the Railways under Demand No. 10, as far as I recollect, and which was reduced by a definite vote of this House by ten crores.

**The Honourable Sir Jeremy Raisman:** The Explanatory Memorandum was printed some time before.

**Mr. K. C. Neogy:** I would draw the Honourable Member's attention to the fact that the Explanatory Memorandum was printed on the 28th February.

**The Honourable Sir Jeremy Raisman:** It bears that date. It is not printed on that date.

**Mr. K. C. Neogy:** I take it that the House was entitled to an explanation from the Honourable Member in his speech that this was a mistake and that we would be expected to correct that mistake in the Explanatory Memorandum. The Honourable Member was speaking late in the afternoon of the 29th. May I also remind him that the Honourable Member's speech is divided into two parts, the first part was printed on the 28th February at the Government of India Printing Press at Delhi, whereas the second part, containing the post-war planning proposals and the new proposals, including the taxation proposals, was printed at the Press of the Private Secretary to the Viceroy on the 29th February.

**The Honourable Sir Jeremy Raisman:** 'is dated' would be the appropriate expression.

**Mr. K. C. Neogy:** I know something about the work of the Printing Press. It is put down here that the paper was printed in the Private Secretary's press

on the 29th. I do not want to raise the issue as to whether the fact that this latter portion of the speech was printed at the Private Secretary's press has got any particular significance; but I take it that the printing of that statement at the Private Secretary's Press is not tantamount to a certificate from the Governor General. I am perfectly aware of the constitutional limitations subject to which we have to work this constitution. But, Sir, I am certain that even the Honourable Members sitting on the Government Benches, particularly the Honourable the Law Member, would not allow the provisions of the constitution to be disregarded in such a fashion. When a vote is passed in this House, that vote is binding upon the Government so long as the Governor General's power of certification does not come into play, and we are entitled to an explanation from the Honourable the Finance Member as to why he disregarded the vote in this fashion.

Now, Sir, I was very pleased to hear my Honourable friend, Sir Henry Richardson refer to the immense burden of the war expenditure. I  
 3 P. M. recall an occasion when the Honourable the Finance Member, while speaking in the other House, perhaps, some time ago, took exception to expressions like the crushing or heavy burden of war expenditure. I am glad to have my Honourable friend, Sir Henry Richardson's testimony to the fact that the burden is heavy indeed. Now, Sir, as the burden is getting heavier, the information that is vouchsafed to us regarding the details of this expenditure is getting scantier and scantier. I hold in my hand the publication called the Budget Estimates of the expenditure on defence services, etc., for the year 1939-40. It runs into about 300 pages, giving all the details of expenditure under various heads. The corresponding paper that has been placed before us as a part of the Budget papers on this occasion runs to 8 pages.

**Dr. P. N. Banerjee:** Due to paper economy.

**The Honourable Sir Jeremy Raisman:** Due to the accident of war.

**Mr. K. C. Neogy:** The war is an excuse for many things.

**The Honourable Sir Jeremy Raisman:** War is a very good excuse for not telling the enemy all the details of your expenditure.

**Mr. K. C. Neogy:** I knew that the Honourable Member will say that in reply. But in this particular Volume of 1939-40 I find there were many details which could easily have been given without making such information of any value to the enemy.

**The Honourable Sir Jeremy Raisman:** Who is the judge?

**Mr. K. C. Neogy:** Even if my Honourable friend's objection is valid, what is there to prevent a secret Session of this House as was suggested, I think, by my Honourable friend, Sir Muhammad Yamin Khan, where more of these details could be made available to us without being communicated to the enemy.

Now, Sir, I tried to compare some of the statements which the Honourable Member made in his previous speeches in relation to the defence expenditure with the statements made on the present occasion, and I find that whereas definite information of statistical character is denied to us, his present speech is composed of vague assertions, indefinite speculations, pious hopes and cryptic statements. Is that the way to deal with this House in asking them to accept a burden of the character that this Budget represents?

Now, we know that we are working under a financial settlement between His Majesty's Government and the Government of India in regard to the defence expenditure. It has been described to be very broad. This is how it was described by the Financial Adviser of Military Finance: "Extremely broad nature of the settlement", and I take it extremely elastic. The defence expenditure is determined under a particular formula that has been agreed to as part of that settlement. In 1942 the Honourable Member went to England because there were certain developments which required a re-examination of the formula. The Honourable Member on return assured this House that the formula stood, and that the terms of the original settlement were not to be varied, but in practice what has happened? The expenditure that used to be divided between England and India, and the expenditure that was in certain circumstances exclusively borne by Great Britain, has in some instances perhaps been saddled on to India. I know

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also the Honourable Member's explanation, but I should like to give this House the figures because they will tell their own tale.

I am referring to the expenditure on account of aerodromes and airfields in 1940-41. The total expenditure under this head was 46 lakhs, the whole of it having been charged to His Majesty's Government. In 1941-42 the total expenditure was 1.07 lakhs, out of which 25 lakhs was charged to His Majesty's Government and 82 lakhs to India. What do we find in 1942-43? The total expenditure stands at 63.27 lakhs. Nothing of this has been charged to His Majesty's Government, and the whole of it has been charged to India. Of course, I know the explanation which the Honourable Member will give and has already given. But then the fact remains that the terms of the settlement are so elastic that it is possible to bring about such a result.

As regards the progressive increase of expenditure under air fields, the Honourable the Finance Member's observations made last year in the course of his Budget speech under the head 'Civil estimates' have some relevance. This is what I find in paragraph 39 of the Honourable Member's Budget speech of last year. While dealing with the civil defence expenditure, he said:

"A reduction of 2½ crores in respect of civil defence expenditure is also anticipated (*he was thinking of reduction of expenditure*) as a result of the general improvement in the war situation and the less imminent threat of enemy attacks. We hope, indeed, that the provision now made on this account will be still further reduced as a result of the provisional conclusions reached at a recent Conference of future civil defence policy."

If really we are concerned only with the defence of India, and if really India is expected to pay only for her local defence, then how is it that just a year ago the Honourable Member was thinking of reducing expenditure under the civil defence head which, I daresay, has a direct bearing upon the air fields and aerodromes. He was thinking of the improvement in the situation that had taken place, and he thought that he was taking no risk in revising the expenditure under civil defence, and yet the expenditure under the Air Force and aerodromes has gone on increasing and increasing. The Honourable Member will have to explain the disparity, as far as I can see, between the position which he took up last year and the position which he is trying to support this year.

Now, Sir, while I am on the question of air fields, I should like incidentally to deal with the miserable device which Government had to resort to for the purpose of bringing about an illusion as regards the quantum of the defence expenditure by creating a capital account. I know the grounds which the Honourable Member has given in support of this device. He thinks that the works, particularly, of the nature of air fields and aerodromes, will continue to have some capital value in the future and therefore it is as well that he puts all that expenditure into a capital account. Now, Sir, air fields are liable to damage by reason of enemy bombing and also by reason of constant wear and tear. What the capital value of these air fields and aerodromes will be is a matter on which there must be grave doubts. Incidentally, I should also like to draw the attention of the Honourable Members of this House to the extravagant and wasteful methods which characterise the construction of aerodromes and air fields. I am very glad that my Honourable friend, Dr. Ambedkar, is present in the House now; he will remember that in reply to a question of mine about a year ago he made a statement to indicate that in connection with two aerodromes a Provincial Government had to raise an exception to the very high rates to which the Central Public Works Department had agreed, and that in the case of certain items the rates had to be reduced by 50 per cent. as a result of an inquiry on the protest of the Government of Bihar as far as I can recollect. And yet the old contractors continued their contracts! It is a matter of common knowledge that the construction of aerodromes or air fields are characterised not merely by extravagance, but things much worse; and my Honourable friend justifies the showing of these splendid works under capital head because they will have some value in future after the war is over.

