

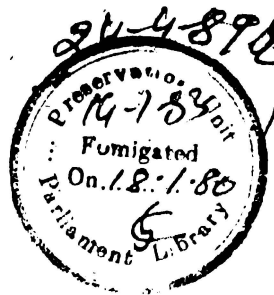
20th March 1944

THE
LEGISLATIVE ASSEMBLY DEBATES
Official Report

Volume II, 1944

(29th February to 27th March, 1944)

TWENTIETH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY
1944



LEGISLATIVE ASSEMBLY

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Deputy President :

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

Sardar SANT SINGH, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Monday, 20th 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.

SIKH ASSISTANTS, ETC., IN MILITARY FINANCE DEPARTMENT.

†508. *Sardar Sant Singh: (a) Will the Honourable the Finance Member please state the number of Sikh Assistants, Superintendents and Assistant Financial Advisers working in the Military Finance Department (Main Office) on the 1st January, 1944?

(b) What is the total number of such staff, community-wise, and what proportion do the Sikhs form in each of these grades?

(c) Is he aware that the Sikhs have not got their due share in the above-mentioned appointments in the Main Office of the Military Finance?

(d) Does he propose to consider the desirability of getting some appointments given to the Sikhs also in this office? If not, why not?

The Honourable Sir Jeremy Raisman: (a) and (b). Since what is known as the Main Office is in fact only a small section in the Military Finance Department, I am doubtful whether the production of figures relating to Main Office alone would be of value and I, therefore, lay on the table a statement which gives in addition information in relation to the numbers employed in the Department as a whole and which—in order to convey a more comprehensive picture of the position—includes also the numbers of II and III Division clerks.

(c) No. There is no fixed communal proportion for Sikhs; they are included in "other minority communities". For all of them combined, the proportion of vacancies required to be reserved is 8½ per cent. while in fact Sikhs alone hold nearly 6 per cent. of the appointments in the Department.

(d) Does not arise in view of the reply to (c).

STATEMENT.

Numbers of staff in Main Office as on 1st January, 1944.

	Unreserved.	Muslims.	Sikhs.	Other Minorities.	Scheduled castes.
Assistant Financial Adviser	..	..	..	1	..
Superintendent	1	..	..	..	..
Assistants	2	2	..	..	..
II and III Division	5	4	..	1	..
	8	6	..	2	..

Numbers of staff in Military Finance Department as on 1st January, 1944

	Hindus.	Muslims.	Sikhs.	Other Minorities.	Scheduled castes.	Total.
Assistant Financial Advisers	12	1	..	10	..	23
Superintendents	10	1	1	..	..	12
Assistants	76	17	9	4	..	106
II and III Division	130	53	9	3	..	195
	228	72	19	17	..	336

BRINGING OF SIKH INDIAN AUDIT AND ACCOUNTS SERVICE OFFICERS TO GOVERNMENT OF INDIA OFFICES.

†509. *Sardar Sant Singh: Will the Honourable the Finance Member please state the efforts made by him to bring Indian Accounts and Audit Service officers belonging to the Sikh minority community to Government of India offices at New Delhi up to this time, and whether it has been possible for him to offer any appointment to an officer belonging to the Sikh community? If

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

nothing has so far been done, will he please see his way to get some Sikh officers also just as he has got officers belonging to other communities?

The Honourable Sir Jeremy Raisman: Postings of Government servants are made with reference to administrative rather than communal considerations. I understand that the Auditor General has recently selected one of the two Sikh Officers of the Indian Audit and Accounts Service for a post in Delhi and that he will join there shortly.

PROFITS, ETC., OF RESERVE BANK OF INDIA.

†510. ***Mr. Govind V. Deshmukh:** Will the Honourable the Finance Member please state:

- (a) the profits of the Reserve Bank of India for the last three years;
- (b) the share of Government in the profits of those years; and
- (c) whether these profits can be set apart for financing schemes of development of rural life or at least of growing more food and increasing milk products?

The Honourable Sir Jeremy Raisman: (a) and (b). The required information is to be found in the Annual Reports of the Reserve Bank of India which are published in the *Gazette of India*.

(c) Government do not consider it necessary or desirable to earmark for specific items of expenditure any particular class of receipts which may accrue to general revenues. In this connection I would draw the Honourable Member's attention to the objections I voiced in this House on the 1st of March, 1944, in the course of the debate on the Resolution moved by him which embodied a somewhat similar proposal.

CIVIC GUARDS EMPLOYED BY MADRAS GOVERNMENT.

511. ***Mr. Kailash Bihari Lall:** Will Honourable the Home Member please state:

- (a) how many Civic Guards are employed by the Madras Government;
- (b) the status of those members;
- (c) whether they are in the regular pay of the Government as the Police Force; and
- (d) whether there is any central policy with regard to the maintenance of this force?

The Honourable Sir Reginald Maxwell: (a) On the 1st January, 1944, the number of Civic Guards in the Madras Presidency was 3,732.

(b) They are members of the general public who have enrolled themselves voluntarily in an honorary capacity for public service of various kinds in the war emergency.

(c) No. They receive a subsistence allowance whenever called for full-time duties.

(d) No. The force is maintained under the orders of the Provincial Government.

TRANSFER OF LANGUAGES SECTION OF BUREAU OF PUBLIC INFORMATION TO LAHORE

512. ***Mr. Piare Lall Kureel:** (a) Does the Honourable Member for Information and Broadcasting consider the work in connection with publicity in Indian languages as non-essential? If not, on what grounds did he decide to send a part of the Languages Section to Lahore in order to relieve congestion in Delhi?

(b) On what grounds have the languages of provincial status, such as Tamil, Bengali and Gujarati, been retained at the centre, while the most important of the Vernaculars, Urdu and Hindi, which have all-India status, have been sent to wilderness?

(c) What steps have been taken to ensure that the publicity material put out by the Bureau does not become stale by the time it reaches the Urdu and Hindi Presses?

The Honourable Sir Sultan Ahmed: (a) No. The Urdu and Hindi Sections along with some other staff of the Bureau were transferred to Lahore solely because of the lack of accommodation in Delhi.

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

(b) The Tamil, Bengali and Gujerati sections of the Bureau have been retained in Delhi because the accommodation required for them is considerably less than that required for Urdu and Hindi Sections.

(c) Advance copies of the Bureau's material are supplied to the Urdu and Hindi Sections at Lahore and urgent items are sent by telegram.

TRANSFER OF LANGUAGES SECTION OF BUREAU OF PUBLIC INFORMATION TO LAHORE.

513. *Mr. Piare Lall Kureel: (a) Will the Honourable Member for Information and Broadcasting please state if it is a fact that the recent Railway Budget and the Viceroy's address to the Legislature appeared in the Lahore Vernacular Press long before their translated version actually reached newspapers offices?

(b) What is the primary function of the Bureau of Public Information? Is it to publish *Indian Information*, *Markazi Ittila'at* and *Bhartiya Samachar*? If not, is the Bureau justified in sending their entire Urdu-Hindi staff to Lahore on that account, as was explained in one of its releases? Why was it not possible to locate a portion of the Urdu and Hindi staff in Lahore as in the case of the English staff connected with *Indian Information*?

The Honourable Sir Sultan Ahmed: (a) It is a fact that Lahore Vernacular papers first published News Agencies' summaries of the Viceroy's address to the Legislature and the Railway Budget but on the following day they also published the fuller translated version of these as put out by the Bureau.

(b) The function of the Bureau is to facilitate the supply of information to the Press and the publication of *Indian Information*, *Markazi Ittelaat* and *Bharatiya Samachar* is one of the means of fulfilling this function. The Urdu and Hindi Sections had to be transferred because of lack of accommodation in Delhi and preference was given to Lahore because *Indian Information*, *Markazi Ittelaat* and *Bharatiya Samachar* are published there. For administrative reasons it was not considered possible to split up the Urdu and Hindi Sections between Lahore and Delhi.

TRANSFER OF LANGUAGES SECTION OF BUREAU OF PUBLIC INFORMATION TO LAHORE.

514. *Mr. Piare Lall Kureel: (a) Is the Honourable Member for Information and Broadcasting aware that the transfer of the Urdu and Hindi staff of the Bureau to Lahore has been criticized both in Urdu and Hindi Presses? If so, how do Government propose to meet their objections?

(b) Do Government propose to consider the suggestion of transferring the staff of the Provincial languages, such as Bengali, Tamil and Gujerati, to their respective Provinces, and to station the Urdu and Hindi staff at the centre, not only as a measure to relieve congestion at the capital city but also to eliminate the time lag?

The Honourable Sir Sultan Ahmed: (a) Yes. The Urdu and Hindi Sections will be brought back to Delhi as soon as accommodation is forthcoming.

(b) The transfer of Bengali, Tamil and Gujerati Sections from Delhi will not solve the difficulty as they are occupying considerably less space than that occupied by the Urdu and Hindi Sections.

QUOTA OF MUSLIMS FOR APPOINTMENT AS OFFICERS, ETC., IN INCOME-TAX DEPARTMENT.

515. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Finance Member please state:

(a) the number of Muslim Officers appointed or proposed to be appointed out of the 39 officers proposed to be appointed during 1944-45 in the Income-tax Department; and

(b) the number of Muslims appointed or proposed to be appointed out of the 158 additional establishment under the Income-tax Department?

The Honourable Sir Jeremy Raisman: With your permission, Sir, I shall answer questions Nos. 515 and 516 together.

The information asked for is not readily available. I may, however, assure the Honourable Member that appointments to these posts will be made in

accordance with the instructions issued by the Government of India regarding communal representation in the Department.

QUOTA OF MUSLIMS FOR APPOINTMENT AS DEPUTY SUPERINTENDENT ETC.

516. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Finance Member be pleased to state:

(a) the number of Muslims appointed or proposed to be appointed out of the 1,296 posts of Deputy Superintendents, Inspectors and other executive subordinates proposed to be appointed afresh during 1944-45 as provided in the Budget Estimate for 1944-45;

(b) the number of Muslims appointed or proposed to be appointed out of the 3,151 Additional Establishment proposed to be appointed during 1944-45; and

(c) the number of Muslims out of the 6 marine, 617 inferior, 14 medical and 386 temporary Establishments proposed to be recruited during 1944-45 as proposed in the Budget Estimates?

SUPPLY OF THE AJ OF BENARES TO CONGRESS WORKING COMMITTEE MEMBERS.

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

(a) whether the *Aj*, a daily Hindi newspaper of Benares, applied for permission to be included in the list of papers which are now supplied to the members of the Congress Working Committee under detention; and

(b) what reply Government have given, whether they are prepared to include this newspaper in the said list; if not, why not?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) Government rejected the application since they considered this newspaper unsuitable for supply to the Members of the Working Committee, who receive a large number of other newspapers.

Sardar Mangal Singh: May I know whether this very paper is being supplied to Babu Rajendra Prasad, one of the members of the Working Committee?

The Honourable Sir Reginald Maxwell: I am not aware of that.

LETTER OF TAJ COMPANY OF LAHORE TO MAULANA ABUL KALAM AZAD.

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

(a) whether Messrs. The Taj Company, Limited, Lahore, sent a letter through the Government of India to Maulana Abul Kalam Azad requesting him to give permission to them to publish his translation of the Holy Quran;

(b) whether it is a fact that the same was not forwarded to the Maulana Sahib, but that it was returned to the sender without assigning any reason;

(c) whether there was anything objectionable in the letter itself, or the refusal was due to the fact that no letter could be sent to him from other than a relation;

(d) whether Government are aware that it will cause great disappointment to numerous readers of the Holy Quran if his translation is exhausted in the market; and

(e) whether Government propose to reconsider their decision and allow the letter in question?

The Honourable Sir Reginald Maxwell: (a) to (e). I would invite the Honourable Member's attention to my reply to question No. 443 put on the 15th March by Maulana Zafar Ali Khan.

Sardar Mangal Singh: What is the answer to part (e)? This is not covered by that question.

The Honourable Sir Reginald Maxwell: Yes, it was. I said in answer to the original question that the letter was withheld in accordance with the rule under which correspondence with the Working Committee is restricted to private and domestic matters with members of their family.

ARREST OF RAJ SINGH RANA.

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

(a) whether it is a fact that Raj Singh Rana was arrested in Karol Bagh on the 25th January, 1944;

(b) whether he went on hunger strike as a result of which he fell ill;

(c) whether he was sent to the Irwin Hospital for treatment;

(d) the disease from which he was suffering; and

(e) whether he has now been completely cured?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) The answer to the first part is in the affirmative. Raj Singh Rana suffered from the effect of being on a hunger-strike but not from any illness.

(c) Yes.

(d) None.

(e) Yes.

BIHARIS IN THE INCOME-TAX DEPARTMENT.

520. *Mr. Kailash Bihari Lal: Will the Honourable the Finance Member be pleased to state:

(a) how many Commissioners of Income-tax there are, and how many of them are Indians;

(b) how many Assistant Commissioners there are in each Province; and if there is any Bihari Assistant Commissioner;

(c) the total number of Income-tax Officers, and how many of them are Biharis; and

(d) the total number of Biharis employed in the Income-tax Department below the rank of Income-tax Officers?

The Honourable Sir Jeremy Raisman: (a) to (d). The information is being collected and a reply will be laid on the table of the House in due course.

Mr. Lalchand Navalrai: Will the Honourable Member also be able to get information pertaining to the Sindhis?

The Honourable Sir Jeremy Raisman: If the Honourable Member will put down a question.

Dr. Sir Zia Uddin Ahmad: Surely, with regard to (a) the Honourable Member does not want time to collect the information? I could give it to him.

The Honourable Sir Jeremy Raisman: There are other particulars of the question which do require time to collect the information.

CLOSED AND SECTIONAL HOLIDAYS IN EXTERNAL AFFAIRS DEPARTMENT, ETC.

521. *Mr. Kailash Bihari Lal: Will the Honourable the Home Member be pleased to state:

(a) whether it is a fact that the staff of the External Affairs, the War, and the Supply Departments of the Government of India are not getting the benefit of the gazetted closed holidays and sectional holidays, if so, why; and

(b) how many closed and sectional holidays were not observed this year in each of the above Departments?

The Honourable Sir Reginald Maxwell: (a) and (b). The approved Gazetted and sectional holidays are being fully observed in the Supply Department, but the War Department, including the Defence Headquarters, and the External Affairs Department do not close entirely on any holidays. In the War Department, the number of gazetted and sectional holidays which can be taken by the civilian staff have been limited to ten in a year, while in the External Affairs Department such holidays are granted to the members of the community concerned.

DESIRABILITY OF LORD BUDHA'S BIRTHDAY BEING OBSERVED AS PUBLIC HOLIDAY.

522. *Mr. Kailash Bihari Lal: Will the Honourable the Home Member be pleased to state:

(a) what occasions have been declared by the Government of India to be observed as public holidays;

(b) if it is not a fact that birthdays of such world teachers as Rama, Krishna, Christ and Mohammad are observed as public holidays under the authority of the Government of India; and

(c) why the birthday of Lord Budha has not been included along with the four named above?

The Honourable Sir Reginald Maxwell: (a) The power to declare a particular day as a public holiday in a Province under Section 25 of the Negotiable Instruments Act, 1881, has been entrusted to Provincial Governments with their consent though the Government of India have reserved to themselves the power to declare a day as a public holiday throughout British India. The latter power has been exercised by the Government of India once in recent years, namely, on the 21st May, 1943, in celebration of the overthrow of the Axis Forces in Tunisia.