Sir, there is very little time for me to deal with any other point. I have to come back to the financial settlement. The Honourable Member said that

there are two objects with which that settlement was arrived at. The first one is to limit India's financial liabilities within her financial capacity, and the second was the simplicity of the formula. Now, Sir, so far as India's financial capacity is concerned, the Honourable Member's war finance has been characterised by manipulation of the currency of the country in such a way as to inflict death upon millions of my countrymen and untold misery upon millions more. Is that the measure of the financial capacity of India? If he really means what he says, he should not be satisfied with the fixing of a variable ceiling to expenses under different heads; he should try to bring about a definite maximum expenditure beyond which India must in no circumstances be expected to bear the cost of defence.

Now, Sir, there is just one point to which I might refer and that is this. The Honourable Member gave an elaborate explanation of the difficulties of assessing the value of Lease-Lend in connection with defence expenditure last year—Lease-Lend with regard to goods and services that India was receiving from Great Britain, and reciprocal or reverse Lease-Lend facilities that we were expected to give to the U. S. A. I have no time to give any quotations from the Honourable Member's speech last year. There he was full of doubts, he was conscious of the difficulties in assessing the value of the services and he said that unless India had direct negotiations, and a direct agreement with U. S. A., it would be very difficult to assess the value of services and cost of Lease-Lend and reverse Lease-Lend. He said that steps were being taken, following the example of certain Dominion Governments, to negotiate a direct agreement. This year, he says that after preliminary discussions, it was agreed to suspend negotiations for a direct mutual aid agreement with U. S. A. The Honourable Member has not given the reasons beyond saying, 'in view of the difficulty of determining India's post-war policy in certain subjects'—I hope the Honourable Member will care to explain.

**The Honourable Sir Jeremy Raisman:** The interest which the Honourable Member represents is fully aware of what that means.

**Mr. K. C. Neogy:** I do not think I have been taken into confidence by the Honourable Member.

**The Honourable Sir Jeremy Raisman:** The interest which the Honourable Member represents is fully aware of what that means.

**Mr. K. C. Neogy:** What interests?

**The Honourable Sir Jeremy Raisman:** I shall explain that later on.

**Mr. K. C. Neogy:** I know I represent my constituency.

Now that the Honourable Member has suspended these negotiations, enlightenment suddenly dawns upon him. Last year he said, the whole question bristles with difficulty; and he has yet found it possible this year to give us a glowing picture of the benefits we derive. The value of goods and services which we receive from U. S. A. he has set off against the value of reverse Lease-Lend supplies that we give to U. S. A., trying to make it out that it has been a very good bargain. Perhaps the Honourable Member would care to explain as to how it was that the problem which was bristling with difficulties, to quote his own words, last year, has been so simplified this year as to enable the Honourable Member to make such a definite statement as this.

**Maulana Zafar Ali Khan (East Central Punjab: Muhammadan):** Sir, we are now in the fifth year of this terrible war which we are told is being waged with the object of making the world safe for democracy, whatever that expression may signify. The silver lining to the dark clouds that were at one time enshrouding the prospects of the Allied Powers is now visible and its brightness is gaining in intensity. We dimly discern victory for Britain and her Allies marching on all fronts of war, specially the western fronts, but we cannot foretell the exact time of that victory which is unpredictable. One ought to be very cautious and circumspect when talking of the duration of the war and the time of its termination and all over-optimism should be avoided. I am glad that the Honourable the Finance Member has realised the importance of this truth, and has given up his over-optimism. Last year in his budget speech, he talked of a decisive victory in the no long distant future. This year, he has become more



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sober and tells us that the precise time and manner of that victory are still hidden from us. The uncertainties of war like those of cricket are glorious. Who could have thought that Russia, after being driven towards the heart of her country by the advancing German hordes, would lose in territory to the extent of 2,000 miles in length and 1,000 miles in breadth; and then suddenly, the historic event of Stalingrad would occur and the Germans would receive a check and begin to move backwards, and backwards and backwards till her entry into Poland. Now, Sir, is it not possible that Germany might emulate the feats of Russia and after having gone back, with a mighty effort might again retrieve the situation and go forward again. Is it not possible that Great Britain and America might receive a check in Italy.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member must make his observations relevant to the Budget discussion.

**Maulana Zafar Ali Khan:** The Honourable the Finance Member was talking about the war, and so I had to refer to it.

So, you see, Sir, a wise man ought to be very cautious and circumspect and look upon this war as a long war. It may end in six months, it may end in one year, or five years or in ten years (Interruption) or not end at all. Last year a Chinaman said that the war might go on for 100 years. There have been 100 years wars and 30 years wars in Europe and America. So, Sir, a wise man ought to look upon it as a long war and for a long war, the country must be contented, the country must be happy. But is the country happy, is the country contented?

You have heard the speech of my Honourable friend, Mr. Abdul Qaiyum. I will not follow him in the bitterness of his accent but what he said showed the mind of Hindu India and Congress India. On the Nationalist Benches also there are critics; not very violent critics but still critics. As regards the Muslim Leaguers they have not stabbed the Britishers in the back; they have wished them well but what have the Britishers done for the League? We understand them but they do not understand us. The Muslim League tells you in plain and clear words that as long as you are not going to enter into honourable relations with us and settle the destiny of India according to our plan we are not going to be whole-hoggers. We will not prevent anyone from joining the war effort, but as a nation of ten crores of people our heart will not be with you. So, when the condition of the country is such I think a wise Finance Member would see to it that the country is not over-taxed or overburdened; but unfortunately as I go through this Budget it seems to me that the Finance Member is a very cruel camel driver. He has loaded the poor Indian camel with the last straw that breaks its back, but when its back is broken he still drives it on and pokes it and makes it go on. Look at the Budget; it is a Budget of taxes. In regard to income-tax it is proposed to give relief at the bottom of the scale by raising the taxable minimum from Rs. 1,500 to Rs. 2,000. Thanks for this small mercy; the country appreciates the relief but it is not adequate. The minimum should be raised at least to Rs. 4,000 if it is intended that the relief should be tangible. The purchasing value of the rupee has gone down to four annas and this fact must be kept in view. It means that a person whose monthly income is Rs. 100 in reality earns only Rs. 25 which is clearly out of taxable limits. So, if he is anxious to earn the goodwill of the people of this country the Finance Member should raise the taxable minimum to Rs. 4,000. I have received a number of letters from all over the country, specially from Punjab, the province from which I come, and they are clamouring for it.

**The Honourable Sir Jeremy Raisman:** What is the Honourable Member assessed at?

**Maulana Zafar Ali Khan:** I am really your friend in this respect that you are drawing Rs. 5,000 a month which means that you are actually getting Rs. 1,250 a month and, therefore, these Benches should not be too hard upon you.

Then, Sir, the Finance Member is always on the look-out for fresh avenues for raising taxes. He taxes tobacco. I am myself a great smoker of the *hooka*. and, therefore, I am with those who are for reducing the tax on tobacco. Levy an impost on highly manufactured cigars and cigarettes, but so far as the poor man's tobacco or *bidi* is concerned it is a sort of necessity for him as much as Johnny Walker is a necessity for you. Then in taxing him more you come to betel-nuts. Shall I give you a tip? There are thousands of maunds of betel leaves chewed by the Indians with lime and *katha*. In your next Budget you might tax this pan and lime and *katha*. If you want to be a popular Finance Member you must make up your mind to give up this tax on betel-nuts and tea and coffee. These are little amenities of life which are left to the poor man. They are small things and may give you a few crores of rupees in order to meet your deficit. But what are two crores and four crores when you deal in astronomical figures like millions and billions and trillions and quadrillions? Give up these taxes and the country will be happy.

I can say a lot about inflation. Last year a friend of mine on those Government Benches told me that India was not likely to prosper so long as the present currency policy of Government continues. Last year the Finance Member seemed to think that there was no inflation in this country and the only inflation was that the rising prices of commodities impinged on the diminishing value of commodities. So you did not believe in those days that there was inflation, but this time you say that there is a menace of inflation and to counteract that you have been taxing the people.

So far as food growing is concerned you talk of growing more food. Many years ago before this war came upon us the Government slogan was, grow more cash crops, grow more cotton and grow more fruits. But when the war came suddenly your slogan changed into 'Grow More Food', but has anything been grown? Has any food been grown? Nothing has been done in the matter. I think you are not as wise as Joseph was in the Old Testament days. In Egypt a famine came for seven years, Joseph who was circumspect, wise and far-seeing stored wheat in the granary and for seven years he supplied not only Egypt but Palestine and other parts of the mid east. As soon as this war was declared it was the duty of the Finance Member to go on collecting food, storing it and calling upon the people to grow more food, taking the campaign in his own hands, and then there would have been no trouble. There would have been no Bengal, there would have been no mortality of 60 lakhs of people. It is all due to you. You are responsible instead of us. You think you are the real representative of the people. But if you are the real representatives of the people and if you have any sympathy with them you will see to it that all these complaints and grievances are remedied. Sir, there are other friends who want to speak on this Budget, and therefore with these few words I resume my seat.

**Mr. K. S. Gupta** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): In answer to the Government Member, who spoke a few minutes ago, and who was talking of public co-operation, may I ask him how could he get it? People have lost all confidence in you . . .

**Mr. H. A. Sathar H. Essak Sait** (West Coast and Nilgiris: Muhammadan): Have people lost their confidence in the Deputy President?

**Mr. K. S. Gupta:** . . . and the goodwill for you is vanishingly small. How can you restore it? Under one condition you can: If there is liquidation of domination in India, you would surely get it, and in the wise words of the Congress Working Committee with regard to the 'Quit India' programme, which is misrepresented and misquoted and any amount of evil propaganda has been made here in India and outside India.—I am compelled to quote the exact words because the Honourable Member on the other side has said that there is no public co-operation in the country for them to succeed in their administration except under "withdrawal with goodwill".

**The Honourable Sir M. Azizul Huque:** I do not think I said that. All I said was that it is necessary that there should be public co-operation. I did

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not say there was no public co-operation. On the contrary, I find that we are getting more and more co-operation.

**Mr. K. S. Gupta:** That is complacency and optimism, and the Finance Member had plenty of it in his Budget speech. If the Budget speech is to be christened, it is a military Budget; it is a Gosha Budget; nobody knows what is going on behind the screen. How the money is spent, where it is spent and why it is spent. I am a representative of the people and I am not allowed to know. Is this representative Government, is this responsible Government? I oppose the Budget, I oppose it on principle that there should be no taxation without representation. As long as you treat us as helots in our own country, we will not under any circumstances associate ourselves with you with regard to taxation without representation . . . .

**An Honourable Member:** Why not come here?

**Mr. K. S. Gupta:** Sir, pre-war military expenditure was about 52 crores. The present expenditure has gone up; it is soaring high up day after day, month after month and year after year. It has come to 277 crores, and so there is an increase of 225 crores with regard to military expenditure in India. And what is the condition of India? It is poor, it is devastated, it is famine-stricken. Now, according to your own figures, Professor V. K. R. V. Rao has said for the last fifteen years: "Per capita income in India is only Rs. 69 per year." You could not raise it even by one rupee, but you have raised your budget, specially military budget, five times. Have you got any justification to do so? Are you not bound to see that the civilian population are contented. Even your own officer, Mr. Kirby, says: "Bread to the civilian is more important than bullets to the man in the front". You are neglecting the rear; you are only caring for the front. The other day, the Finance Member said, 'collapse might be the result'. What will be the result if there is no policy, if there is no plan for doing things, and if your heart and head are not in your administration? Mal-administration is your lot and mal-nutrition is my lot. How long can we go on like this? You bleed the people white, you tax them more and more. This is not the policy which a civilized Government ought to adopt.

Sir, you speak of financial settlement. Where was it made, when was it made, between whom was the settlement made? It was made in England, some years ago, between master and servant—both are foreigners. It is not in the interest of India. It is His Majesty's Government which will settle from time to time as the rates of railways, steamers, etc., would be. We are at the mercy of His Majesty's Government. How long are we to be at the mercy of His Majesty's Government? Sir, the only panacea of all these evils is national Government. As long as you are unrepresentative and irresponsible here, we cannot expect any remedy of the evils that are existing now. You have neither the will nor the guts to fight with His Majesty's Government for a fair financial settlement. You say you have got sterling balances. I tell you they are not free. We cannot use them as we please. Even for the use of that His Majesty's Government comes in and we have to wait until after the war when we are promised a paradise, but the present result is misery, deprivation of the essentials of life—food and raiment. How long can India tolerate your presence? No longer can we tolerate; the sooner you quit the better.

You say something about inflation. I am reminded of a story I read when I was a child. One friend went to another friend and knocked at his door. A servant came and opened the door. He asked the servant "What is your master doing?" The reply was, "Sir, he is committing mistakes and trying to correct them". The same is the case with you. Never in your life have you done one good thing, and that at the right time. Your business is to create inflation with one hand and try to suppress it with the other. You are yourself the creator and now you want to kill it. Under no circumstances you can do it. You are complacent about the stability of finance. I think everything is unstable, everything needs an eye of scrutiny which is absolutely necessary.

Your military expenditure is full of wastage. I know that tinned food, tinned fruits are being sold in out of the way places—not in Delhi, Calcutta, Bombay, Karachi or Madras—because they are getting rotten. This is due to overproduction for military needs. You over-produce them for fear that you may not be able to supply the military man in the front who is to be well fed! Why all this? You say you have to fight a ruthless enemy in the East, the Japanese. What are your invasions now? They are only top-tup invasions. They are not major but minor operations. You have to wait until Germany is vanquished before Japan is tackled with. It will be too late. We cannot wait. The country cannot afford to wait. If you are bent upon seeing that the Japanese are driven out of Burma, take the people of this country into your confidence to such an extent that they will co-operate with you in all your efforts. The blood, toil and sweat of the poor man is more a curse to you and to your war effort than the so-called co-operation and goodwill for your administration at present.

Sir, the other day you spoke about the sale of gold. America and Britain are bringing bags of gold and tons of it into India and selling them to meet their expenses. There, you are not clear. There is vagueness and uncertainty in your statements. Will you answer in your reply that for the last six months they are spending out of the sale of gold for their total expenses in India and that they would continue to do so in time to come? This vagueness and uncertainty about the future will not do. That will not help the country in any way or direction.

You say you are creating "an Empire dollar pool". Yes you are going to create one! You have already created several cesspools in India. You have to clear them first before you offer us a dollar pool, a heaven on earth and a paradise of bondholders in future, *i.e.*, after the war and the present misery is to continue.

Lastly, I would say that your budget is a budget of jugglery of figures. I wish you had been a musician and not a magician, because you cannot get on even as a magician to balance the budget. You are doing things which a national Government would shudder, would think a hundred times to do. Neither the superlative ardour for ruthlessness of Sir Reginald Maxwell nor your financial jugglery would brighten your prospects. I oppose entirely and wholeheartedly any taxation without representation.

**Mr. Muhammad Ashar Ali** (Lucknow and Fyzabad Divisions; Muhammadan Rural): I very carefully studied the Budget speech of the Honourable the Finance Member and it was on page 3 that I found—at the end of the page—a few pertinent lines, and I would like to read them before the House. It is said: "That a substantial increase in the demands on India's resources . . . would impose a severe additional burden on her economy which has already shown distinct signs of over-strain and might even lead to a serious breakdown."