(b) No.

(c) Does not arise.

SECTION 93 ADMINISTRATION IN BIHAR.

523. *Mr. Kailash Bihari Lal: Will the Honourable the Home Member be pleased to say:

(a) when the "Proclamation of Emergency" was declared in Bihar, and whether it has ceased to operate now;

(b) what powers and responsibilities the Governor General in Council assumed during the existence of grave emergency in Bihar;

(c) if after the Proclamation of Emergency restoring of order was the responsibility of the Governor General in Council;

(d) if the detention of untried persons under the Defence of India Rule 26(b) with a view to restoring and maintaining order was the responsibility of the Governor General in Council;

(e) how many persons were thus detained under the authority of the Government of India; and

(f) how many persons thus detained under the authority of the Government of India have been released uptil now?

The Honourable Sir Reginald Maxwell: (a) The "Proclamation of Emergency" under section 102 of the Government of India Act, 1935, was made by the Governor General on September 3rd, 1939; it applied and continues to apply, to the whole of British India and not only to Bihar.

(b), (c) and (d). I would invite the Honourable Member's attention to the provisions of sections 102 and 126A of the Government of India Act, 1935.

(e) No persons were detained in Bihar under the orders of the Central Government for the purpose of restoring and maintaining order.

(f) Does not arise.

ALLEGED BRIBE TO INCOME-TAX OFFICER, GAYA.

524. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Finance Member kindly state whether it is a fact that one Gurusharan Lal of Gaya (Bihar) deposed on the 6th May, 1941, before the Income-tax Commissioner, Bihar and Orissa, in a departmental enquiry that he had paid a bribe of Rs. 3,000 to an Income-tax Officer of Gaya for which there was no proof and no book entry? If so, do Government propose to place the statement of the said Gurusharan Lal on the table of the House? Is it a fact that, later on, on the 11th August, 1941, the said Gurusharan Lal changed his former statement, dated the 6th May, 1941, by saying that instead of his himself paying the alleged bribe to the Income-tax Officer, Gaya, as previously deposed, the said bribe was paid through his cousin, Lachmi Narain and, instead of no proof and no book entry as previously deposed, Gurusharan Lal contradicted himself in his subsequent statement that there was some sort of cash entry for a part of the alleged sum of bribe in a booklet?

(b) Is it a fact that the said Gurusharan Lal further deposed that the said bribe was paid on behalf of a Limited Company, Messrs. The Gaya Sugar

Mills of which he was the Managing Director, and that Gurusharan Lal falsified the Mills account by recouping the alleged sum of bribe by making fictitious entries in the Mills accounts supported by bogus vouchers? Do Government propose to lay the said statement on the table of the House?

(c) Was a pardon given to the said Gurusharan Lal? If so, under what law and rule? Are Government aware that the Bombay High Court in *Re: Chhagan Daya Ram* (reported at page 831, 14 Bombay) have strongly deprecated such procedure being wholly unwarranted by any law, and that "it ignores the salutary influence of Penal Law, while it tends rather to excite false charges and false evidence from which no one would be safe, however high his position or excellent his character might be"?

(d) Has any action been taken to reassess the Gaya Sugar Mills for 1938-39 on the amount thus evaded by Gurusharan Lal and for which he paid the alleged bribe to the Income-tax Officer, Gaya? If not, why not? Did the said pardon as in part (c) to Gurusharan Lal cover only his complicity in the matter of giving the alleged bribe to the Income-tax Officer, Gaya, or also covered his admission regarding the falsification of the Mills account and the false statement of Income-tax return? If it did not cover the latter offences, why was no prosecution started against Gurusharan Lal under the Income-tax Act for the inaccurate return and the falsification of the Mills accounts?

The Honourable Sir Jeremy Raisman: With your permission, Sir, I shall answer Questions Nos. 524 and 525 together.

I am making enquiries and the replies will be laid on the table of the House in due course.

ALLEGED BRIBE TO INCOME-TAX OFFICER, GAYA.

†525. ***Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Finance Member kindly state what, according to Gurusharan Lal, the consideration was for which the alleged bribe was paid to the Income-tax Officer, Gaya? What was the claim in the Income-tax return, what was the final assessment made, and what was the result of the appeal, if any, preferred by Gurusharan Lal in 1938-39?

(b) Have Government examined all the three statements of Gurusharan Lal made against the Income-tax Officer, Gaya, on the 6th May, 1941, 11th August 1941, and 11th September, 1941? Is it a fact that the said Gurusharan Lal on his own admission committed the following criminal offences:

- (i) falsification of the company's account;
- (ii) defrauding the share-holders and the Auditor by making fictitious entries of expenditure;
- (iii) offering bribe to a public servant; and
- (iv) making false statements?

Has the Income-tax Commissioner informed the authorities concerned of the alleged offences committed by Gurusharan Lal? If not, why not?

(c) Is a letter purporting to be from one Mr. P. Mukherjee, Assistant Income-tax Commissioner, Bihar, on the file of the aforesaid case of the Income-tax Officer, Gaya? If so, do Government propose to place it on the table of the House?

(d) Is it a fact that no copy of the said letter of Mr. P. Mukherjee was supplied to the Income-tax Officer, Gaya? If so, under what rule was it withheld, and under what rule was it placed on the file?

(e) Has Mr. P. Mukherjee been ever questioned whether that letter is a genuine one?

(f) Have Government enquired from the said Mr. P. Mukherjee for having concealed the alleged incident of bribery from the Income-tax Commissioner for over a year?

(g) Do Government propose to enquire into the matter?

(h) Has any step been taken against Mr. P. Mukherjee for withholding this serious information for such an inordinate length of time? If not, why not?

†For answer to this question, see answer to question No. 524.

(i) On what date was the alleged letter of Mr. P. Mukherjee obtained by the Income-tax Commissioner, Bihar and Orissa? Why was it not shown to the Income-tax Officer, Gaya, as required by the Civil Services Classification Control and Appeal Rules (Rule 55) and why was Mr. Mukherjee not submitted for cross-examination as the letter was clearly a "circumstance" within the meaning of Rule 55 of the rules cited above, which lays down that the officer charged should, in addition to the direct evidence be also supplied with "any other circumstances which it is proposed to take into consideration in passing orders on the case"?

QUOTA OF MUSLIMS FOR APPOINTMENT AS ASSISTANT COLLECTORS OF CUSTOMS.

526. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Finance Member be pleased to state:

(a) the number of Muslims out of the 14 Assistant Collectors of Customs, proposed to be appointed during 1944-45 under the Customs Department;

(b) the total number of Officers at the headquarters and at the various ports under the Customs Department and the number of Muslims therein; and

(c) whether Government propose to appoint an adequate number of Muslims in the Additional Temporary Establishment under the Customs Department for which Rs. 2,59,100 has been provided in the next year's Budget?

The Honourable Sir Jeremy Raisman: (a) The Honourable Member has presumably based this question on the numbers of Assistant Collectors of Customs for the years 1943-44 and 1944-45 appearing on page 3 of the Book of Demands for Grants for the year 1944-45. The Number "1" shown under 1943-44 is a printing mistake for "17". The question of making new appointments does not, therefore, arise.

(b) and (c). The information asked for is not readily available. I can, however, assure the Honourable Member that appointments to these posts will be made in accordance with the instructions issued by the Government of India regarding communal representation in the Department.

LETTER OF TAJ COMPANY OF LAHORE TO MAULANA ABUL KALAM AZAD.

527. *Mr. K. S. Gupta (on behalf of **Qazi Muhammad Ahmad Kazmi**): Will the Honourable the Home Member please state:

(a) if it is not a fact that purely personal and domestic correspondence is allowed to the President and the Members of the Congress Working Committee;

(b) if it is a fact that Maulana Abul Kalam Azad has written a commentary on the Holy Quran, which has been published long ago;

(c) if it is a fact that about the end of February, Taj Company, Limited of Lahore, who are publishers of oriental literature, addressed a letter to Maulana Abul Kalam Azad in respect of his commentary on the Holy Quran which they wanted to reprint;

(d) if it is a fact that that letter of the Taj Company, Limited, was withheld by Government, and that it was not allowed to reach Maulana Abul Kalam Azad; and

(e) whether Government have considered the advisability of allowing such personal letters to the President of the Congress?

The Honourable Sir Reginald Maxwell: (a) Yes; but with members of their families only.

(b) to (c). I would invite the Honourable Member's attention to my reply to question No. 443 put on the 15th March by Maulana Zafar Ali Khan..

COMMUNAL COMPOSITION OF THE STAFF OF INSPECTING ASSISTANT COMMISSIONER OF INCOME-TAX, AMRITSAR.

528. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Honourable the Finance Member please state:

(a) the composition of the personnel of the office of the Inspecting Assistant Commissioner of Income-tax at Amritsar; whether any of the office staff is a Muslim; and

(b) if it is a fact that the majority of the officers of Income-tax posted at Amritsar are men who are temporary hands; if so, whether the Honourable Member proposes to consider the appointment of some permanent officers, with a reasonable proportion of Muslims, and also to look into the personnel of the office of the Inspecting Assistant Commissioner so as to appoint certain Musalmans in the office?

The Honourable Sir Jeremy Raisman: (a) and (b). I am making enquiries and a reply will be laid on the table of the House in due course.

DESIRABILITY OF APPOINTING A MUSLIM COMMISSIONER OF INCOME-TAX IN THE PUNJAB.

529. *Khan Bahadur Shalkh Fasl-i-Haq Piracha: Will the Honourable the Finance Member please state if it is a fact that the present Income-tax Commissioner of the Punjab is very soon leaving the job on retirement or otherwise? If so, do Government propose to appoint a Muslim Commissioner of Income-tax in the Punjab Circle, and to fill the vacancy of the Assistant Commissioner, caused by this retirement by a Muslim?

The Honourable Sir Jeremy Raisman: The reply to the first part is in the negative. The second part does not arise.

SALE OF GOLD BY RESERVE BANK OF INDIA.

530. *Mr. K. S. Gupta: (a) Will the Honourable the Finance Member please state the total amount of gold sold by the Reserve Bank of India for the last six months up-to-date?

(b) Is the sale exclusively intended as an anti-inflationary measure? If so, to what extent has inflation been checked? If not, why not?

(c) Have the sale proceeds of gold been totally used for the war expenditure in this country by His Majesty's Government and the United States of America?

(d) Do those Governments continue to sell gold to meet their war expenditure in this country in future, as they have been doing for the last six months? If not, why not?

(e) Did the Government of India ask these two Governments to finance their war obligations in India by sales of gold?

(f) Does not the import of gold from outside reduce the gap between India's exports and her restricted imports?

The Honourable Sir Jeremy Raisman: (a) I would refer the Honourable Member to the reply which I gave to part (b) of Mr. Neogy's unstarred question No. 47 on the 17th February, 1944.

(b) The Honourable Member's attention is drawn to paragraph 48 of my recent Budget Speech.

(c) Yes.

(d) I am not prepared to give any further information on this subject.

(e) I would refer the Honourable Member to the remarks I made on the subject in the course of my reply to the general discussions on the Budget.

(f) Yes.

EXPECTED IMPORTS OF CONSUMER GOODS.

531. *Mr. K. S. Gupta: (a) Will the Honourable the Finance Member please state Government's estimate of increased imports from abroad of consumer goods in 1944-45?

(b) What are those goods?

(c) How are they to be distributed from province to province or from State to State?

(d) What specific measures have they so far taken for a substantial increase in the production of such goods within the country?

(e) What is their programme in these respects for the ensuing year and the years following until the normal conditions are restored?

The Honourable Sir Jeremy Raisman: The question will be replied to by my Honourable colleague, the Commerce Member.

PRICE LEVELS OF AGRICULTURAL COMMODITIES AND MANUFACTURED GOODS.

532. *Mr. K. S. Gupta: (a) Will the Honourable the Finance Member please state the price-level to-day as compared with what prevailed say, three years ago?

(b) What is the disparity between the prices of agricultural commodities and those of manufactured goods, home-produced or imported from outside?

(c) Does the present price-level prove in any way that the process of inflation has been brought under check? If not, why not?

The Honourable Sir Jeremy Raisman: (a) The general index number of wholesale prices in India taking the prices prevailing on the 19th August, 1939 as 100, was 118.8 in March 1941 and 235.2 on the 11th March, 1944. The increase has, therefore, been 98 per cent. in the last three years.

(b) Taking levels on the 19th August 1939 as 100, the agricultural commodities index number on the 11th March, 1944, was 256.7 as against the manufactured articles index number of 248.8.

(c) The general index number of wholesale prices reached its peak in June 1943 since when the various measures taken to combat inflation have succeeded in checking the rise and there has been a downward tendency. The general index number for June last was 244.0, and the figure on March 11th was 235.2.

ALLOTMENT ON ENTERTAINMENT OF BRITISH AND INDIAN TROOPS.

533. *Mr. K. S. Gupta: (a) Will the Honourable the Defence Member please state what amount per head was spent for (i) Indian troops, and (ii) for British and foreign troops towards entertainment in the year 1942-43?

(b) What amount per head was proposed to be spent per head for (i) Indian troops, and (ii) British or foreign troops during the years 1943-44 and 1944-45?

(c) What is the proportion of British troops to Indian troops, which are maintained from the Indian exchequer?

(d) What is the amount earmarked for the entertainment of British troops or foreign troops who are not paid from the Indian exchequer during the years 1942, 1943 and 1944?

Sir Charles Ogilvie: I am collecting the information and if there is found to be no objection from the Security point of view it will be laid on the table in due course.

MOTIONS FOR ADJOURNMENT.

ORISSA GOVERNMENT'S BAN ON PUBLIC MEETINGS, ETC., FOR DISCUSSING CENTRAL GOVERNMENT'S FOODGRAINS POLICY

Mr. President (The Honourable Sir Abdur Rahim): I have received a notice from Mr. K. S. Gupta of his intention to move an adjournment of the House to discuss a definite matter of urgent and public importance, namely, the notification of the Orissa Government prohibiting under sub-rule (1), Rule 56, D.I.R., public processions, meetings and assemblies for the purpose of criticising or discussing the policy of the Central Government in regard to procurement and distribution of foodgrains.

This is an order of the Orissa Government, and I understand that in Orissa there is a Legislative Assembly functioning.

Mr. K. S. Gupta (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Yes.

Mr. President (The Honourable Sir Abdur Rahim): Does an appeal lie from an order like this to this Legislature?

Mr. K. S. Gupta: The food policy is that of the Central Government and the Defence of India Rules are framed by this Government and instructions and directives are given by this Government. So, it is within the purview of this Assembly to discuss the matter.

Mr. President (The Honourable Sir Abdur Rahim): I suppose they have got powers to pass such an order because of their responsibility for law and order in the province. I hold that this motion is not in order.

Mr. K. S. Gupta: Criticisms and discussion are prevented and I want . . .

Mr. President (The Honourable Sir Abdur Rahim): Order, order. I have given my ruling.

PROPOSED ENFORCEMENT OF ENHANCED PASSENGER FARES ON EAST INDIAN RAILWAY.