Now, Sir, here is a warning to the whole country that the Honourable the Finance Member in his speech expresses things which show that he is panicky, that he himself is not sure of what is going to happen and what will be the result of his enormous increases in the budget. He has shown in these words a little sympathy undoubtedly, but I suppose it is a warning to the whole Indian nation that there might be a breakdown any moment. Sir, what kind of a breakdown would it be? It would certainly be a financial breakdown. These words are foreboding things which we have to consider very seriously and it is a matter to which not only the Treasury Benches but these Benches and our European friends should give very careful consideration. The breakdown may cause not only dislocation of trade, not only dislocation of internal business, but it may be some other kind of breakdown which we do not perhaps anticipate.

Sir, it is said, and it can be said, that it is a war budget undoubtedly and we believe that it is a war budget, but if it is a war budget and you have to take care of the soldiers, you have to take care of the whole army, and you have to take care of the United Nations at the same time, it is thus all the more a business not only of the Finance Member but of the whole of the Indian Government to take care of the Indian people too. May I tell you how the Indian

[Mr. Muhammad Azhar Ali.]

people are being cared for and what is happening today? There is not a single item, as my friend, Maulana Zafar Ali Khan, has said, either of foodstuff or any kind of ordinary luxury that has not been taxed. What remains to tax? There is nothing absolutely left.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): Death.

**Mr. Muhammad Azhar Ali:** My friend says death tax. I do not know whether there will be a decent burial to that Bill or an indecent one!

Sir, in this war budget you claim to have all kinds of privileges pertaining to tax on the poor man. What is the result? The result is, as I shall show by an example. There was a friend who sent his servant to one of the villages to buy some ghee for him. Ghee may not be a very important article of food with our European friends, but it is so with the Indian and the rich people enjoy more of ghee than the poorer people. When the servant went to the village he found a number of villagers sitting in the place and he said that he wanted to purchase ghee. Those villagers then said, "Well, the price of ghee has now gone up to 6 chtk. to the rupee, whereas the pre-war price, and even at the beginning of the war, was 14 to 16 chtk. for the rupee. You have come to buy ghee. We will give you at the rate of 6 chtk. to the rupee. Give us the money and we will give you the ghee". And they further said: "Will you go and tell your master what this Government has done to us? It has taxed our *hookah* and *pani*". Government has left to us nothing else but *langoti*, that is, the loin cloth. This is what the villagers of India think to-day. I warn the Honourable the Finance Member to take note of this. You may say that the villager is making money like anything because of the rise in prices of rice and wheat. This plea does not hold now. It is too late, we have heard too much of it. Do you know what is the function of the district officers in the British Indian districts? It is only to realise revenue, to assess taxes, to realise loans from village to village, to realise all kinds of cesses, and all kinds of taxes. Formerly, Indians thought that the duty of the district officer was to protect the people, but now the villager thinks, and every one in the village as well as in the city, that the duty of the district officer is nothing but to loot and to rob the people. The district officer does not care what happens to the villages at all and he is this Government's chief agent. When you tax the people through your agents to the extent that it is impossible for them to pay their dues, is it possible for you to keep them satisfied, to keep them peaceful, and to keep them calm in their villages? They talk about it. I warn the Government that the villagers know what you do. They know from your own actions, which are broadcasted through your own instruments,—the villagers know what you are doing to-day. They know that you are taxing every possible commodity which they use in their daily life. Through many phones, through your radios, they know what you are doing. They know that you have taxed tea, that you have taxed coffee—I do not say that the villagers take coffee, but the Government have taxed their ordinary necessity, their tobacco. Among Indians, especially in villages where there are *bradaris*, where there is a common brotherhood, what they do is that when a man is punished for any sin of omission or commission, his *hukka* and *pani* is stopped. What they say is, the Government have taxed our *hukka*, have taxed our *pani*. You charge canal dues, heavy charges. They say, the rivers are flowing and you could take water wherever you wanted, but to-day the Government have taxed even the water and they ask, for what sin? You may be all right, I may be all right in my home, but the fact remains that your taxes have become so unpalatable to the villager that they talk about them day and night. They know that this rise in prices of rice and wheat is due to the war. They know that you have done nothing for the cultivator. They know that it was only on account of this war that the prices rose—God forbid another war,—and it was not on account of any other necessity of the Government of India or His Majesty's Government and that will end with war. These are bitter truths, and I hope that Government will beware of them. There have been deaths, distress,

deportations, there has been every kind of curse that one can imagine, over this country. We have the example of Bengal, and God knows what will happen to us in the coming year or the next year.

There must be some causes for all these distresses, these devastations, these deaths, and the causes are not far to seek. It is the poverty and helplessness of the people of India. They cannot get quinine, they cannot get medicines, they cannot reach hospitals so easily. You have stopped railways in different parts of the country. If people were sick or in distress or in trouble, they would at once run to a city or to a place where there was a hospital. Unfortunately, you have not got hospitals in every village or even in small towns. In those conditions, do you think that the villagers will bless this present Government and say that they are quite happy under this Government? No, certainly not. You must think of this, and think twice as to how these villagers and the country people feel under the present conditions. This will not create confidence in the people. Taxation is an ordinary thing for you. But it goes very deep and is regarded by the Indian people as no blessing of yours. They feel that in their own country they cannot live a happy life, which they formerly did notwithstanding marauders and robbers. You can say there is law and order. But one cannot live merely on law and order, when one cannot get even two square meals a day. When we talk of sterling balances, when we talk of the rupee being linked to sterling or when we talk of dollars, these are matters of very high finance, we can discuss them in this House. But how does the poor man realise your sterling balances and your dollar pools? Those who have got money, those who have got gold or silver in their hands and deal in these things—they realise this, but the poor man deals in ordinary grains and the vegetables that he produces. He thinks of the prices of those grains and those vegetables, and though the prices have gone up, it is not possible for every one to take advantage of the rise in prices. It was once asked, why all this trouble about rice in Bengal? It came very suddenly, according to some, and according to some others, it came by and by. There was a time when you put a tariff wall for wheat, but you did not put a tariff wall for the rice which was being imported from outside. If this had been done, this trouble might not have come to Bengal, but unfortunately it came. Now, Sir, you can picture to yourself the condition in the country as I have described it and if you don't go to the villages yourself and ascertain the views of the villagers you will be making a very great and serious mistake. You say that

4 P.M. you are making plans to make the agriculturist happy. That is all moonshine. Plans you may make but it is the present that we are concerned with. You have to look to the conditions that prevail now and to the conditions which are likely to prevail in the near future. If you plan for five years and ten years and if you are going to spend hundreds of crores in future it is not going to help the country at present. I warn the Government that they must look to the present and help the poor. You were not prepared for this war and this is not the time to make plans. This is the time to give relief to the poor. You have raised the taxable minimum to Rs. 2,000. Whom will it help? It will not help many people. It will help Government servants and it may help some other people. It is not a point to be proud of. I cannot congratulate the Government of India on raising the taxable limit to Rs. 2,000. I would have congratulated the Government if they had done something to help the villager and those who need help.

I have done with the agriculturist and I will now turn to the industrialist.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): You have got one minute more.

**Mr. Muhammad Azhar Ali:** May I appeal to the European Group and say this. Is the industrialist of India allowed to produce whatever he can and whatever is needed in the country? My reply is 'No'. The Government is bringing things from outside and they are not helping indigenous production.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Your time is up.

**Mr. Muhammad Azhar Ali:** Government is not helping indigenous production but is importing things from outside. This thing should not be done now.

**The Honourable Sir Jeremy Raisman:** Sir, I must confess to a certain amount of difficulty in replying to this debate. It has not only ranged over a very wide variety of topics but it has also revealed a considerable divergence of views on the merits of my Budget. When that Budget was first announced, differences of view had become apparent and I was most interested to hear that my Honourable friend, Mr. Jamnadas Mehta, who I much regret, is not present in the House today, had characterised it as a 'bold and bloody budget'. Well, Sir, I don't know what would be my answer to that but after listening to Mr. Jamnadas Mehta I was grateful for the few kind things he had to say, and for the rest I was tempted to quote the poet who brings in the same word and says;

"Beneath the bludgeonings of fate (or Mehta)  
My head is bloody but unbowed."

Now, Sir, I have no grievance in regard to the many criticisms and protests which have been voiced in regard to my Budget except one. I have a grievance against people who somehow expect me to abstract them out of a world at war. People who are possessed of a sort of escapist complex seem to think that it is my duty or the duty of the Government of India somehow to reproduce for them conditions which cannot possibly be found anywhere in the world today.

Now, I will deal first with defence expenditure. My Honourable friend, Mr. Neogy, made much play with documents and statements and previous speeches and I know not what; but what I want to ask him is—does he really in his heart expect that the defence expenditure of this or any other belligerent country in the year 1943-44 would be less than it was in the year 1941-42 or 1940-41, which incidentally, for the purposes of India, was almost a pre-war year? What is the point of quoting the expenditure on air fields in 1940-41. . .

**Mr. K. C. Neogy:** I want to know my Honourable friend's estimate of the financial capacity of India.

**The Honourable Sir Jeremy Raisman:** I shall come to that but my Honourable friend seemed to think that I was guilty of some abominable crime because the expenditure on air fields in the year when the enemy was at our gates and sitting on our frontiers was enormously greater than it was before the Japanese even entered the war. Of course, I cannot cope with that kind of argument. It is not unfortunately open to me to determine the course of action of General Tojo or even Herr Hitler. I can only deal with the situation which arises in this country and in direct relation to this country and all I can say is that in the course of the 12 months with which I had to deal in my Budget speech definite factors were operative which I have explained and which caused India's share of defence expenditure to rise.

Now, several Honourable Members, I need not particularise Mr. Neogy, hinted darkly at some kind of juggling or sleight of hand whereby the share of India is somehow made to be greater than it really is. They talked as if they were unaware of the rise of prices which has unfortunately taken place in the last year. They talked as if they were unaware that during that period the strength of the forces in India had increased, as though they did not see the various developments of defence that were going on around them.

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

And, mark you, many of these critics in the days when India was inadequately defended were prepared to castigate the Government of India and His Majesty's Government for their lack of foresight and for their failure to provide this country with adequate air forces and adequate defence forces of all kinds. At the time when they feared that India would be overrun by the enemy, their criticisms were entirely of that kind. Now that India is, I am glad to say, fully and adequately defended. . . .

**Mr. T. T. Krishnamachari:** What about Major Fielding?

**The Honourable Sir Jeremy Raisman:** I do not know anything about Major Fielding or Henry Fielding; I have not read 'Tom Jones' recently. As I was saying, now that India is fully and adequately defended, they turn round and raise their eye-brows and say: Whence comes all this expenditure on the so-called defence of India? As I said, Thank God, this country is now defended and I have no hesitation in saying that the money debited to India is money incurred for the defence of India. Not only that, but the charges with which India is debited are not the full cost of the defence of India, not even of the local defence of India. The position is that India bears no part of the cost of operations beyond her frontiers. She also does not bear the full cost of the defence of India herself.

**Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural):** What is the frontier?

**The Honourable Sir Jeremy Raisman:** A frontier is the line between two countries.

**Nawabzada Muhammad Liaquat Ali Khan (Rohilkund and Kumaon Divisions: Muhammadan Rural):** Geographical definition.

**The Honourable Sir Jeremy Raisman:** Now, Sir, I was saying that in accordance with the financial settlement, India bears the cost of certain forces raised in India, which are maintained in India and which are available for the local defence of India. She also bears the cost of equipping them with such resources as she herself provides. But I have no doubt that Honourable Members realise that the man with a khaki uniform and a rifle and small arms and ammunition or even with a machine-gun is not in himself an adequate unit in modern warfare. There are tanks, there are planes and there are heavy guns. Now, the armies in India, the armies available for the defence of India, the armies inside India's frontiers, are equipped with all the heavy equipment and with all the paraphernalia of modern war. - But India has not paid for that equipment because it is not produced in India. It is true that in so far as that equipment is drawn from the United States of America, in so far as it is provided by the process of lend-lease, India is now affording reciprocal aid which may legitimately be regarded as a form of payment for the assistance which she receives from America. But in so far as that equipment is drawn from Britain, it is not compensated for by any form of reciprocal aid.

Now, Sir, there were several misunderstandings which were voiced in the course of the debate in regard to defence expenditure. It is true and it is obvious that defence expenditure has increased. But the reasons for it are not far to seek. It is not due to the fact, for instance, that troops serving in Arakan or troops employed in the offensive war are being charged to India. The cost of all troops serving in Burma is borne by His Majesty's Government.

**Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural):** Whether Indians or others?

**The Honourable Sir Jeremy Raisman:** Yes. This includes, of course, those troops whose local headquarters have been transferred to the Burma theatre. It does not refer to sporadic incursions of small detachments whose headquarters remain within India's geographical limits, but the main forces engaged in Burma are not charged to India. They are charged to His Majesty's Government or, if they are American forces, their costs are borne by the United States of America.

Now, another question that was asked was: Why should India have to pay for British troops employed in India for local defence purposes while Indian troops, the cost of which is substantially lower than that of British troops, are employed in overseas theatres? That question reveals another misunderstanding of the present position and the policy in regard to the employment of troops. The distribution of the total forces available to the United Nations between the various theatres of war is governed entirely by operational needs and the availability of shipping. The desirability, from various points of view, of bringing back to India the Indian troops at present serving in overseas theatres is fully realised and constantly borne in mind, but, as I have already stated,



[Sir Jeremy Raisman.]

its feasibility is governed by the exigencies of the war situation as a whole. There is certainly no deliberate policy of the kind which is hinted at in the question.

Now, another question that has been asked is whether the provision on account of air fields in the Budget for 1944-45 includes only those necessary for the defence of India or other air-fields also which are constructed for the use of British and American forces in India? The air fields referred to in paragraph 36 of the Budget speech comprise those necessary to enable the Indian forces included within the air force ceiling to perform their function of the local defence of India. There are also certain air-fields provided on reciprocal aid terms for the American forces in India and those are referred to in paragraph 37 (a) of the Budget speech. But the additional air fields constructed in India in connection with the major operations contemplated by the South East Asia Command and which are used by the British forces are not provided for in the Indian estimates. In other words, it is not the case that all air fields constructed in India are charged to India. It is only the air fields constructed in India which are regarded as necessary for the operations of the air forces required for the local defence of India for which India has to pay. And that brings me again to the question of ceilings on which a good deal was said. It is always easy to import suggestions of bad faith into matters of this kind. I have stated to this House in plain and simple words what is the position in regard to those ceilings. His Excellency the Commander-in-Chief certified some time ago what forces were necessary. In fact, His Excellency the present Viceroy, when he was Commander-in-Chief, definitely determined what could be regarded as the forces adequate and necessary for the local defence of India. That was determined before the ceilings were actually exceeded. His Excellency the present Commander-in-Chief has carefully reviewed those ceilings and has stated what in his considered judgment are the forces required for the local defence of India, and the forces that have exceeded those ceilings will be charged to His Majesty's Government.