Mr. President (The Honourable Sir Abdur Rahim): The next one is from Mr. K. C. Neogy. He wishes to move a motion for the adjournment of the business of the Legislative Assembly to-day for the purpose of discussing a definite matter of urgent public importance, namely, the enforcement of enhanced passenger fares by the East Indian Railway with effect from the 1st April next, in spite of the decision of the Legislative Assembly to the contrary.

I should like to know, first of all, what the facts are, whether such an order has been passed, and whether Government have taken a decision in the matter.

The Honourable Sir Edward Benthall (Member for Railways and War Transport): The position is that my Honourable friend drew my attention this morning to the advertisement of the East Indian Railway appearing in the papers yesterday that on and from the 1st April next an increase of 25 per cent. will be levied on fares. In the short time at my disposal I have not been in a position to find out the exact circumstances as to how such a notice came to be inserted. But I can assure the House that the notice is a purely routine one inserted by the Railway in pursuance of the preparatory action normally taken when fares are enhanced. It is possible that the railways were not informed of the statement which I made on the floor of the House on the 13th instant in reply to a question by my Honourable friend, Sardar Mangal Singh. I regret if this purely routine notice has given an impression that the Government have come to a final decision on the matter. The actual position is exactly as stated by me on the floor of the House on the 13th instant in reply to the question, namely, that the Government would consider the position when the proceedings relating to the general budget had been concluded and hoped to announce their decision before the end of the Session.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Will this notification be cancelled now that the Honourable Member's attention has been drawn to it?

The Honourable Sir Edward Benthall: If the decision of Government is in accordance with the views expressed by the House, the notice will, of course, be withdrawn. I will consider what action, if any, is necessary in order to counteract the impression that Government has come to a final decision.

Mr. President (The Honourable Sir Abdur Rahim): Having regard to the fact as stated by the Honourable the War Transport Member, I hold that this motion is not called for.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will resume further consideration of the Indian Finance Bill. Mr. T. T. Krishnamachari will continue his speech.

Mr. T. T. Krishnamachari (Tanjore *cum* Trichinoopoly: Non-Muhammadan Rural): I resume where I left the other day. I mentioned about increase in the tobacco tax. I also mentioned that the general feeling in the country was that the tobacco tax which was imposed last year was not being properly worked and that there was a lot of harassment in the matter of collection of that tax. It is quite plain, however, that the Government propose to get whatever revenue they can from any source, and once they start the taxation of a particular product, the process of increasing the tax on that source merrily goes on. I do not know if the House will be in a mood to listen to a remark made to me by a tobacco grower whom I met in a conference at Palghat, to which I referred the other day. A simple villager indulged in a parable comparing this Government to a person who goes on loading his bullock cart and heaping

[Mr. T. T. Krishnamachari.]

more load upon it. When it was pointed out to him that the bulls would not pull if he went on loading the cart in that manner, he retorted, "I am not loading the bulls. I am only loading the cart." It seems that it is a matter of indifference to Government that the people who are concerned in the manufacture and marketing of these goods and those who consume tobacco will be affected by the imposition of this additional tax burden. What matters to them is that since a tax has been imposed last year they expect now an increased revenue from that source. I say that there is absolutely no case at this stage for any enhancement of the rates of this tax and I would like the Honourable the Finance Member to vouchsafe to us the reasons for this step and not merely a reiteration of those contained in his Budget speech. We want some valid, some definite experience of his department which shows that this enhancement of tobacco tax is called for.

I shall not dilate at length on the tax on coffee and tea as I am sure many other Members of this House will be speaking about these items of taxation but I would like to mention here one fact about coffee. Coffee is not in the same position as tea. It is not a product that is cured before being marketed. It was pointed out to me by an Honourable Member of the other House who has the experience of having lived amongst coffee fields, how coffee is picked over a long period, that it is being picked by the common people and sold in small quantities. Whatever the result of this tax will be, one thing is certain, that it is going to eliminate the small man from this trade and it is going to harass a lot of people who want to continue a trade to which they have been accustomed all along.

So far as the last and novel tax is concerned, the tax on arecanut, wrongly called betel-nut, I am sorry to see that Mr. Greenfield is not here as apparently the idea of taxing this product emanated from him, being the taxation expert and tax adviser to the Honourable the Finance Member and something that I had to say on this occasion will have to be postponed to a later occasion when he is here. However, I will now say this. I am not in possession of all the information that the Government have collected in regard to the marketing on this article but I do know that it is impossible to collect this tax from a number of people who consume arecanuts, because it is being used in various ways and in various stages. It is true that some people use arecanuts which are processed. Probably you can collect tax on that. Such nuts were also imported in the past. Tax collection may not be very difficult in regard to that category. It might often happen that so far as the inferior quality of arecanuts, is concerned, which is processed, the value of that inferior quality may be equal to the amount of the tax that you are going to levy. So far as the raw arecanut is concerned, I would ask the Honourable the Finance Member if he knows how it is being used, if he knows that it is being picked by people, particularly those who reside in the West Coast of South India and in the extreme south of India, and stowed away with the kernel for it to get seasoned. Are you going to tax arecanut with the kernel along with it or are you going to exempt people who keep it at home with the kernel on. I think it is an insult to the intelligence of this House that they should be asked to approve of a species of taxation where the Government itself is not fully aware of the process through which this product goes, at what stage will it be taxed and how many people will be exempted? I repeat that this uncertainty is one of the evils arising out of that Central Excise Consolidation Bill which this House passed some time back.

The Honourable Sir Jeremy Raisman (Finance Member): Is the Honourable Member flattering the intelligence of this House by saying that the Government have not investigated those points?

Mr. T. T. Krishnamachari: The thing is that you are testing the intelligence of this House in asking them to guess, instead of disclosing the whole process of governmental thought in devising this tax. You could have told us something in your budget speech.

The Honourable Sir Jeremy Raisman: I had to summarise quite a lot in my budget speech. Even so it takes two hours.

Mr. T. T. Krishnamachari: Quite a lot of it could have been left out and people who are being taxed could have been told exactly why and when they are to be taxed. Be that as it may, the Bill here refers to this particular product, betel-nut, in the Schedule . . .

The Honourable Sir Jeremy Raisman: 'Cured'. That answers many of your points.

Mr. T. T. Krishnamachari: We want a more detailed definition of that word. When the clauses of the Finance Bill are taken up for discussion, I think the Honourable the Finance Member will hear a little more about it. At the moment, with the information that has been vouchsafed to us, I should presume that the knowledge that the Government have, with regard to the methods of consumption of this particular article, the manner of use to which it is put and the trade processes through which it passes, is extremely green.

Sir, I would like to refer, before proceeding to the other subjects that I have before me, to the question of taxes on income and to the Excess Profits Tax. It is true that I am not in the position of my friend from my Group who spoke the other day, and who could speak from personal experience and whatever I say must to a certain extent be in the nature of an academic discussion. I would like the Honourable Member to tell us if before raising this question of compulsory deposit from one-fifth to nineteen-sixtyfourths whether he did visualise the prospect of the income from E.P.T. falling off some time and whether also he did consider the alternative method of tapping excess incomes, instead of excess profits. It is certain, as was mentioned by my friend speaking before me, that this question of immobilization of whatever resources an industry might be left with is going to put it to a lot of trouble. It may be that all industries will not be placed in this condition, however honest industrialists will certainly have trouble, unless it be that they have been in business for a long time and have accumulated and kept considerable reserves on hand. I am not speaking of cases, which definitely do exist, of industrialists and business men making secret profits. But you are not going to tap those secret profits by this process of immobilization of the balance of the Excess profits in this hands. But so far as this particular proposal stands before us, I have a problematical case before me and if the House would permit me, I would like to give it a few figures about this matter. It is problematical to the extent that many of such problems have to be imagined and I would like to tell the House how absurd it is even as an instance which is likely to materialise even if it be that there are various other extenuating factors which might figure in actual cases. I am speaking of a person with an income of 5 lakhs with a standard profit of Rs. 36,000 or less. There are other factors like depreciation, bad debts and so on of which benefit will be given to business men if it happens that these exist but where no such counter-vailing advantages exist, in the case of an income of 5 lakhs of rupees with a standard profit of Rs. 36,000, the amount liable for the assessment of excess profits tax will be Rs. 4 lakhs 64 thousand and the excess profits tax will be Rs. 3,96,834. So, he will be left with a balance of Rs. 1,54,666 and if we add the standard profit on to it, it makes Rs. 1,90,666. These figures were checked by a friend who is in the know and who has been kind enough to go through them for me and so I can safely say they are correct. On this Rs. 1,90,666, the income-tax and surcharge will be Rs. 51,424, super-tax and surcharge will be Rs. 59,041 and the balance left on hand will be 80,200; from out of this amount he will have to pay 19/64ths of the E.P.T. as deposit and this amounts to Rs. 91,833. If a man has to pay Rs. 91,833 as E.P.T. deposit from out of the balance income of Rs. 80,201, left to him, I leave it to the arithmetical genius of the Finance Department to find out what amount of money he has got to find from his capital?

Sir Cowasjee Jehangir (Bombay City: Non-Muhammadan Urban): Is this a Firm or a Company?

Mr. T. T. Krishnamachari: I am talking of an individual; it might be a firm. But, as I said, there is no particular sanctity about this problematical case. This is a problem which shows that there is a certain amount of absurdity in the process of taxing people in this manner. I am only trying to point out to the Honourable the Finance Member that a greater and more detailed examination and greater care are certainly needed and I do not know what his advisers have told him about the wisdom of this particular excess charge that he has decided to levy on such incomes. It may be that some amount of the money will be returned to him after a period, but at the moment he will have to draw the money for paying the E.P.T. deposit either from his capital or borrow from somebody. I would like to impress upon the Honourable the Finance Member that there must conceivably come a time when you have collected all your taxes and the arrears, and then there will be quite a lot of such people who will be left broke. Let the Honourable the Finance Member here and now, apart from what happens to this Bill, consider the alternatives, by means of which he can relieve all such hard cases.

Sir, there are other matters that I would like to refer here and I find that much of what I will have to say will refer to the Commerce Department, the Supply Department and the Department handled by my Honourable friend the Honourable the Finance Member, who, so far as the Government of India is concerned, happens to be in the position of its Director of Economics. I am sorry to see that the Honourable the Commerce Member is not here.

Mr. N. M. Joshi (Nominated Non-Official): Did you give him notice?

Mr. T. T. Krishnamachari: Notice would not have made any difference. Besides, I am rather new to procedure followed in this House and I did not know it was necessary to give notice to Honourable Members of the Treasury Benches when speaking on the Finance Bill.

The next subject I would like to refer to is the recruitment by this Government of experts and special officers from abroad. I have not before me a complete list of the various officers recruited under this head. We have heard of two Dehydration experts who came into this country, Dr. Fiddler and Mr. Crawhall, from the Ministry of Food. I do not know what ideas they have of the temperatures prevailing in this country and I do not know what ideas they have of the quantity and the nature of the fuel available in this country. It is said that often times a very large quantity, almost bulk for bulk, or perhaps even a greater amount of fuel, is necessary to dehydrate a particular quantity of meat. Anyway, the rumour has it that the Dehydration experts have not been able to help very much, but I suppose their stay will only be temporary.

The House has had opportunities of raising the question of the appointment of the Steel Commissioner and his Statistical Assistant. In fact, it is not ordinarily possible to raise any serious question by way of interpellations and the attitude of the Government in this matter is scarcely helpful. It often becomes a matter of fencing between the Honourable Member and the questioner and very often, with the exception of few cases, Honourable Members opposite think that it is a very clever performance they have done in being able to shut out information. At this stage, I would like to protest against the attitude of any Honourable Member on the Treasury Benches who thinks that we are here to waste their time. We ask questions so that we can raise issues later and so that we may be armed with some information. To answer a question by fencing and by referring to old records which cannot be traced and by referring me to a record of 1937 and 1938, when the answer could be given in full on the floor of the House, is certainly not treating Members of this House with due consideration. Be that as it may, we have not been able to see what justification is there for the importation of the Steel Commissioner and his Statistical Assistant. I think the Government of India have had the services of a Steel Controller, an Indian who is quite an expert in his business. Is it because that he has become senile or he has become old or he has ceased to be efficient that there was a need for the importation of a Steel Commissioner?

My Honourable friend Mr. Neogy is going to deal with the question of coal and the name of Mr. Young, the Coal Commissioner, will certainly figure there. He has himself put a question in this House of the fact that one of the senior officers in the Coal Mines Department, an Indian, is quite an efficient man and is quite capable of handling the problem provided he gets the necessary assistance from the Government and the coal mine-owners.

Last year the Honourable Sir Jogendra Singh told us about the importation of an Irrigation expert. This Irrigation expert happened to be a person who has learnt his expert knowledge in this country. He was originally employed as an Irrigation engineer in the United Provinces. I heard that last year when there was a Conference of Irrigation Engineers in India at Simla Sir William Stampe, the new expert, came off rather badly.

Sir F. E. James (Madras: European): I cannot imagine that.

Mr. T. T. Krishnamachari: I am afraid I cannot supply the lacuna in the capacity for imagination of my Honourable friend from Madras. Emphasis was laid at the Irrigation Conference on tube wells engineering and I now hear that the United Provinces Government have placed orders to the tune of 12½ lakhs of rupees for tube well machinery. It is common-knowledge that people who come out to India as experts are also interested in pushing forward the interests of some manufacture in England. So, the province which suffered the most as a result of the importation of this expert is the United Provinces, other provinces having very effectively resisted his suggestions about tube wells.

Then, Sir, I heard of the Government of India procuring for the Punjab Government a Geologist from America, Mr. Savage. I do not know whether the request came from the Punjab Government itself. We find also reports of the Labour Member wanting an adviser from Britain. One man comes and goes and then another man comes in his place. I am sure the Labour Member, who is himself an Economist of no mean reputation, knows so well the needs and difficulties of his countrymen that he does not want somebody from England to come out to advise him. So far as my province is concerned, we have a nutrition research laboratory at Coonoor. A scientist was imported there some time ago whose name is Dr. Aykroyd and it was then said that the duty of this officer will be to train local scientists in this problem of nutrition research. But people come in this country and they stay. The climate of Coonoor is extremely attractive.

Then, there is another matter in which the attention of this House has been considerably excited. The Honourable Mr. Tyson had to answer many supplementary questions, in his own way, denying all implications suggested by Members of this House or rather turning a deaf ear to the implications. I refer to the appointment of Brigadier Wheeler to the chief post in the Archaeological Department. The Archaeological Department controls three Museums. Brigadier Wheeler's admitted experience is largely confined to Museums and the excavations of Roman antiquities. The three Museums that are under the control of the Government of India have now been closed to make room for W. A. C. (I.)'s and so on. It has also been said that certain publications of the Archaeological Department could not be brought out because of the lack of stationery. That is how the Department is now functioning. But so far as Britain is concerned, they seem to have taken very diligent interest in the Archaeological Department of the Government of India. Questions were being asked in the House of Commons as to what is being done for Indian archaeology. I would probably have to refer to European interests in various Indian things. The House is not convinced of the superiority of Brigadier Wheeler's qualifications and I am sure this gentleman ought not to have been imported. I think the person who is supposed to shoulder the responsibility for this matter is an Indian Member. I do not know how he agreed to this particularly atrocious proposition for one thing and for another to paying this gentleman a monthly salary of Rs. 2,250 when the revised scale of salary for this post is Rs. 1,600. And, then, he will get in addition so many other allowances, such as, the

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overseas pay, pension contribution etc. Is this the time, Sir, when the Government of India should come out with a proposal which would mean greater expense? Speaking as an Indian, speaking as a student of Indian history, speaking as one who takes pride in his own country, I would rather prefer that Indian archæology did not progress rather than unwanted people from Great Britain should be foisted on this country as experts.