Now, Sir, apart from any question of the integrity of the authorities concerned, is it really fair or does it carry conviction to suggest that purely financial considerations underlie the determination of strengths of that kind? All I can say is that I personally have nothing whatsoever to do with them, and that they are made entirely on the military merits of the case, that the financial effect of those determinations is to be worked out by me and by my Department purely as a consequential matter. I repudiate strongly any suggestion that there is any possibility either of bad faith or elastic conscience in regard to that matter.

**Mr. T. T. Krishnamachari:** Not when you are a free agent.

**The Honourable Sir Jeremy Raisman:** A man's conscience is not affected by whether he is a free agent or not. Nobody can bring pressure on a man which will make him tell a lie.

**Mr. T. T. Krishnamachari:** It is the question of the conception of a man's duty.

**The Honourable Sir Jeremy Raisman:** And the conception in this case is a high one.

Now, Sir, I would leave the question of defence expenditure because there is really nothing more that I can usefully say on the subject. It is true that the Budget does not contain details. No country's Budget contains now-a-days details of the kind which my Honourable friend, Mr. Neogy, would seem to expect to appear in the Indian Budget. If anything, we give far more information here than is given in any other country at the time of the annual estimates.

I proceed now to the next main topic which has been discussed throughout this debate and that is the question of inflation. There is a good deal of talk as to who is responsible for inflation. My Honourable friend, Mr. Joshi, tells me that I do not recognise the consequences of inflation. I must tell my

Honourable friend, Mr. Joshi, that he does not recognise of what inflation is the consequence and that he himself belongs to the class whose attitude assists the emergence of inflation. Critics on the other side have said that the Government of India are responsible for inflation. Presumably they mean that the Government went on with the war effort regardless of the fact that various people tried to stop them. Now, we know that there were people who actually went about the country and tried to persuade the people to withhold their co-operation from the war. There were, I regret to say, deliberate attempts to destroy confidence in the currency, there were exhortations to the people to refrain from providing supplies and so on. Now, Sir, the economic effects of these things undoubtedly contributed to inflation. The Honourable Member, Mr. Abdul Qaiyum, says that you cannot dissociate the economic problem of inflation from the political aspect. Well, Sir, I will accept that, but then what is the position? Here we have a ship performing a voyage in a stormy sea. Certain persons on the ship at the time when it is battling with the storm, certain persons begin to question whether the ship should pursue its course or not. They even go to the extent of attacking or obstructing the crew, to say nothing of letting water into the bilges. If a certain number of people get drowned as a result, who is responsible? The captain and the crew who endeavour to hold their course or those who endeavour to defect them? As my Honourable friend, Sardar Mangal Singh, says we are arguing from different premises. We here must argue from the premise that India had to remain in the war, and that the Government of India had to prosecute the war. That was our side of the case. My Honourable friend may have thought that if he and his friends could dissuade the people from co-operating in the war, and if certain dreadful consequences were likely to follow, my Honourable friends might think that the answer should have been that the Government of India should have desisted from any attempts to continue its effective participation in the war. Well, Sir, we must leave it to history to judge who was right. I am talking at this moment of the way in which the political situation impinged on the economic. My own desire, as far as possible, is to deal with economic matters, but when political factors are imported into the argument, I am bound to take cognisance of them. Now, Sir, it is suggested that only a national Government could possibly deal with inflation. I am not sure that that is historically correct. At the present moment, for instance, in China, you have what would be regarded as a national Government. But China is suffering from a worse degree of inflation than India. At the present moment in Egypt you have a national Government, but Egypt is also suffering from inflation. At the present moment, in Turkey—and this is interesting because Turkey is not a belligerent country—you have a national Government, but Turkey is suffering from the effects of inflation.

**Sri K. B. Jinaraja Hegde:** What about Great Britain and America? Is there inflation there?

**The Honourable Sir Jeremy Raisman:** I will deal with that shortly. The question whether a country exposed to the effects of war suffers from inflation or not is not, in my opinion, directly related to the question whether it has a certain political constitution or not. At the same time, Sir, I am bound to agree that to deal successfully with inflation requires the co-operation of the people. I certainly agree on that point. But then, is it those who dissuade people from co-operating in measures for their own economic safety who are to blame or those who try to promote measures for the economic safety of the people of the country? There was a good deal of talk about black markets. My Honourable friend, Mr. Avinashilingam Chettiar, whom I am very glad to see in the House, again, told me about the money that never found its way into any accounts and which defied the efforts of the Income-tax department. I am fully aware of this, but what I would like to know is to what extent do Mr. Chettiar and his friends assist in mobilising public opinion against that type of thing? To what extent do they help in bringing to notice or stopping that kind of pernicious activity? As far as I can see, it seems to be regarded as a form of patriotism.

**Mr. T. S. Avinashilingam Chettiar:** Do you want our assistance?

**The Honourable Sir Jeremy Raisman:** The suggestion seems to be that since the Government is not what my Honourable friend calls a national Government, therefore, there may even be some virtue in failing to pay your tax. Well, of course, it is a marvellous country now for people who can adopt that kind of politics. On the one hand you make large fortunes out of the war and on the other hand it is ethically a good deed to see that you do not pay taxes to a Satanic Government.

**Mr. T. S. Avinashilingam Chettiar:** If you want our help we will give you, but on our own terms.

**The Honourable Sir Jeremy Raisman:** Now, Sir, I had something to say to my Honourable friend, Mr. Joshi. I think he was less than kind. The list of duties which he expected me to perform and the number of matters in respect of which I had been guilty of dereliction of duty was so formidable that I shudder to contemplate them; and if I have to read the record of this debate and read Mr. Joshi's speech I doubt whether I shall be able to sleep again for quite a long time. Mr. Joshi seems to think that the department of Government which has to pay for the war activities is the department which is guilty of inflation. Mr. Joshi's idea is that the interests which he represents should be called upon to make no particular sacrifice, but nevertheless the economy of the country should be preserved in complete stability; that nothing should happen as a result of the war which should call for any less consumption or any form of sacrifice on his part or on the part of his friends. It is exactly that attitude which leads to inflation. It is the determination to protect the interests of one particular section of the community instead of thinking in terms of the whole,—it is precisely that attitude which leads to inflation, and it is precisely that which makes it impossible to mobilise the whole country to resist inflation. It is that spirit of bargaining, it is the same thing which inspires the producer of food to say, "You do what you like about controlling inflation but hands off the price of wheat or the price of any other commodity which I produce. I am all in favour of your controlling inflation but please do not touch the things which I myself have to sell because it is my turn to have a good time now". So, my Honourable friend, Mr. Joshi, quite rightly from his own point of view in representing his particular labourers, says that wages, if anything, have not risen sufficiently, that we must not in any circumstances do anything about this but should tackle inflation elsewhere or else be guilty of causing inflation.

**Mr. N. M. Joshi.** The wages have not risen.

**The Honourable Sir Jeremy Raisman:** They never rise. The trouble is that inflation is what happens when nobody takes any positive action to counteract the effects of war. My Honourable friend, Mr. Joshi, seems to think that inflation is a positive and deliberate act. Inflation is merely the consequence of doing nothing when you ought to be doing a great deal; and in order that you should do that great deal it is a matter of all hands to the pumps. If Mr. Joshi thinks that he or any particular interest can merely sit back and hope that the water will be baled out by the efforts of others he is mistaken.

Now, Sir, one of the main criticisms of the budget has been that it does not provide for an increase in the indigenous production of consumers goods. I said in this House in a previous Session that undoubtedly if you could greatly increase the domestic production of consumers goods that would be a very valuable counter-measure to inflation. I am fully conscious of that; the Government of India fully recognise it. But now let us consider the precise situation in which we find ourselves. At the present moment the inflationary tendencies are such that they require immediate and vigorous counter-action. There is a shortage of consumers goods in relation to the amount of purchasing power abroad. That is one description of inflation. Now, certain interests say, "Oh no, for Heaven's sake do not import consumers goods". I think my Honourable friend, Mr. Abdul Qaiyum, said, "For God's sake do not let us have

imported consumers goods". It appears that what they expect is to preserve a vacuum until you could organise the production of these consumers goods in the country. But surely we have to take into account the actual state of affairs in the world at the present moment. After all, Britain is fully engaged on the manufacture of the munitions of war. The United States of America is to a large extent similarly engaged. Even if you could divert production capacity in those countries in order to produce the plant which you require, you then have to ship the machinery to this country. When you have shipped it to this country you have to assemble it, and when you have assembled it you have to get a certain amount of experience of its working before you can get into full production. Will that, I ask, desirable as it may be, contribute to the solution of our immediate difficulties? I entirely agree that as soon as it is possible to import machinery and plant for the production of the goods this country requires it certainly should be done. I am entirely in favour of all efforts being made now to import such capital goods, but must we wait entirely on the success of those efforts or shall we in the meantime endeavour to alleviate what is after all a very distressing situation? That is the point.

**Mr. R. R. Gupta** (Cities of the United Provinces: Non-Muhammadan Urban): The war is on for the last four years and this machinery could very well be imported before.

**The Honourable Sir Jeremy Raisman:** A few things happened in the last four years. For instance, in 1940 when the war took such a turn that the men standing to in England did not have a rifle in their hands. At that time it was hardly possible to register Mr. Gupta's orders for textile machinery for Cawnpore.

**Mr. R. R. Gupta:** Now they are available.

**The Honourable Sir Jeremy Raisman:** There were one or two trifling matters which took a certain priority in the earlier stages of the war. It is all very well now to sit back and feel that victory for the United Nations is almost assured and ask why we have not all this time been thinking of the things that will promote the expansion of Indian industry.

**Mr. Abdur Rashed Choudhury** (Assam: Muhammadan): Why was not this done before the war?

**The Honourable Sir Jeremy Raisman:** Why was it not done a hundred years ago? I do not know. I am afraid I have had quite enough to do during my lifetime and during my own quinquennium; I would rather not be carried back to my ante-natal delinquencies.

My Honourable friend, Mr. Krishnamachari, had several things to say, as he usually does, by way of criticism. He accused me of presenting only a part of the picture, of not giving the whole picture. That, I think, was in relation to defence expenditure which I have left for the moment, but I cannot refrain from mentioning it since that was his accusation. He said that I did not give the whole picture. I must compliment him on his own skill in that particular art because, in referring to the Public Accounts Committee, he quoted a sentence which ran as follows:

"We ourselves have, of course, not examined any individual cases of allocation and cannot therefore certify, nor indeed be expected to certify, that the allocations made during the course of the year are correct."

And then very dramatically he pointed out that this Report included my own signature. But he did not give the rest of the picture, as he would call it, because this is the next sentence:

"But we have again carefully reviewed the procedure prescribed for determining the classification of new measures together with the methods which have been evolved of applying the principles of the financial settlement in the actual allocation of expenditure which have already our approval and we have no suggestions for improvement."

In the gentle art of not giving the whole picture, I must say that I hand it to my Honourable friend, Mr. Krishnamachari. But his grievance now for some months has been about the sale of gold. In a previous Session, he talked about inflation, and it was at the time when he entertained more vivid apprehensions and fears on the subjects than he seems to entertain today. At that time

[Sir Jeremy Raisman.]

he seemed to me to make a very sensible appeal that a matter of this importance to the country should be dealt with in a non-partisan spirit and that here was a danger which menaced the country and which everybody could be expected to assist in countering. Well, Sir, at that time one of the things which everybody was asking for was that bullion should be imported. It was considered that that measure would have many beneficial consequences. It would not only mop up surplus purchasing power, it would assist in persuading the farmer to part with his surplus produce, it would counter-act other forms of hoarding, it would provide a useful store of value, and so on. It was recognized by the Government of India that there was a great deal of force in that argument, and the Government of India made strenuous efforts to obtain assistance in this direction. For some time gold has been sold as is well known, and I am bound to say that the effects have been extremely beneficial and that I rank the sale of gold as an important anti-inflationary measure. But now Mr. Krishnamachari has got another grievance. Instead of using all our influence in order to secure the approval of Britain and America to sell gold, we should apparently have done something else. We should also have insisted on making a profit for ourselves in the matter. I may say that such a profit must inevitably have taken the form of a further addition to the sterling balances about which we hear so much and which many of the critics seem to regard as almost in the nature of a burden. However, what is the position? Where is the profit? His Majesty's Government and the American Government have to purchase certain supplies and services in this country. Now, we all know that the price of those goods and services in terms of rupees has risen; it has risen very considerably. That, of course, is one of our troubles. The object of their selling the gold is to obtain rupees with which to meet a part at least of the cost in rupees of those goods and services. The price at which gold is sold is actually at a lower index in relation to the pre-war price than most of the other things which are for sale in India, so that on the whole transaction no country would be particularly anxious to come to India and buy goods and sell gold in order to finance those purchases. That would be poor business and you would not get any country to do it unless for other reasons you could persuade them that it should be done. It is not in itself good business, nor would it yield a profit. There is no profit on the whole of these transactions taken together and certainly personally I would have no desire to accept the implications of all that the transactions involve, that is to say, to acquire the goods myself at my own liability, and to sell the gold at the figure at which it now stands.

**Mr. T. T. Krishnamachari:** Or bring it down.

**The Honourable Sir Jeremy Raisman:** Well, that is a different argument. But my point is that actually gold at the present moment is one of the cheaper commodities in India. The farmer who turns wheat into gold gets more gold at the present moment than he could have got to my knowledge at any time in the last twenty years. Conversely, the person who provides gold in order to buy wheat, gets less wheat for his gold today than he would have done at any time in the same period, so that it is not actually a highly lucrative form of operation.

**Dr. Sir Zia Uddin Ahmad:** It is not a good form, but did the Honourable Member attempt to fix the ceiling price of gold and silver?

**The Honourable Sir Jeremy Raisman:** We are talking now about the question of profit. I do not think that the price at which gold is sold today has any significance whatsoever in terms of normality or in terms of more permanent parities. I regard gold merely as a commodity, but in so far as the importation and sale of gold in India goes, it has undoubtedly had certain beneficial effects and I welcome it. You have to take the psychology of the people as you find it. There are certain kinds of people—they may be black-marketeers, hoarders or profiteers—who either will keep currency notes with them or will hold gold. They may not be tempted by any form of investment, they may not even be prepared to have a banking account. Nevertheless, the possession of currency

in the hands of these people is a dangerous element. It is free purchasing power which may be and is at any time brought to bear on the economy and which has ill effects. If these people prefer to acquire gold instead of putting their money in a bank or invest it in securities, then I have to take their psychology into account just as one would take the geology or the geography of the country into account.

**Mr. T. T. Krishnamachari:** Is that your answer? Nobody questions that?

**The Honourable Sir Jeremy Raisman:** No. I have dealt with the other point.

Well, Sir, I must come now to a question which was raised by my Honourable friend, Sir Henry Richardson, as well as other speakers, and that is the assistance given to Bengal. Sir, I have the deepest sympathy for Bengal in its present plight and I have always felt that some financial assistance from the Central Government would be inevitable and would be desirable and necessary in order to assist Bengal to extricate herself from the calamitous difficulties into which she has fallen.