● Sir, I have to refer to the Department of my Honourable friend, the Leader of the House. I found in the *Hindustan Times* of yesterday a very illuminating guess supported by certain facts. It has been rumoured times without number that there is an outflow of News Experts from Britain into this country who are ultimately housed in the Broadcasting House. The news personnel is being strengthened and whenever any personnel is being strengthened, it is being done by British personnel at the expense of the people of the country. Why this particular interest in news broadcast just now? There is already, I think a skeleton staff of the British Ministry of Information in Delhi who carry on very good work. If a special format of news is required for broadcast purposes surely they can help. Where is the need for more Britishers? In the Broadcasting House the work has been carried on well or indifferently by Indians all along and we probably get such news and such broadcasts as we deserve with which we are entirely satisfied. We do not want British experts to come and help us to make the quality of output of the all India Radio any better.

Sir, we have also heard of another expert, perhaps it may not be the proper place to mention it. I refer to Sir Archibald Rowlands, the expert in War finance. So far as his assistance to the Honourable the Finance Member in the matter of helping him in his defence expenditure is concerned, and with regard to the expenditure which the Honourable the Finance Member has to incur on the war needs of Britain and the Allied Nations in this country is concerned, we have not seen any tangible evidence. We do not know why people are imported and kept in the offing, but we could make a shrewd guess.

One other expert, to whom I would like to refer, but he is not a war product, but I refer to that very enigmatic and elusive personality whose influence seems to pervade the whole field of economic activity of the Government of India, who is the gift to India of Sir James Grigg, I refer to the Economic Adviser. We wanted to know something more about the activities of this gentleman, something more of what he has done, but as I said, effectively, by a process of very agile and clever fencing, you have effectively shut out that information. Perhaps I will come to it later on. I will have to refer to Sir Theodore Gregory and the nature and quality of the advice he tenders to the Government of India, before I have done. I would therefore leave him at that.

Sir, another matter, while on this question of importation of experts. Sometime back in a Madras newspaper I read a message which emanated from its Delhi Correspondent who said that the Government of India are finding it very difficult to fill in the necessary personnel from the provincial staff, by reason of the fact that the Provincial Governments are not willing to spare competent men and therefore is seriously thinking of importing men from the Home Civil Service. I would like a contradiction of this from the Treasury Benches. I would be very happy to see that it is contradicted. But, Sir, if it is true, what happens to the parity between the Indian and the European element in the Indian Civil Service? What happens to the prospects of Indianisation of the services which will have to happen at the time when India will have to govern herself if more Europeans are brought in from the Home Civil service? Am I to take it that the Honourable the Finance Member's repeated statement in this House of the inadequacy of personnel was merely just a way of telling us what was to come, what he has in store for us. I am told, Sir, that so far as officer personnel is concerned, even now something can be done to properly

allocate the work, to carry on the work with the personnel that is available with the Government of India. It is for the Honourable the Finance Member and other Members of the Treasury Benches to say that the news about the importation of personnel from the Home Civil Service is right or wrong. But anyway, the country will view with great distrust and suspicion any further importation of experts, any further dumping of people on the Indian tax-payer and the Government had better be warned that they will not be doing anything to make Indo-British relations happier by implementing the contents of this rumour that I have referred to.

Now, Sir, I come to the economic activities of this country and I shall examine briefly how the Government are able to help the sons of the soil in protecting them against foreign competition. The House knows fully well of the activities of that notorious Corporation called the United Kingdom Commercial Corporation. I do not think it would be fair for me to take up the time of the House by telling this House what that Corporation is, or how it originated, but it will be sufficient for me to say that the *Economist* of the 13th November last has given a true pen picture of the nature and activities of this organisation, of which Britishers may well be proud. The *Economist* has stated categorically that the Corporation cannot be correctly described as commercial. It is commercial no doubt in its personnel and management, but its objectives are political. It was started as the spearhead of the trade offensive of Britain in the Balkan countries and has spread to the Middle East and has ultimately come to stretch out its hands as far as India. The exact position of U. K. C. C., *vis-a-vis* the Government of India has never been made known to us. As I said before even on this matter questions have been asked in this House. I asked the Honourable the Commerce Member specifically if he will still deny that U.K.C.C. enjoyed a monopoly of exports to Persia from India notwithstanding a statement to that effect made by the President of the United Kingdom Commercial Corporation, Sir Francis Joseph; he answered the question in the affirmative. Vague denials and vague assurances are all that we have got from the spokesmen of this Government. But then, Sir, there is the other side to the picture. There are certain aspects of British commercial life which are not kept away from the people of that country. They are not in the same unhappy position as the people of this country. There is a democracy ruling there, and people had to be assured that when a monopolist corporation of this nature was started, that it was started with the best of intentions, that it was doing good to the country which it is intended to serve. Dr. Dalton in the House of Commons said that in the matter of allocation of shipping space, the U. K. C. C., was the Agent of the British Government. Again, Sir, the Chairman of the U. K. C. C., Sir Francis Joseph, stated very categorically that India was one of the major supply bases of the United Nations and with the help of the Government of India, the Corporation lost no time in drawing on these sources for supplies urgently required. The prompt shipment of Indian wheat saved Persia from the rigours of famine in the spring and early summer of 1941. There was no such prompt shipment so far as Bengal is concerned to save her from a similar plight. Persia had received from India foodstuffs such as sugar, tea, manufactured goods such as cotton piece goods, raw materials and shipments ranged in bulk from over a thousand tons of cement to small parcels of pharmaceuticals. Syria, Palestine and other Middle East countries have drawn on India for supplies. Since the Corporation began its work, Russia was invaded by Germany and it was clear that part of Russia's needs can be met from India. I would like the House to mark this. Sir Francis Joseph spoke specifically of orders being placed through the usual trade channels in India for a long list of commodities of every kind and in very large quantities. The list covers such articles as hessian, gunny bags, rope, cotton canvas and hides, shellac, tea, groundnuts, tobacco and graphite. He said it is not possible to give details of actual tonnages, but the scope of the business done in India for Russia was indicated by the fact that one recent order was for 11 million gunny bags.

Sir, as against that picture we have been told that so far as the Indian Government is concerned, they do not think that the U. K. C. C. had a mono-

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poly of any particular article. And I should like here to mention the question of the export of tea. The export of tea seems to be passing largely through U. K. C. C. channels. I have here a letter written by a fairly big planter in Travancore. He says:

"As for tea, the Controller and the Commerce Department both inform us that exports on private account cannot be allowed. I still feel that the situation is intolerable. On the one hand our export quota rights are worthless and our internal market is glutted."

Sir, Mr. Griffiths is not here, but perhaps sometime before the end of this debate he will enlighten us as to what this tea control has done, how it has passed into the hands of the U. K. C. C. and how it has prevented exporters in India from handling their country's products. I have here before me the details of the case of a merchant in Karachi who was given licenses for export of tea from 1st April, 1943 till 31st March, 1944 for a thousand cases, the license numbers being 114 to 118. All of a sudden the licenses were cancelled by the Indian Tea Licensing Committee because of the fact that it was decided that no more private exports of tea were to be allowed. There is one other instance of this U. K. C. C. business, on which the information which the Government of India seem to have in their possession and the information that is being vouchsafed to us through other channels—very accurate too—are at variance. The other day I asked a specific question of the Honourable the Commerce Member as to whether the export of hides to Turkey was a matter of monopoly for the U. K. C. C., and the Honourable Member denied that it was so. Here I have got in my hands copy of a notice put up by the British Consulate at Istambul dated the 23rd November, 1943, relating to ox-hides, cow-hides and buffalo-hides, and it begins like this:

"The distribution of hides for Turkey will henceforth be made through the United Kingdom Commercial Corporation."

And some of the exporters of hides to Turkey have received advices in this regard from their agencies in Istambul as also from merchants in Baghdad. I will read an extract from a letter from a merchant in Baghdad to his correspondent in India. It is as follows:

"We have received a telegram from Turkey in regard to the skin in question. They say that only the British Company can import such stuff from India. Therefore there is little hope for us in this question."

The merchant in Baghdad is aware of this canalising of exports from India through one channel; the merchant in Istambul is aware of it; people who go to the British Consulate in Istambul are aware of it; but my Honourable friend the Commerce Member is not aware of it. I do not know who is to blame, he or his department.

Sir, last year I asked a question about certain European firms in this country purchasing cotton piece-goods which were being sold at much lower prices than what prevailed during the immediate past period, on account of a certain amount of distress selling which arose because of these Ordinances about the fact that European firms in this country took advantage of this distress selling to purchase cotton piece-goods obviously for export purposes. The question was asked whether these goods were intended to be exported through the U. K. C. C. The Commerce Member denied that it was so. But let me say here and now that so far as the action of the U. K. C. C. in this country is concerned, it seems to be that the Commerce Department and the Commerce Member know as little about it as perhaps I know of the secret instructions that the Secretary of State sends from time to time to the Head of the Economic Department of the Government of India. Sir, the operation of the U. K. C. C. in India is a cleverly disguised manouvre. The U. K. C. C., as has been said, is the lineal descendant of the East Indian Company. But we are not in the year 1599, it happened to re-emerge in the year 1940 and hence the finesse with which the U. K. C. C. operates a finesse which is easily likely to throw dust into the eyes of Government of India departments, even if they want to be vigilant. They work through various agents in this country. Practically every

big European firm is their agent, and how are the Government of India to know what all the U. K. C. C. has done or is not doing? Sir, the Indian public are greatly exercised about the continuance of the operations of the U. K. C. C. One would like to be assured, at any rate now, that the U. K. C. C. will be a war-time product and it will leave the shores of India once the war is over. Dr. Dalton's statement in the House of Commons does not lend any support to that view. And taking advantage of a statement made by the Managing Director of the U. K. C. C. before a committee of the British Central European Federation of Chambers of Commerce, wherein he stated that after the war attempts will be made as far as possible to hand back the trade now handled by the U. K. C. C. to individual exporters, I asked if the Commerce Member was aware of that statement and whether he would make a similar statement on the floor of this House. There was no response. Sir, it is probably too late now to ask if really the Government of India had to help the Middle East Supply Council, if really the Government of India had to help with the supply of products of this country purchased at controlled prices and to be sent to the United Kingdom or the various War Supply administrations, why did not they promote in India a corporation similar to the U. K. C. C.? Even a country like Argentina which is not in the war is said to have promoted a trade corporation for similar purposes. But the question will answer itself if we know how the Supply Department has been manned, who the experts in the Supply Department are, who the Controllers and Directors of the several sub-departments of the Supply Department are, who the honorary Controllers of the Supply Department are. When the Supply Department is manned by men drawn from out of the European commercial community in this country what hope can we have, even if a corporation is formed by the Government of India, that it would be Indian in personnel and Indian in outlook and that it will safeguard the interests of Indians?

Sir, that is one side of my case of the acts of commission and omission on the part of the Government of India in the matter of safeguarding the interests of Indians in this country. I have got a longer story in regard to a different aspect of the same question and that is the question of the promotion and safeguarding of industries. My Honourable friend, the Finance Member, said that his Government was committed more or less to a forward policy of industrialisation. I think that is for the post-war period and not for the current period. But be that as it may, I shall refer here to an authentic publication of the Government of India—I do not know which department published it, perhaps the Information Department—this publication is entitled "India's Part in the Fourth Year of the War". My Honourable friend, the Leader of the House, nods like Homer.

The Honourable Sir Jeremy Raisman: It is an Olympean nod!

Mr. T. T. Krishnamachari: I did not know that the Honourable Members were still in the celestial regions. Apparently they are. But let me go on with my case. I will read a paragraph from page 32 of this Government publication. The House will, I hope, put up with me for repeating what perhaps they are already aware of, but in order that I might focuss their attention I will read that particular paragraph relating to Chemicals and Drugs Production—I will only deal with chemicals; I shall leave drugs out for the present:

"Production of various important chemicals such as sodium sulphide, sodium sulphite, 12 Noon. sodium thiosulphate potassium chloride, etc., has been established in the country." Where? That we are waiting to be told:

"As regards heavy chemicals, the production of caustic soda, bleaching powder, soda ash, etc., has been established. Action has been taken to import plants for heavy chemicals, namely, sulphuric acid, caustic soda, chlorine, ammonia and power alcohol. Plants for sulphuric acid and power alcohol are being obtained from U. S. A. through Lease-Lend. To meet the requirements of calcium carbide used in the engineering welding operations, a plant is being put up to produce 3,000 tons annually, in addition to small production totalling 900 tons, which has already started."

Sir, that is my bible and if I accuse the Government I shall accuse them only on the information vouchsafed to us in that particular paragraph which

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has undoubtedly emanated from some Government of India department. Perhaps the Members of Government knew nothing about it. Whoever prepared this brochure must have a picturesque imagination. I do not know if he received additional help by way of increasing his powers of imagination by some of that spirituous stuff that has been recently imported into this country. The Magna Carta, so far as industrial production in this country goes during war time, has been provided from out of the mouth of my Honourable friend, Sir Ramaswami Mudaliar, in his speech in this House of 12th March, 1940. You will please forgive me if I read one paragraph of his speech:

"But, I gave this assurance on behalf of the Government that we shall not put ourselves in a position to be liable to the same charge once more and that in case we in any form encouraged the development of industries for our war needs. . . ."

Very guarded, Sir. Sir Ramaswami Mudaliar has protected himself, the assurance comes into operation only in case the Government encourage the growth of any Industry. I trust it was not presumed that they had no such intentions.

" . . . we shall make it clear that at the end of the war those entrepreneurs who had come to the assistance of the State and had developed such industries would not be left high and dry to take care of themselves."

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not read long extracts from a speech which was made in this House.

Mr. T. T. Krishnamachari: Sir, it is a very short extract which I have read. I value it as being the Magna Carta for the industries that have been started. And, Sir, it was said in a booklet published by the Oxford University Press, a booklet produced by Dr. Lokanathan entitled "Industrial organisation".

"Four industries to have received these assurances are those engaged in the production of bichromates, steel pipes, aluminium and calcium carbide."

I am only asking how far what has been mentioned in this Government pamphlet in regard to the encouragement of chemical industries and what has been mentioned by Sir Ramaswami Mudaliar on the floor of this House, supported by the information that has been vouchsafed to us in this booklet of those four industries to be encouraged specifically—has been fulfilled. Sir, I have a fairly big case here and I am not quite sure whether I will tire the patience of the House if I deal with all the facts in my possession.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar (Supply Member): That has been done.

Mr. T. T. Krishnamachari: I will go on with my case. Sir, my charge is that the Government of India did not encourage industries in this country; not only are these facts stated not accurate and are misleading but they the Government have actively helped—I won't even say connived at—actively helped in all attempts made by representatives of foreign industries in this country to sabotage the growth of the Indian chemical industry and that they also helped to divert such of the trade in chemicals that remained in the hands of Indian merchants on to the hands of foreigners. I will say, being ashamed of it, without mincing matters that the activities in India of another great corporation or another big Imperial corporation like U. K. C. C. they have allowed it to get absolutely a stranglehold over the Commerce and Industries and Supply departments of this Government—I refer to the Imperial Chemical Industries (India) Ltd. In this policy of encouraging industries, the first effort made by the Government of India was to borrow the services of Mr. Parker, an employee of the Indian Imperial Chemical Industries Ltd., as the Honorary Controller for Chemicals, and these Honorary Controllers, as the House are probably aware, are those who receive one rupee and do service just for the love of it.

Sir F. E. James: I have not seen even that rupee.

Mr. T. T. Krishnamachari: I will give you one rupee if the Government cannot afford it. Mr. Parker continued in undisputed overlordship of the future destinies of the Chemical Industries of India and of the chemical import trade of this country for some time until perhaps because of complaints some-

change was made and Mr. Parker left and Mr. Crerar came. The reason for mentioning these names is to show the emphasis that goes with it. They might be good people but still they come from a foreign commercial organisation and unless it be that one can develop the Jekyll and Hyde personality very effectively, one cannot forget the past affiliations. This, Sir, is the 'crux of the whole situation. European interests got a fillip both in the matter of stifling industries in this country and in the matter of getting a firm grip over the imports of this country because the controlling was largely European and had affiliations with the chemicals import trade of this country—I will now refer to ammonium sulphate. Sir, we have heard so much about conferences. I am sure, my Honourable friend, Sir Ramaswami Mudaliar, who is the originator of many conferences, having left this country found on his return that the business of those conferences had come to almost a standstill. I have heard that Indian industrialists were asked to take an interest in the promotion of this industry and they were consulted with regard to the starting of ammonium sulphate industry in this country. I have also heard a very, very interesting rumour in this connection that the famous Grady Mission Report, which is kept in *purdah*, is supposed to have recommended to their Government that the problem of food in this country was pretty serious, that the growth of food must be accelerated, that chemical manures needed ought to be supplied, as otherwise war effort will be seriously hampered—this was in 1942; they must be wise prophets—and they, therefore, recommended to their Government that plants for the manufacture of ammonium sulphate must be spared for India and the technical assistance necessary should also be provided for the erection of these plants in India. It is a rumour

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: I am glad my Honourable friend has emphasised that it is a rumour.

Mr. T. T. Krishnamachari: The best way of contradicting that is to fling that Report on to us. But it is not fair. You are in possession of this information. You deny correctness of the rumour. I am not in a position to contradict it because you keep the information absolutely in *purdah*. Anyway, I will only say that the sanction behind my Honourable friend's denial is not very great so long as he will not disclose to us the information contained in that Report. Even what he says is guarded. We people who come from Madras are fairly chary of giving out the whole of our case; that is why Sir Ramaswami Mudaliar has been very very careful. But, Sir, there is one point in connection with the question of sulphate of ammonia. The Gregory Food Committee seems also to have recommended a target for the needs of sulphate ammonia in this country and fixed the figures somewhere very near what the Grady Mission thought necessary. Sir, what happened after the Gregory Food Committee Report we do not know and how is this 350,000 tons going to be got at we are still waiting to be told.

I would like to say that there is at present a certain amount of local production of sulphate ammonia. It is a bye-product out of the steel and coko industry and the output is in the region of 20,000 tons, the distribution being in the hands of that great Corporation, the Imperial Chemical Industries of India. In 1943, this 20,000 tons was supplemented by an import of 34,000 tons under the difficult shipping conditions that now obtain undoubtedly, to aid the "Grow More Food" scheme in India. Actually this quantity was distributed largely for essential needs, such as planting estates, not to grow more food, perhaps so that the Honourable the Finance Member may tax coffee and tea and for industrial purposes. It is relevant to note that the shipments came from the United States and Canada and not from the United Kingdom as my information discloses. I do not know how it was financed. It did not come under lease-lend. It might have been that the money for it came from the dollars spared by the Empire sterling pool. It is a fact that in the past the imports of sulphate of ammonia to India was not even taken into consideration by the Commerce Department while granting import quotas for the quantity imported last year as the entire quota was allotted to the I. C. I. One firm

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in Bombay had imported two shiploads of it from Russia in the past. I think this commodity comes duty free, and in spite of that fact, the price is now about Rs. 280 a ton as compared with Rs. 100 some time back. The quantity of sulphate of ammonia that the Gregory Food Committee envisaged is not there, but only 34,000 tons has come from abroad and 20,000 tons is produced locally. At the same time I say that this attempt to start this industry in this country should not be given up.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: Who said it was given up?

Mr. T. T. Krishnamachari: Well, we have heard nothing more about it. It is more than a year that we have last heard about it. If Government is serious about it, they should know that it can only be started under Government auspices and perhaps only with a Government subsidy. Even in England in 1930, the British Government gave a big subsidy of £3½ millions to the producers and in spite of that fact they had to come to an arrangement with the German cartel before putting their goods in the world market. Before the war it is said that the production of sulphate of ammonia was twice the requirements of the whole world and now this country cannot get a fifth of her needs. The patents used for its manufacture are said to be German patents. If the Honourable Member is able, he should get those patents for starting this industry in this country. Considering my friends in the European group are so much interested in the welfare of the agriculturists according to the views they expressed last Budget Session on the budget speech of the Finance Member.

The other industry mentioned in my bible is the carbide industry. I have not heard anything about the 3,000 tons plant that was to be erected. All that I did hear was that an Industrialist in this country engaged the services of a European chemist and paid him somewhere to the tune of half a lakh of rupees. He spent more money on prospecting and in the end the whole thing had to come to a stop. It is also a fact that the Government of India assisted that Industrialist to the extent of asking the Director General of Indian Store Department to call for tenders in London for a carbide plant. The raw materials needed for this industry happen to be coke and lime. It is rumoured that the starting of this industry for the time being has been given up because some organization, some economic council behind the War Cabinet has prompted Mr. L. S. Amery to say that this is not the proper time for the starting of this industry. The House will be interested to know that the needs of carbide in this country approximate to about 500 tons a month, four-fifths of which comes from South Africa and the rest from Canada. All the raw materials needed are, as I have said, available in this country and I would like the Government to tell us why the industry has not been started.

Bichromate production has been encouraged and there are quite a number of Indian factories producing it. There are a couple of European manufacturers who produce bichromate for their own use—Binnys at Madras and Cawnpore, Chemicals at Cawnpore. But the production of all these factories is not up to capacity limit. The capacity limit I understand is 5,000 tons a year as things are today, and if production is not up to capacity limit it is because raw materials are not provided for these factories. They do not get sulphuric acid one month, soda ash another month and fuel a third month. What are the Supply Department doing about it? Consequently, local production cannot be stepped up. I will anticipate the argument which the Honourable Member might put out against this. He might say that it is uneconomical to produce locally. He might say that the cost of production locally is higher than the imported cost. Yes it is true. As it is, the whole scheme for distribution of bichromate is managed by Government. What does it matter if you have to spend Rs. 10 or Rs. 20 per cent. more so long as the industry can be permanently established in India? So far as the cost of production in this country is concerned, it has risen because the raw materials for this particular industry are not controlled and the prices

have shot up by 250 per cent. If the assurances given categorically by the Honourable Sir Ramaswami Mudaliar on 12th March 1940 are to be carried out, if there is any truth in this booklet, the imports of bichromate ought to be stopped. The fact remains that the I. C. I. are given an import quota of 250 tons of bichromate a month.

I could give any number of instances of a similar nature which would go to prove that this big company enjoys in this country as a huge monopolist concern, as a large mercantile concern in India, which also has as a trading organisation of its own, is therefore in a position to say 'no' to anybody who wants heavy chemicals from it, if it is to be used for any chemical industry.

I referred at the outset to one industry which got an assurance from Government, *i.e.*, the ammonium chloride factory in Amritsar. It has to depend on the I. C. I. for the supply of ammonium sulphate of 25 tons a month. But it happens that the owner of this factory is very unwise. He does not know that he should not tread on the corns of the people who are keeping him alive. He has been selling his product at Rs. 5 below the price of the I. C. I. He forgets that the management of priorities is in the hands of people who are very willing and helpful to keep up the prestige of the I.C.I. The result is that this industry at Amritsar is dying.

I would like to refer to the case of soda ash which has been referred to in the Government Booklet.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): If you go on talking on all the chemicals, you can go on for one month.

Mr. T. T. Krishnamachari: I see that the feeling is that I am shutting out the Honourable Member, but I will not take an unduly long time.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): But this is very important. Let him go on.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris: Muhammadan): Which is not important? Everything is important.

Some Honourable Members: Go on.

Mr. T. T. Krishnamachari: If Honourable Members will not interrupt me, it will be to their own benefit. There is a factory at Dhrangadhra producing about 18,000 tons a year. The Tatas are putting up a factory at Mithapur, which will produce 20,000 tons. The I.C.I. under the name the Alkalies and Chemicals Corporation have a factory at Khewra, which has got a similar or a little greater capacity. It does happen that so far as the glass industry is concerned, it needs a lot of soda ash about 10,000 tons a year, but it cannot take up all that quantity now because of the lack of coal which has slowed down production. Textiles and soap production take up a similar quantity, but the largest consumption comes from the *dhobies* which is somewhere in the unestimable region of 40,000 to 60,000 tons a year. But if really there is a possibility of getting about 60,000 tons locally from the various sources, provided the manufacturers are willing to produce—for instance, in the case of the I.C.I. since they are importers they may not be willing to manufacture, why does it happen that the quota given to the I.C.I. for the current half year January to June comes to 48,000 tons, which means 96,000 tons a year against a maximum need in this country of about 100,000 tons? What is to happen then to the output of the factories that are functioning in this country? What is really the game behind all this? So far as caustic soda and bleaching powder are concerned, we had the Mettur Chemicals in existence from before the war, the Tatas are more or less a war product, the Alkalies and Chemicals Corporation also started before the war and all together can only produce a very small quantity of 4,800 tons if they are in full production. Last year even on the short supply basis the country consumed an imported quantity, imported of course through the I.C.I. of 42,000 tons, and what is the use of this blue book saying that the country has started making caustic soda and bleaching powder? I shall not refer to other chemicals here, because I could refer to a number of other instances where I.C.I. enjoy an

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import monopoly, but I will merely say this. What is really the key to the situation? If there is an industry which needs raw materials, Government would not interfere on behalf of the industries to get them the raw materials required. But at the same time these people, the I.C.I., who start an industry would not direct their energies to producing more but would prefer to import. Why then this partiality for the I.C.I. in this country?

Before I close I would like to refer to two questions which have been asked in this House so far as imports are concerned. So far as the I.C.I. are concerned, I did ask about hydro-sulphite of soda whether, though trading in this article is being done by several firms, the bulk of the imports, the monopoly is given to the I.C.I. A question was asked by Mr. Jamnadas Mehta, I believe, on the question of dyes, and my Honourable friend, Sir A. Ramaswami Mudaliar, answered on behalf of the Commerce Member. I asked him categorically if it was not a fact that in the quota given for January-June 1944, 90 per cent. of the quota was given to the I.C.I., and 10 per cent. was to be equally distributed between Indians and representatives of Swiss manufacturers. About 2,000 tons are being imported from U. K. and 800 tons from U. S. A. There was really no answer because there was no information available as the Honourable Member who answered was not in actual charge of the Department. The point is this. So far as the I.C.I. is concerned they were big importers of chemicals before the war but they were not big importers of dyes. It was in the hands of a German cartel, and when the German cartel disappeared, the I.C.I. became the lineal descendants of the German cartel, and they are now having a stranglehold over the whole trade and naturally they must get preference in the matter of all imports. That seems to be the logic, that seems to be the argument, but it is a fact that when the German Dye Corporation was functioning in this country the distributive trade was largely in the hands of Indians. I understand that there was a Bombay firm which enjoyed nearly one-third of the trade in dye-chemicals. That being so, I would like, for the information of the House and for the information of the Honourable Members on the Treasury Benches, to tell them this. In response to a letter from a fairly big firm in Bombay to the I.C.I. asking for certain chemicals, I suppose, dye chemicals, the response was, "We regret that we cannot promise you any supplies of chemicals direct, as through our very extensive depot organisation, we ourselves are catering for the cottage Dyeing and Handloom industries".

Sir, the story of the I.C.I. can be sung in verse. It is one of the biggest products of British imagination, and as I said, it has a stranglehold over the economic life of even Britain. It controls chemical merchanting so far as this country is concerned, and also the trading in chemical. Its future development lies not only in controlling imports but in extending their own trade, and that is why my Honourable friends on my left were so anxious for the welfare of the agriculturist, in order to help the calf to be fattened, on which they wanted to feed. The House is perhaps aware of some interesting reports of proceedings that are being taken in the other hemisphere of this world against this corporation. This corporation is accused of being not patriotic, not supporting the war effort, of even sabotaging it. But be that as it may, our information is only from press cuttings. I should like to say here this. Some time last year in the *New Statesman and Nation* there was an article about the controversy raging in England about the monopolist position occupied by the I.C.I., and Lord McGowan, Chairman of the company, is said to have advanced the very curious argument that in the case of such a large concern as the I.C.I. its interests are identical with those of the nation. I ask, whether, applying the same argument since the interests of the I.C.I. are identical with the interests of the British nation, as this country happens to be dependent upon Britain, therefore their interests must be identical with those of the Government of this country, and it is for that reason the latter are supporting the I.C.I. not only from the point of view of import trade, but also in the matter of stifling all production in this

country and in the matter of defeating the very objects to which they stand committed, by recourse to all measures that human ingenuity might conceive of. I have done with this part of my speech. I have nothing to do with the I.C.I. I do not happen to be a shareholder in the concern, and it is often said that you never know in England, at any rate, some of the big persons have an interest in it and that is why the concern is being supported, and that is the reason for the political influence which it wields in a very large measure. But so far as I am concerned, I have nothing against them, I have nothing for them, except that it is an anti-Indian concern from the very nature of its position. And unless the activities of that concern are controlled by the Commerce, Industries and Finance Departments now, it is going to develop to be an octopus. Already it has spread its tentacles over several departments of the Government of India. Go to the Import Trade Control and try to get quota for chemicals, you will find that the I.C.I. have had a big slice because of past business in their own right and because they are the lineal descendants of all those who were doing business in the past. Whichever way it happens, it is heads I win, tails you lose. That is the concern which the Government of India have been encouraging wantonly or unwantonly.

One word more about this question of industrialisation. I would refer to power alcohol. Plants were said to be on the way, but I understand that they are not. It was also said that the Government of India had asked their purchasing agents to purchase ten more plants from the U. S. A. I will give them credit to this extent that they were trying to get plants, that they were circularising provincial Governments to step up the production of rectified spirit, that they were trying to get specifications from local firms for the manufacture of stills for making rectified spirits, and also. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already spoken for one hour and ten minutes.

Mr. T. T. Krishnamachari: If I am not irrelevant, Sir, I would beg leave to be allowed to go on.

Mr. President (The Honourable Sir Abdur Rahim): But there are other Members wanting to speak.

Mr. T. T. Krishnamachari: Am I to understand that the Chair wants me to finish?

Mr. President (The Honourable Sir Abdur Rahim): There are a number of other Members who want to speak.