**Nowabzada Muhammad Liaquat Ali Khan:** Due to the war.

**The Honourable Sir Jeremy Raisman:** Due to the war, yes. Bengal more than any other Province has suffered from the disadvantages of war just as the Centre has, and for that reason in view of my own financial difficulties, I can appreciate that the Bengal Government are faced with problems of a peculiarly difficult kind. At the same time we should not exaggerate the extent of the harm which so far has been done to the finances of the Province. There was a quotation of a remark made in the Bengal Assembly which seemed to suggest that somebody took a very gloomy view indeed of those finances. It is true that Bengal at the moment is passing through a very bad time. But Bengal's permanent financial position is not as desperate as has been suggested. I have before me certain figures in regard to the budget for the current year and for the next year. At one stage the estimated deficits were Rs. 11,20,00,000 in the revised estimates for this year and Rs. 8,46,00,000 in the budget of the next year. Well, since then there have been certain additions to their revenue. They are likely to get more by way of income-tax from the Centre, from the distributable pool than they estimated at that time—Rs. 110 lakhs in each year and we have also decided to assist them to the extent I have indicated in my budget speech.

**Dr. P. N. Banerjee:** Have they not been compelled to levy extra taxation?

**The Honourable Sir Jeremy Raisman:** Certainly. So have I. I have no sympathy for any Finance Minister who will not face up to his obligation and levy taxation when he faces deficits. I have to undergo that unpleasant duty, and I do not see why anybody else should be let off.

**Dr. P. N. Banerjee:** But the conditions in Bengal are very bad.

**The Honourable Sir Jeremy Raisman:** The Central Government share one attribute of the deity—they help those who help themselves.

We now estimate that the deficits in the current and next year will be more likely about Rs. 7½ crores and Rs. 4½ crores or a total deficit of less than Rs. 12 crores, and, as I have said, the amounts indicated in my budget speech by no means indicate the full share of Central assistance to Bengal. In addition we have provided for outright grants totalling Rs. 4½ crores in the current year and Rs. 3½ crores in the budget year by way of Central assistance, on account of civil defence and camouflage, additional police necessitated by war conditions, civic guards, additional staff for civil duties, grant to the Red Cross for tinned milk and grants for the "Grow More Food" campaign. All these grants from the Centre to Bengal have to be taken into account. We must remember, after all, that a certain balance has to be maintained between the finances of the Centre and of the provinces and we must have regard to maintaining a sense of financial responsibility in all the units. If the Centre is to relieve Provinces from time to time of their responsibility, there is a danger of under-mining the whole financial responsibility of the Provinces. Province A would naturally say, 'Well, if we get into difficulties, we can always expect the Centre to help us out, as they did when Province B was in difficulties'.

**Dr. P. N. Banerjee:** This is an extreme case.

**The Honourable Sir Jeremy Raisman:** I admit this is abnormal and that is why I said in my budget speech that without impinging in any way on the proper financial responsibility of the Province we had decided to do this.

My main point is this. Although at the present moment Bengal is undergoing great difficulties, her financial position is by no means a bad one. She was entirely relieved of all provincial debt by the Niemeyer Settlement, and even at the end of these two very trying years, she is, as far as we can see at present, unlikely to be in debt to a greater extent than something of the order of Rs. 12/14 crores or so. At the present moment her revenue receipts are of the order of Rs. 22 crores. Well, no Government whose national debt is less than a single year's revenue, can be said to be hopelessly in debt.

I say this not to minimise the desirability of assisting Bengal in the exceptional circumstances, but to counteract the suggestion that Bengal is, as it were, bankrupt or insolvent. That is far from being the case. Her total debt even by the end of next year will be quite modest in relation to her revenue and the service of that debt will not be an intolerable burden on the Province. In these circumstances we do feel that the assistance which we have offered to Bengal, having regard to our own difficulties, cannot be said to be inadequate.

**Nawabzada Muhammad Liaquat Ali Khan:** It is most inadequate.

**Mr. T. T. Krishnamachari:** Send a copy of your budget to Bengal Government and cut down the grant made to them under camouflage!

**The Honourable Sir Jeremy Raisman:** There is only one other point which I think I should deal with before I sit down and that is in relation to retrenchment. It has been suggested from various quarters that a good deal could be done by preventing waste and by a retrenchment campaign. I would like to tell the House that the Government of India have realised for some time that in the circumstances in which we are now, the avoidance of waste and the reduction of demands on the real resources of the country was a paramount duty. We have actually for some months now been conducting careful reviews both on the military and the supply side in order to see how far we could reduce the demands not merely in terms of money but what is even more important in terms of real resources. I did indicate in my budget speech certain diversions from military to civil consumption. For instance, in cotton textiles a ceiling has been fixed for military demands. In woollen textiles a percentage, equivalent to 50 per cent. of the pre-war capacity of production has been released for civil use. In cement, 75,000 tons a month have now been released for civil consumption. Then again, we have been examining the possibility of diverting obligations from India to other countries. For instance, His Majesty's Government have recently agreed, in compliance with our request, to accept the responsibility for maintaining from overseas a number of divisions in India. That is a welcome relief to the economy of India. Then various military authorities have agreed to certain reductions in their holdings of reserves.

3 P.M. The shortening of their reserves leads to savings and amounts to a considerable sum, a matter of about Rs. 15 crores. Certain demands on India from the Central Provision Office for 1944 have been cancelled. We are investigating stocks to see if surpluses can be discovered in order that we can release materials in that way. Then again, surpluses from certain overseas theatre are being sent to India effecting a saving of Rs. 3½ crores, and a further possibility of this, particularly in engineering stores, is favourably viewed. We have reviewed the programme of munitions production in order to afford relief . . .

**Sir Muhammad Yamin Khan:** Very dangerous to reduce the production of munitions.

**The Honourable Sir Jeremy Raisman:** It is true, but we have to face up to these things. Provided the munitions could be produced elsewhere we have decided to ask for release of production here so that such production and the materials involved can be turned over to supplying essential civilian needs. We

have succeeded in securing reductions in the programme of the Director General of Munitions Production, a total of Rs. 8 crores in the current year and possibly rising to Rs. 10 crores next year. Our object in achieving these reductions is as far as possible to offset the increased demands which the war situation involves, and to prevent the burden on the civilian consumer from being intensified. These lead to certain economies but they cannot be considerable. In terms of money they are not large in relation to the total war expenditure. I am not sure whether those who spoke of retrenchment thought that by concentrating our efforts on the civil side we could secure economies which could really have an effect on the situation. I am not sure if that was the object. If so, I cannot understand how such an idea could be entertained. It is impossible at the present time with the additional demands which are being made on Government for various forms of activity,—it is impossible to contemplate any considerable reduction in the staff at the disposal of the Central Government. On the contrary, if we could obtain more administrative and skilled personnel, we should only be too glad to employ them because the needs of the moment require them. As regards the suggestion that emoluments might be reduced in any way—that seems to me, I must admit, to be extraordinary, having regard to the fact that the developments of the last eighteen months have probably thrown a much heavier burden on the fixed income classes than on any other class of the population—and Government servants including myself come within the fixed income classes and we are in a very good position to know how heavily the tendencies of the last year or so have borne on fixed incomes.

**An Honourable Member:** Very poor with your Rs. 7,000 a month!

**The Honourable Sir Jeremy Raisman:** I cannot, therefore, understand how Sir Muhammad Yamin Khan hopes that by some kind of investigation into either the number or the emoluments of the officials of the Government he could secure such economies as would have any appreciable effect on the situation or make it less necessary to pursue the measures of taxation or borrowing, which are our own programme.

Well, Sir, I have wearied the House, and I must admit, myself. I have not attempted to cover all the points which have been made in connection with the budget. I have no doubt that in the course of the next two or three weeks a good deal more will be said on many of these topics, and I daresay that I have myself provided more fuel for the flames which will rage during that period. However, I thank the House for the reception which they have given to my proposals and for their hearing of all I had to say.

The Assembly then adjourned till Eleven of the Clock on Monday, the 13th March, 1944.