Mr. T. T. Krishnamachari: I quite agree. I shall try my best to be brief. There are one or two points that I would like to press. This question of production of power alcohol has come to a standstill. So far as the initial work done by the Government of India is concerned, it has encouraged certain local sugar factories to undertake the manufacture of rectified spirits and also to manufacture power alcohol, where possible but the whole basis on which the Government of India took an interest in this is for this purpose. Power alcohol is intended to supplement gasolene available in this country, so that the fuel problem might be solved in part. We have had a drastic cut in the civilian consumption of gasolene in this country. It might even be that the cut is very nearly 50 per cent. and in order to offset further cuts or even to ease the position the Government of India took up this proposition and they gave a certain amount of encouragement to local factories to carry on this work. Rectified spirit that is now being manufactured is taken up in part for Munition production. Anyways, that demand is also tailing off. I would like to mention here that some of the Provincial Governments did embark on this venture. The U. P. Government encouraged the working of a factory in Meerut. I think they were producing about 500,000 gallons. I do not know the exact figure. Anyway they were producing power alcohol which the U. P. Government statutorily compelled the oil business to take up and mix with petrol, so much so that in the districts of Meerut, Bareilly and Agra, this mixed petrol was made available. Mysore has done the same thing. Travancore has also done the same thing, but with

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rectified spirit. It is a very important problem and the problem can be tackled only if Government can statutorily compel oil interests to take up this question of mixing power alcohol with petrol, rationalise distribution and try to offset the higher cost of power alcohol with the transit charges that are incurred on petrol, by delimiting the areas where petrol can be used and where power alcohol could be used. I would like to know what the Government is going to do about this matter. Before I finish with this subject, I should like to say this. The points on which I have stressed really go to show that the fear in the minds of the commercial and industrial community in this country is genuine. These fears are supported by facts. They are not haphazard and are not based upon mere imagination and it is up to the Government to tell us clearly and candidly here and now whether they are in a position to allay these fears, the fears that the big British concerns are out to defeat the growth of Indian industries, for instance the move of the biggest British chemical corporation to defeat the growth of chemical industry in this country and of the possibility of big British political and commercial concerns to stifle the export business of this country and that nothing is being done to stop this, because this Government is a subordinate Government. Let us know the position definitely. Let the Government be candid for once and tell us exactly where the springs of action really lie in this matter. Who prompts this Government to surrender so supinely to these interests and to the demands of these interests at the expense of this country. I have done with this aspect of the danger to Indian economy.

I now come to the Honourable the Finance Member and his Department. I shall not have very much to say about the dispute if there is inflation or not, because the problem has been already threshed out. I am going to refer to this question of financing war effort, the problem of the sterling balances and the checking of inflation. I have no desire to make any academic dissertation on this problem of inflation. Whatever the cause of that inflation may be, today we have passed the stage of academic discussion. The Honourable the Finance Member has agreed that inflation does exist and it remains and that he is doing his best to offset the evil. That premise being granted, it is unnecessary for us to go into the causes of inflation, unless it be in order to obviate a further stepping up of the inflationary trends that now exist. Sir, the root of the evil still exists, namely, that we had to find the finance for the U. K. and the Allied Governments in this country and as a result of that it has happened in the earlier stages—before the Honourable the Finance Member thought of various taxation measures and various other measures for mopping up the reserve purchasing power in the hands of the people of the country—that the note issue went on increasing at a considerable pace. So far as the Budgetary position, as disclosed by him the other day is concerned, he has told us that 443 crores of the war needs of Britain have to be met in this country and that, together with our own defence expenditure, makes a formidable sum of 720 crores. As against this, apart from taxation, the Honourable the Finance Member has estimated—I should consider rather optimistically—that this Government may be in a position to mop up reserve purchasing power from the hands of the people, of somewhere to the tune of 422 crores and he has made it up by various amounts, of loans to the extent of 300 crores—post office savings accounts to the tune of 20.42 crores, national savings certificates amounting to 28 crores, provident funds to the extent of 4.87 crores, and deposits 67.28 crores. On the other hand, we have the picture of 443 crores needed for British defence expenditure. The revenue deficit estimated by him is 54.71 crores, capital expenses on account of defence 24 crores and odd, capital expenses on posts and telegraphs 2 crores and odd, capital expense on railway account 28 crores odd, making a total of 553 crores. If really the gap, that has to be bridged further, is a matter of 130 crores, the position is not unduly alarming. But I would like to stress on the other point which has an intimate bearing on this. It may be that the rupee outgoings or at any rate the bulk of it will be brought back to the treasury but that is not going to solve the major problem of the finances of this country. Whatever

expenditure we may incur in this country for Britain is certainly going to be represented in the shape of an increase in the sterling balances and there is also the question of trade surpluses. The fact remains that the amount visualised by the Honourable the Finance Member at the end of this month, 950 crores of sterling balances, is bound to be increased progressively next year and so what we have really to tackle is the method of the liquidation of these balances. As a means of preventing a further augmentation of the sterling balances or as a means of checking inflation, the Honourable the Finance Member resorted to gold sales. The manner in which the sales are operated lends itself to controversy. He said that people like myself have asked in the past that gold should be obtained and sold in the Indian markets in order to mop up the money that is in the hands of people who are unaccustomed to investment in the ordinary channels available like the post office savings bank deposits and Government loans. That is quite correct. That is a point nobody questions. But what we really question is this: Even if you did permit gold sales by U. K. and U. S. A. Governments in order to achieve a very desirable object, and perhaps you have got to do something even undesirable sometimes in order to achieve a desirable result, the question is whether the price at which you want to achieve that object is worth paying. Leave aside the ethical aspect of the question. I shall not refer to it any more. But look at it from the purely economic point of view. Technically, you are the custodian of the finances of this country, not because the country has asked you to do it, but some other person or set of persons have asked you to do it. Your responsibility is not to this country and you have made that clear in so many ways. You have said that 20 votes of no-confidence are not going to alter your position.

The Honourable Sir Jeremy Raisman: The Honourable Member is seriously misrepresenting the effect of what I said.

Mr. T. T. Krishnamachari: The Honourable Member did say that if there are 20 votes of no-confidence, they won't make any difference to him.

The Honourable Sir Jeremy Raisman: I merely made an emphatic statement in regard to the accident of laying further burdens on overstrained staff.

Mr. T. T. Krishnamachari: Anyway, what you said can be applied to this instance. I am not misquoting. It may be a misapplication if you make a serious charge. I plead guilty but I am going to apply it to this instance because the position is on all fours with what you said the other day. We have no means of compelling you to do a particular thing and so the fact remains the same. Be that as it may, the question is really an economic one. You will probably come out and say—I do not know if you have not already said it but let me make a shrewd guess if you have not said it that there is a justification for this act of Government in permitting U. K. and U. S. A. to sell in the Indian market at Rs. 70 a tola in spite of the fact of the price ruling in the London market or in the New York market, because the price index has in this country gone up. If really the price index had gone up, you will get far more. But here you are trying to seek a moral justification for an act which is not moral. Your justification is not really purely economic. Let us consider the other transactions in this country. Has not this country supplied jute and several other articles to England at controlled prices? Has the price of groundnuts supplied to U. K. appreciably increased since the pre-war days? What is the percentage of increase? Is it anything like the rise in the Calcutta Price Index figure? If that is so, can you still say that your action is justified? No, Sir. I do not think that argument will stand. But, Sir, I would again refer to what I said the other day. I want the House

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not repeat what he said the other day.

Mr. T. T. Krishnamachari: I merely mentioned it in a very short speech of 15 minutes and it is very important so far as the finances of this country are concerned. The Government in 1942-43 sold silver in the London market that belonged to this country and no information was vouchsafed to this House as to the quantity of silver that was sold. About that time in the other House

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the Finance Secretary said that he was not going to disclose the information but that it would find a place ultimately in the Appropriation of Accounts for the year. I have got the latest Appropriation of Accounts for 1940-41 and it does reveal to me the position of the stocks of silver held by the Secretary of State but it does not make me any the wiser as to the transaction that took place later on. We are not yet aware of the total amount of money that this country has lost by the selling of silver. The Honourable the Finance Member's contention was that they did not sell silver at any price which was unjust. He further said that they had not sold silver at a price which was less than the acquisition price of the United States treasury and that the price in the Bombay market had nothing to do with the price in London. But why then should you sell at all? If you knew that the Bombay price was higher, then why should you sell at all in London? You wanted to sell because you wanted to get England out of a difficult situation, faced as she was by a shortage of silver. I have got cuttings from various English papers relating to that period, which speak with gusto that the Finance Member was quite right in putting the Indian Legislature off. That being the position, why did you not apply the same criterion in the present instance? If silver is to be sold, it is good enough to be sold at a price which is not below the acquisition price of the United States. But if gold is to be sold in this country, you have got to go to the Bombay market for determining its price. I do not know yet the amount of silver that has been sold, unless it be that I go back to 1934 when the paper currency reserve was liquidated. I see that the quantity of silver you held at that time was about 150 crores. I do not know why you should have to support this differential treatment in the matter of gold. Sir, I will ask the House to look at this picture and that, I want the House to realise the Government's attitude in the matter of the sales of silver. I think decency demands that this Government, even if they are mildly responsive to the shouts of people of this country, should stop this going on further. It may be said that 40 crores worth of gold was sold up to 1st of March—it may be even 60 crores. If the sales had been made by you, you would have made certain profit and there would have been no need to tax tea, coffee, betelnuts and you need not have raised the tax on tobacco.

The Honourable Sir Jeremy Raisman: What the Honourable Member has got to make up his mind about is whether he is prepared to accept the consequences of not taking anti-inflationary action.

Mr. T. T. Krishnamachari: The point really is that my Honourable friend wants me to commit suicide in any case.

The Honourable Sir Jeremy Raisman: But my Honourable friend argues in relation to an unreal situation. He is not dealing with the realities of the position.

Mr. T. T. Krishnamachari: My Honourable friend may be a realist but his arguments are faulty. He puts forward a dilemma before me and says: "You will have to accept this or that". I will tell the Honourable Member where he gets his line of argument from. This kind of specious argument seems to be coming from a particular source which seems to be behind you all.

The Honourable Sir Jeremy Raisman: I do not have to get my lines of argument from anybody. I am capable of thinking them out myself.

Mr. T. T. Krishnamachari: If my Honourable friend wants to take the credit for posing dilemmas which are fallacious, I do not mind it. I had a much better opinion of the Honourable Member's capacity for posing arguments. I think this thing about gold sales ought to stop and I think every Member of this House should get up and say that this ought to stop.

Sir, I wish to make a very brief reference to the question of sterling balances and then conclude. As I said before, circumstanced as we are the very nature of these balances is such that they are bound to accumulate. Naturally, the people of this country are nervous about it not merely because of the fact that

this sterling credit is immobilised and you cannot take it out of England but because of the very nature of the concessions that are discussed here and elsewhere on the question of the liquidation of these balances. I think the maximum fear that is aroused in this country is due to the pronouncements of the Honourable Member himself. I know, Sir, that the Honourable Member is capable enough to look after his own interests. But I submit that para. 52 of his Budget speech is a very unwise one, an extremely unwise one, where he referred to the early implementation of a forward policy of industrialisation, that the early implementation of these plans being dependent on external finance leads to the discussion of India's post-war problems with His Majesty's Government and that His Majesty's Government sympathised with the desire of the Government of India to make advance provision. The Honourable Finance Member also said that—

"This House will be gratified to know that H. M. G. have agreed in this connection and as an integral part of the reciprocal aid arrangement, to set aside each year from now onwards a part of the dollars accruing from India's exports to the U. S. A., apart from and in addition to our current dollar requirements which are met from the Empire dollar pool under the usual sterling area arrangements."

Sir, my Honourable friend will have me believe, he will have the House believe that this has been done by H. M. G., that this arrangement has been agreed to in all graciousness by H. M. G. so that this country can get a little of the benefit arising out of the export surplus earned by the country, and that this immobilisation of sterling resources of this country need not be a bar to trading with U. S. A. on a modest basis, to small imports of machinery and other goods that this country would like to get from America and other dollar countries. Sir, I will say that it is hardly in tune with the facts. I will say that if the Honourable the Finance Member will refer to the *Commerce* dated 22nd January, 1944, if he refers to the Anglo-U. S. A. controversy regarding conversion of India's dollar into sterling assets, if he takes into account the statement made by no less a person than Mr. Geoffrey Crowther, the Editor of the *Economist* who discussed on his return from U. S. A. the question of the agitation in America that England was immobilising the export surplus earned by India out of its trade with America, that it was thereby preventing American exporters from exporting to India, if he refers to all these, he will find that this American agitation is the cause of the gracious concession on the part of H. M. G., this gracious concession which has been welcomed by the Honourable the Finance Member.

Sir, I am coming to the end of my story. I would like to say that so far as the future of these sterling balances are concerned, the country still views it with grave misgivings. There is an additional reason for this. These discussions in these reconstruction Committees have not lent any courage to us in this matter. If I had the time, I would quote from financial newspapers published in England as to what they think of these sterling balances; they think that it is a free gift of the British Government to India, and I am glad that the Honourable Member did correct the position by saying that these sterling balances include the amounts of export surplus that has been earned by this country from out of its trade with U. S. A. and the Empire Countries and non-Empire countries, like Turkey and others during the whole period of war, that this export surplus includes dollar assets of this country that has been frozen. I would say that the Honourable the Finance Member has my sympathy to an abundant extent because, here I am holding him up and asking for an explanation. It seems to me that on the other side also they say about the Honourable Finance Member: "Here is a man from our own country who is attempting to drive a hard bargain with us instead of allowing us to get a better bargain from the country over which we rule". Sir, I am quite willing to admit that in his personal capacity, I dare say that the Honourable the Finance Member must have done a considerable amount of canvassing to put forward India's case. But the real reason for fear about these sterling balances comes from these discussions of two Reconstruction Committees, the Trade and Policy sub-committee and the General Policy Committee in regard to post-war monetary problems. Sir, I find therein the hidden hand behind the economic

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machinery of this Government acting. I find Sir Theodore Gregory formulating postulates, a group of postulates from which there is no getting away. You have a, or b, or c or d and whatever alternative you accept it ultimately amounts to the same thing. I was privileged to see the record of a discussion of the Trade Policy Committee and I see there was only one person raising a query, and that happens to be an Economist who held in the past a position similar to that of Sir Theodore Gregory. This method of formulating postulates and narrowing down the issues, telling this country, you will have to choose between this or that and that there is no getting away from one or other of the alternatives, that is what has frightened the country. We have been told by the Economic Adviser to the Government of India and the suggestion has been ratified by one of the sub-committees of Reconstruction Committee, that this problem of sterling balances cannot be solved all at once and the balances will have to be liquidated gradually and that it will take some 20 years or more. Sir the City Correspondent of the *Manchester Guardian* said the other day that if normal exports to India were allowed, then it would take more than 20 years for the sterling balances to be liquidated. Here is a matter representing the sweat, and tears and blood of the Indian people, a matter which has aided the accumulation of a very large amount of money in three years in England which you tell us is going to take 20 years and more to be liquidated and you postulate all kinds of conundrums, that you have got to agree to multilateral trading and so on. What is the use of my agreeing to a multilateral trading, if you are going to immobilise my sterling reserves? What is the credit with which I could do multilateral trading? What is the guarantee that England will be in the multilateral trading group? The net result is that I have to hang on to the lapels of the coat of England for all my life, if I want to see the colour of my coin.

Well, Sir these are the postulates that have been adumbrated by the Economic Adviser to the Government of India in his discussions in these committees very very naively. That they are very very academic, with an academic background, there is no denying. There is no doubt, Sir Theodore Gregory is a well known monetary expert, but his tradition is bad, the school to which he belongs is not one that infuses confidence, he is a free trader, he is a product which has been brought to this country by Sir James Grigg and all that creates suspicion in our minds, and here we are asked to lap up these postulates that he adumbrates. My Honourable friend the Finance Member wanted us either to accept gold sales on his terms or put up with inflation. I have to choose between two evils. I will certainly say, choose the lesser evil. Similarly, I think these alternatives of Sir Theodore Gregory do not help us, these reports may be confidential, but there is nothing confidential once these discussions are conducted by a group of people amongst whom are non-officials. I think the manner in which it is proposed now that the sterling balances should be liquidated has not created confidence in the country. But something must be done here and now, if these sterling balances are not to be permitted to accumulate beyond a thousand crores. I am not going into details as to how far this is going to affect the future of this country. It will affect the future considerably and the days of the lessons of reverse councils of 1920-21 cannot be forgotten. This very Government, probably manned by equally able experts, as my Honourable friend the Finance Member, put its foot into it and made this country lose to the tune of several crores of rupees, about 40 crores.

Before I conclude, I wish to refer to one matter. (Laughter.) I may remind my Honourable friend, Sir Cowasjee Jehangir, that he who laughs last laughs best and he may be sure that his own money and my money are all involved. Sir, it is said that the Honourable the Finance Member, the Governor of the Reserve Bank accompanied by the Economic and Financial Expert of the Government of India will be going to London shortly in order to make certain discussions. I do not know how far it is true. But if it is a fact, let them go by all means. Take the Governor of the Reserve Bank, take the

Economic Expert, go by all means. India does not want you not to go but this country is tired, very tired of the burden that you have laid on it, I do not intend to cast any reflection on you personally, it may be that you consciously contributed to or consciously resisted, this state of affairs coming into being and you perhaps did help in a way to mitigate the severity of the burden. I am prepared to grant it, but it is nevertheless true that during your stewardship of India, the country has got into such a frightful mess that any country could get into and you have now to wriggle out of it. The country will not tolerate any change for the worse. There can be no going back from the financial settlement. The mere fact that the Governor of the Reserve Bank goes with you does not induce any confidence in us. I will say here and now that the Indian

1 P.M. Directors of the Reserve Bank have not served this country well; they have not protested against this increase in the sterling balances of the Government of India, nor have they done anything in the matter of these gold sales. The country views all these big people in the Reserve Bank Directorate with suspicion. If in spite of all that I have said, if in spite of this economic octopus sitting over us and stifling us and making us unable to start our industries, making it impossible to continue imports, making it impossible to trade in our own country because some foreign corporation has its own agency spread all over the country, this policy of the Government of India continues of withdrawing more and more of the wealth of the country to be put into the sterling balances, to be immobilised, all because somebody in Britain perhaps dictated it, all because there is somebody in Britain who would not allow them to move but holds them tight, what hope has this country of any political freedom? Sir, what I would like to say is this in conclusion. It may be that the Cripps offer is open; it may be that some other offer is coming. But what is being done and even a glimpse of what is being done, which is all that we are vouchsafed,—and I may tell the House that I have had to spend hours and hours to get this meagre information,—reveals to us portents which are not good. The future is dark for this country because the economic greed of Britain has increased, and a rapacious animal which has tasted blood always cries out for more blood. They have tasted blood and I am not quite sure that they are going to give up their prey without a fight. Sir, I have done.

Sir F. E. James: Sir, I am quite sure that if my Honourable friend the Finance Member is about to undertake a mission to the United Kingdom, as is alleged by the late speaker, he will be fortified and cheered by the patronising references which Mr. Krishnamachari has made to him. And I am gratified that as the clock approached the hour 1-15 my Honourable friend was faced with the inescapable dilemma of either continuing his speech till after Lunch or concluding now; I am glad that he has concluded now and taken the lesser of the two evils.

I do not propose to refer to the details of the Finance Bill. I do propose, however, to take advantage of this annual opportunity which the discussion of this Finance Bill gives, to make some reference to the defence forces of this country. I would wish that as a result of this debate, whatever our political opinions may be, there might go out from this House, from all parts of this House, some words of encouragement to the men in the Indian Air Force, the Indian Navy and the Indian Army, whose record in the past year has been so outstanding and so gallant and who are now perhaps nearing the hour of their greatest triumph. Sir, it is not, I think, necessary for me to refer in detail to the exploits of the armed forces of India in various theatres of war since last year, their magnificent gallantry in the countries of Northern Africa, in Italy, in the Mediterranean, on the north-eastern front of India, in the coastal waters surrounding India and on the great trade routes between India and the north and the south-east and south-west and recently in Arakan. Nor need I refer to the gallant service rendered by the Indian army in the famine-stricken areas of Bengal. I should like to draw the attention of the House to a very fine tribute paid to the work of the army in Bengal by an old friend of mine, the present Minister of Finance in that province. He recalled with gratitude the Viceroy's decision to put the army on the job. He went on to

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say that that decision was an outstanding one, realistic and statesmanlike and it marked the turning-point of the troubles in Bengal. He goes on to say,— and I make bold to quote his very words:

"From that day the famine fighting organisation assumed proportions more commensurate with the task. I do not propose to attempt to recount all that the army has done or how it solved our distribution problem. The story is well known and the services then rendered will be remembered with heartfelt gratitude in the remotest corner of the province. The assistance given by the army brought about an immediate improvement in the famine situation and when epidemics, the inevitable aftermath of famine, made their appearance, the army again came to the rescue."

It is indeed heartening for one who has spent many years in this House in the midst of political recriminations to know that in Bengal at this very moment the army is making friends on all sides in its mission of relief.

Now, Sir, before I turn to the work of the fighting forces and some of the points which I wish to bring to the attention of the House I should like to say a word about the work of the Defence Consultative Committee during the year that has just passed. I have the honour to be a member of that Committee: I believe its work is important and useful. We have had an opportunity during the year of visiting Indian units in the Middle East in all theatres of war at least, and of visiting naval establishments in this country. For myself I have learnt many lessons. I know also that the authorities have given the very closest attention to the recommendations which the Committee has made from time to time as a result of their visits; and I am glad to pay a tribute to the anxiety of those who are in command to carry out to the full, if possible, the recommendations which the representatives of this House and of the other House make to them from time to time. I am, of course, sorry that some Parties in this House do not find it possible to co-operate with us on that Committee; and I particularly regret the absence of the co-operation of my Honourable friends of the Muslim League. But I would like to say this that although they found it impossible for their own reasons to help us on this Committee, some of their members have made a signal contribution to the recruitment of the right personnel to the armed forces during the year. And I would like here to pay a public tribute to the sterling work of the Aligarh University under the inspiring leadership of our sturdy and indefatigable, Sir Zia Uddin Ahmad, the Vice-Chancellor of that University. I was delighted to know that although perhaps on a limited plane he cannot come with us on this Committee, on a much wider plane he is engaged in work of great national importance.

Now, Sir, I make no apology from now on for referring to a number of matters concerning the services in which I myself am deeply interested. I will start with the Indian Army, not because that is the senior service, but at the moment it is the largest service, numerically speaking. May I say for myself and I believe I can speak for Members in this House, how very glad I was to read the Commander-in-Chief's statement in the Council of State the other day about the increase of pay for the Indian soldier—the special proficiency pay of Rs. 5 and the raising of his *bhata* by Rs. 3 per month. This is an expensive item costing about nine crores of rupees. But my colleagues on the Defence Consultative Committee will recall that during our trip to the Middle East wherever we went we were told of the anxiety of the fighting man concerning the rise in the cost of living in this country and his inability to make good that rise by an increase in his own allocations. There is no point in concealing the fact that on our return to this country one of the recommendations we made most strongly was that the authorities should give early consideration to the importance either of increasing the pay of the fighting soldier or of doing something, even to the most drastic extent, to bring down the cost of living for their dependents in this country. I am very glad that the authorities concerned are tackling this problem on two fronts: First of all by increasing the pay and, secondly, by pursuing a deflationary policy which, I hope, will greatly relieve the difficulties of the dependents of these men. I know that this decision is welcome throughout the

Indian Army and I do hope that it will be unanimously supported by this House.

I cannot speak too strongly of the effect of inflation in this country upon the morale of the fighting men. If the fighting man feels that his family is in difficulties because of the rise in price, how can he possibly devote his undivided attention to the purpose for which he has been recruited to the Army. I, therefore, feel, quite apart from anything else any economic reason, that the question of morale of the fighting man is perhaps the most important aspect of the battle against inflation.

Now, Sir, I return to two matters on which I have heard much during the course of the last year. When we were in the Middle East, one of the most inspiring mornings was spent with Pioneer Units in the harbour of Tripoli, men drawn from different parts of India, splendid men who had won renown in North Africa for their remarkable work in loading and unloading ships of essential supplies at difficult and sometimes dangerous hours. Sir, I was distressed later to learn that in the matter of disability pensions, the amounts paid to these men were less than the amounts paid to combatant units because these men happen to belong to units which are at present classified as non-combatant. I do hope that some change will be made in the classification of units. There are today Pioneer Units who, strictly speaking, are not combatant, because they do not wear arms but who have great danger in their work. Think of the great amphibious operations off the coast of Sicily and Italy; who are the men who unload the ships? These are the men and sometimes they are subjected to the most terrible harassing fire from the enemy.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on with his speech after Lunch.

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

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

Sr F. E. James: Sir, before the House adjourned for lunch, I was referring to the question of disability pensions admissible to men belonging to certain non-combatant units and was pointing out that the old distinction between the combatant and the non-combatant unit is now out of date. There are some non-combatant units today which are forced to play as gallant a part under fire as any combatant unit. I was in particular referring to certain pioneer units which we, the Members of the Defence Consultative Committee, saw in North Africa last year, and which since, I understand, have played a conspicuous part in the landings in the Mediterranean, and yet whose members on injury are not entitled to the same pension as the members of combatant units. Now, Sir, that, I put it to the House, is not just, and I do hope that my Honourable friend, the War Secretary, will take that into consideration and put the matter right. I addressed him recently on the matter and he was good enough to say that it was engaging the attention of the authorities. All I can hope is that their decision will do justice to men who are playing a very notable part in these campaigns.

The second point I wish to mention is a matter to which I drew the attention of the House last year, both in question and in the course of my speech on the Finance Bill,—and that is the right of appeal in entitlement cases from the decision of the Government concerned. The House perhaps is not aware that this matter has been attracting a great deal of attention in the United Kingdom lately and there has been much public agitation. I brought to my Honourable friend the War Secretary's notice, the case of a widow whose husband died on active service, but was judged by the Medical Authorities not to have died for reasons primarily concerned with active service or directly arising out of active service conditions. Therefore, she received no pension whatsoever. I was advised there was no appeal from that decision. The decision presumably was the decision of the Medical Board which was transmitted in that case to the Secretary of State, who accepted that decision without any further

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investigation. I understand that the matter has been receiving the consideration of the authorities both in this country and in the United Kingdom and I should be very glad to know that a decision had been arrived at. It seems to me that it is highly important that the dependents of those who die or are disabled on active service should have some right of appeal which would enable them to take hard cases to a tribunal which is independent of the Government whose job it is to bear the financial burden. After all the Government is an interested party, and therefore in these matters the dependents need some independent arbitration in difficult cases.

Last year I had a great deal to say about the Army and economy. I am glad to pay public tribute to the steps which have been taken during the year to reduce all avoidable waste. As I said last year, a certain amount of waste is unavoidable but a certain amount of waste is definitely avoidable and I know that during the months since the last discussion on the Finance Bill, the authorities have taken energetic steps to prevent all avoidable waste, and I gladly acknowledge the work they have done. So much for the Army.

Let me say a word here about the Indian Air Force, whose record in recent operations is one of which the House can well be proud. During the year the Defence Consultative Committee was consulted on the problem of the supply of the right type of officers as Pilots for the Indian Air Force. I should like to know what steps have been taken by the authorities concerned to modify their recruitment programme and methods so as to attract larger numbers of better qualified young men as Pilots for the Indian Air Force. I realise the difficulties are very great. My Honourable friends who are colleagues of mine on the Committee know that also. At the same time I think we had a feeling when we were consulted that there was need for a quite different approach on the part of recruitment authorities, and I should be very glad to hear from my Honourable friend, the Secretary of the War Department, whether there has been any change in that direction.

I was glad to notice the other day the appointment of an Air Officer Commanding the Indian Air Force, a post which had remained unfilled for some time after the arrival of the South-East Asia Command and the changes consequent upon that organization. But I should be glad to hear from my Honourable friend as to the precise role which the Indian Air Force, now has to play, both in regard to the India Command and in regard to the South-East Asia Command.

Sir, I will now turn for some time to the Royal Indian Navy about which I wish to speak at some length. As I said this morning, it is sometimes forgotten in this House and elsewhere that the Royal Indian Navy is the senior service. As a Navy it is well over 300 years old. The present Royal Indian Navy is the direct inheritor of the Navy of the East India Company which I believe was established in 1612. For many years, in fact, for 160 years, it was called the Bombay Marine. My Honourable friend Mr. Jamnadas Mehta should take pride in that.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): I do.

Sir F. E. James: Then it became first His Majesty's and then the Royal Indian Marine, and it had that nomenclature for about 51 years.

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): Was it ever a predecessor of the Scindia Steam Navigation Co.?

Mr. Jamnadas M. Mehta: You are mixing up chalk with cheese!

Sir F. E. James: For the last 10 years it has been the Royal Indian Navy and I am glad that I was a Member of this House when the Royal Indian Naval Discipline Act was passed in 1934. I am strongly opposed to a habit which is current in some quarters of quoting one's own speeches; but I cannot forbear from referring to what I said on that occasion:

"One thing that we are both united in is that we believe that in this Indian Navy which is to have the Sign Manual of His Majesty's hand upon its status, we shall have a

force that is not only loyal but that is also efficient, and that when the time of emergency comes it will contribute not a little, first of all, to the defence of India's coasts, and then if need be, to the defence of the Empire. . . ."

I also went on to say that the passing of this Bill was a stepping stone, and perhaps one of the most important stepping stones, in the fulfilment of India's great ambitions; and that, if the time of stress ever came, India would not find the Royal Indian Navy wanting.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadian Rural): What year was it?

Sir F. E. James: 1934.

Pandit Lakshmi Kanta Maitra: You were a prophet!

Sir F. E. James: I do not know whether a prophet is entitled to claim any success for his prophecies; but I do claim that in this matter my prophecy was true. The record of the Royal Indian Navy has been second to none in this war. This Navy has a record behind it of over 300 years of gallant service in fields of war all over the world. After the last war, in common with many other navies, particularly in common with the Royal Navy, this small fleet suffered great neglect. Although it did useful service in the last war, it was ruthlessly cut down by the Incheape Committee—that committee which was presided over by that hard fisted industrialist with the iron will, and as a result of his committee's recommendations the Indian navy was brought so low in status as to be about the equivalent of a luxurious sailing club for officials. Hydrographic Survey, buoys and lightships were handed over to Provincial Governments. It was not the Indian navy alone that suffered. I have said already that the Royal Navy suffered similar reductions and the whole Empire knows what a great disservice that has been to her in these days of stress. Similarly the reduction in the Indian navy after the last war was a very great disservice to this country, for which she even to-day suffers. The Rawlinson Committee marked a turning point, and in 1934 the Royal Indian Navy, as it was then known, again achieved combatant status. It has justified that status in this war. I have no time to refer to all the exploits of His Majesty's Indian ships in the Persian Gulf, in the Red Sea, in the Indian Ocean, in the Arabian Sea and the Bay of Bengal, on the coasts of Africa, on convoy work in the south-west and south-east, and in the great uneasy Atlantic.

Pandit Lakshmi Kanta Maitra: And in the Mediterranean.

Sir F. E. James: And in the Mediterranean. I claim therefore that this small, rapidly growing but efficient force is worth more than a passing glance. It is worth a role greater than that which has been allotted to it. For years the defence policy of India before this war and indeed before the last war has been governed by the mentality of the Bengal Lancer. Tradition dies hard, and although to-day the dangers of the north west are forgotten, yet there still remains in many quarters, quarters which are influential in the defence organisation of this country, an outlook which is not helpful to the growth and development of the Royal Indian Navy. I said that to-day the dangers of the north-west frontier are forgotten. We think of the north-east, where the only rational form of transport is the air. We think of the coasts and coastal waters of India. Those are her real frontiers, and those are the frontiers on which India must make herself secure in the days after the war.

As a member of the Defence Consultative Committee I had the privilege of visiting some of the training establishments of the Royal Indian Navy,—His Majesty's Indian Ships. "Dilawar," "Bahadur" and "Himalaya". It is easy to see that in the matter of training efficient personnel a serious bottleneck exists. There is a very great dearth of trained personnel for instructional purposes, and of personnel which is able to use the highly technical machinery which is now part of the naval apparatus of any sea-going craft, quite apart from seamanship. I should like here to pay a very warm tribute to the enthusiasm and vision of those who are in command of those establishments. My colleagues and I were deeply impressed by the spirit, by the discipline, by the keenness of the men and boys who after a period of training

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seemed to be quite competent to handle even the most complicated machinery. I would urge that the policy adopted in these training establishments should be strengthened and extended to the utmost limit. Training for the navy is not an easy matter. Not only do you have to establish new traditions, but old traditions, old seafaring traditions that have existed for many years in this country—we have got to try and recapture them, as, owing to our policy of concentrating on the land forces, they have been allowed to die out.

In this connection I should like to bring to the notice of the House certain facts which I have observed in my visits to some of these establishments, which show that even to-day in the Royal Indian Navy performing important, arduous and dangerous duties which have won the admiration of the whole country, there is a serious differentiation in the treatment accorded to its chief petty officers, petty officers and ratings from that accorded to similar members of the land forces. First of all, let me ask the Honourable Member representing the War Department why it is that the pensions of naval ratings are still so low? Why it is that they have not been changed since the last war? Why it is that the pensions of the naval rating are in all cases no greater than half and in some cases as little as one-fourth of the pensions for the Indian Air Force? How is it that a Government with such great resources at its command can yet be content to pay a family pension to a chief petty officer after 25 years service of Rs. 8 a month? The House knows that the chief petty officer is the backbone of any ship. He is the equal in social position, in intelligence, in training, of any jamadar or subedar. Yet he is not treated on the same terms. When he travels, he still has to travel third class. Is that the way to treat men who have deserved well of their country, who have seen magnificent service in the Royal Indian Navy and who are the equal of those of corresponding rank in the land forces who are treated differently?

Let me say again a word about the training allowances. There are no training allowances given in the Royal Indian Navy. There are training allowances given in the Royal Navy; and yet the Royal Indian Navy has to work with the Royal Navy. Why is there this differentiation in treatment? In the Royal Navy, any junior rating who has to do senior rating's work because of shortage of staff receives extra pay. In the Royal Indian Navy, that is not the case. I myself have seen, in these training establishments; junior ratings doing senior ratings' work for weeks on end; but they are not allowed to receive extra pay for that work and in spite of repeated requests I am told that the Government of India has refused to grant what I regard as a just demand. (*An Honourable Member*: "How much did you suggest?") I have not suggested any figure. I have suggested that a junior rating who does the work of a senior rating should receive an additional allowance as is the case in the Royal Navy.

Then, Sir, I understand that the Government has decided, for reasons best known to itself, not to construct any married quarters for the ratings of the Royal Indian Navy. I hope that is not so. If it is so, I fail to understand the reason, for I know that married quarters are being constructed in different parts of the country for the corresponding ranks of the Indian Air Force and the Indian land forces.

Sir, there is one other matter which was brought to my attention when I was visiting these naval establishments and that is the question of long service awards. I have already said that the men who have seen long service in the Royal Indian Navy are in many cases the backbone of its present administration, senior ratings, petty officers and chief petty officers. Now, in the Royal Navy, after 25 years service, provided that service is accompanied by a clean record, the rating, petty officer or chief petty officer concerned receives a long service medal and a gratuity. He receives the long service medal and the gratuity as of right, if he has put in that service with an unblemished

record. He therefore claims and receives that reward as of right, and anybody who knows anything about the Royal Navy knows how proud those men are to wear that record of long and faithful service on their uniform. What happens in the Royal Indian Navy? I made inquiries about this because I met two or three petty officers and ratings who had put in long service. I asked them where their long service medals were. It appears that as far as the Royal Indian Navy is concerned a grateful Government does not give them a long service medal as of right. It says that there shall be so many long service medals awarded every year. I think the number is pitifully small, I believe, and my Honourable friend the War Secretary may correct me if I am wrong, three of these long service awards are given every year. In addition to the award of the medal, the magnificent sum of Rs. 25 is given as a gratuity, as compared with the £25 of the Royal Navy. I do suggest that the practice of the Royal Navy should be followed in the Royal Indian Navy and that in any case long service which is deserved should be automatically awarded so that the men may have a pride in the length and excellence of their service.

I shall now sum up these matters and others which I have not mentioned, for want of time. I do not wish to weary the House. For these and other reasons, I do enter a very earnest plea for a better consideration on the part of this House, of the public and of Government for the Royal Indian Navy. Sir, I believe that India's future needs in defence matters will lie in a small and efficient army, a larger navy and a larger air force. (Interruption.) Perhaps my prophecy will again come true and without touching on any internal political arrangements which may be made in the future, I venture to suggest that some Union of India or in India, and possibly with other groups, for defence purposes will be necessary. From the point of view of trade and commerce, India is an island, and if she ever wishes to have a mercantile marine worthy of the name and tradition she bears she must have a navy to protect it. After the war, when the army is demobilised, I hope that the Royal Indian Navy will be consolidated and strengthened. It is not so difficult, or it will not be so difficult to provide ships after the war. It will be more difficult to provide men with the tradition and the training required. May I express therefore the hope that with this war the dominance of the land outlook will have gone for ever? There was, I venture to suggest great delight in many quarters when a gallant naval officer who had served the Royal Navy with great efficiency was appointed as Supreme Commander of the South-East Asia Command. We are fortunate in this country to have at the head of the India Command a Commander-in-Chief who has the confidence of all classes, irrespective of their political beliefs. But I look forward to the time when we may have as a commander-in-chief a naval officer, an officer who has graduated in the Royal Indian Navy. Then, I am sure that neglect and differentiation will be a thing of the past, and the Royal Indian Navy will not only be regarded as the senior service but also as the basic element in the defence organisation of India. In the future, it is going to be the wings and the waves, which will be the symbols of India's defence.

Now, Sir, I turn from defence matters to deal with one or two questions connected with demobilization and re-settlement. These, I think, follow rather naturally on what I have said because, although we are in the fifth year of the war and perhaps as far as India is concerned the most intensive and uncomfortable year, the day of victory is approaching and with that the great problem of the change-over from war conditions to peace. This problem of demobilisation, in this country as in other countries which are fully mobilised, will be a very large one. I refer only to the demobilisation and re-settlement of the armed forces. I do not say anything about the de-mobilisation of industrial workers, war technicians and of the administrative services. The other day in a speech to the Reconstruction Committee of Council our Defence Member made a very important statement, which I wish had been made available to all Members of this House. In that statement he

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pointed out the extent of the problem with which the authorities concerned would be faced after the war and he indicated one line of attack. Naturally, as a stalwart son of the Punjab, his first thought was in connection with the demobilisation of the very large number of soldiers who have been recruited from that province. And here may I say that the Punjab province has made a remarkable contribution to India's war effort which deserves to be remembered well. Its former Premier, one of India's most gallant leaders, and his successor, the present Premier of the Punjab, and their Ministers who have worked together as a team with conspicuous success, deserve the gratitude of this House for the contribution which they have made in men, material and money. It is, therefore, but right that they should come first in the mind of the Honourable the Defence Member. I notice that one of the most important proposals which he has made is the establishment of collective farms in the Punjab by the purchase of 90,000 acres of Crown lands in that province—I notice, incidentally, out of the Central revenues—with a view to employing the soldiers of that province as they come back from the war, as a token of appreciation of their services. Claims like that deserve our support. But I would say this that the army today, although a bulk of its members came originally from the Punjab and its contribution is still the spearhead, consists of very large numbers of men from other provinces. It may be true, and if it is true it is fortunate, that in the Punjab there is a great deal of land that can be made available for re-settlement. But what about the other provinces? Where is the land? I shall be glad to hear if the representative of the Defence Department in the House can tell us. While appreciating the plan for the Punjab, something should be done about the plan for the Central Provinces or the Madras Presidency which is now making such a conspicuous contribution to the armed forces of the Crown in this country. Also, may I put this point to him? It is not only land that is required. After the war agricultural machinery of all types will be equally required. I cannot, of course, refer in detail to the figures of recruitment, but assuming an army of two million men, a very large percentage of that army will come back to peace-time occupations, if not mechanically trained, at least mechanically minded. The infantry men today is not like the infantry man of 25 years ago. He is a man who has to know a great deal about mechanical warfare. One of the most striking things in recent Russian history is that the agricultural tractor and machine has been the basis of the present mechanical armies which are now winning such tremendous victories in the Ukraine and elsewhere on the Russian front. May not it be that in India it will be the other way round? It will be the mechanical army, the men who have learnt to use their hands and machines in the army, who will be the foundation for the agricultural regeneration of the country through the use of machinery. I wonder if the Honourable the Defence Member or his representative in the House could tell us if his Committee is devoting its attention to that aspect of demobilisation and re-settlement.

Now, Sir, my third point is to deal very briefly with one or two aspects of the reconstruction organisation in this country. The present organisation of our Reconstruction Committees built, as it is, on an administrative machinery, which in some ways is now out of date, has always struck me as being rather cumbrous and haphazard. Committees have been set up without much relation one to another. The House will remember that there are seven Post-war Reconstruction Committees set up in connection with the Honourable Member for Reconstruction, who is also the Honourable Member for Food. In addition to that, there is a Committee which has been set up to deal with Public Health and Medical Relief, set up by the Department of Education, Health and Lands. At the same time, I understand Committees of the Imperial Council of Agricultural Research are dealing with reconstruction plans relating to agriculture after the war. On January 17th the Honourable the Post-war Reconstruction Member stated that comprehensive reports were now

available on land for ex-soldiers, roads and road transport, agriculture, forestry, fishery and education. Sir, it is said that there is, as it were, at the head of these various Committees a Committee which he calls the General Policy Committee. That General Policy Committee is supposed to advise the Government on matters which concern more than one Policy Committee, and it may be that it will be asked to advise Government even on matters which are not related to any of the work of other Policy Committees. Sir, I would suggest that first of all there is a necessity for drawing together these various organisations, these various efforts into one General Policy Council or Committee so that the Government may be advised by that Committee on the co-ordination of efforts, and on priority of programme, which are matters of the highest possible importance. If that is done, it is essential that the Policy Committee which has to advise the Government should be more representative than it is today. If that Committee is to advise Government on matters of co-ordination and priority as between, for example, education and public health, surely its present weightage in favour of financial and industrial interests should be very substantially modified.

Mr. N. M. Joshi: Capitalists interests.

Sir F. E. James: I do not want to see any particular interest dominate on that Committee. It should be a Committee which should be able to take the broadest possible view of all these matters. I suggest, in the first place, that if there is to be drawing together of these efforts, the composition of this Policy Committee needs some modification. Secondly, I believe it is the experience of at least one Committee—I speak from personal experience, for I am on the Public Health Development Committee—it is the experience of the Committee of whose work I know, that no real progress can be made unless the Committee has a Chairman who can devote a great deal of his time to its work and a permanent Secretariat. No Committee whose chairman is a busy Councillor or the Secretary of an important Department (without any special Secretariat for that work) can really be expected to make adequate progress. I suggest that in the end, it would be much cheaper for Government, if they took some of these main Committees and gave them their own Secretariat and their own independent Chairman so that they can work at it and complete their task.

Thirdly, it is most essential that the public should be told more than it is told of the work of these various Committees. I have already read out the statement of the Honourable Member in charge of Reconstruction last January to the effect that comprehensive reports are now available on land for ex-soldiers. Where are they available? I myself have not seen them. Can one buy them at any bookstall? Or must we write to the Government publication department for them? Roads and road transport: I have seen occasional notices in the Press, but where are the reports about forestry and agriculture and education? We have seen a lot of the Sargent's Report, but it still requires to be summarised and put out in more convenient and readable form for the general public. Sir, there is a great deal of public interest in reconstruction. My Honourable friend the Member for Information and Broadcasting has no need to place special emphasis on that. It is there all right. Whatever the merits or the demerits of what is called the Bombay Plan may be, there is no doubt that it has created tremendous interest. The plan itself is written in fairly simple language and is contained in small booklet form. After the last war, there was in the U.K. a Ministry for Reconstruction and one of the interesting things which that Ministry did was to prepare reconstruction pamphlet on various subjects, these did not retail decisions of Government. Of course, if you wait for them, you may have to wait for a long time. But they put out in convenient form the various reports which were being collected from time to time from the various Departments. I suggest, therefore, that there is real necessity for the writing up of some of these reports that are ready and are supposed to be available in abbreviated and simple language so that the people may know that the Government are

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working out with great determination and vigour some of these plans for post-war development. Now they know very little. But when they get a useful compendium like the Bombay plan the tendency is to assume that it is the only thing that holds the field and that the Government are doing nothing. I suggest to my Honourable friend that they would lose nothing but gain a very great deal if they were able to produce some of these plans which are now available in simple and readable form—on the lines of the booklet which had such a wide circulation a short time ago, called "*Hamara Hindustan*".

Now, Sir, I said when I started that I would confine my remarks to three particular aspects. I have told my story and I will now conclude by saying that the Finance Bill, which I have hitherto not mentioned and for which my Honourable friend is no doubt grateful, the Finance Bill provides the sinews of war for men and munitions. It may contain, it does contain much of which I would complain under normal circumstances; but I am prepared to say now, let it go through, and good luck to those who have to steer India through the next year of war. In doing so, I would like to say, and I may not have another opportunity of doing so, with what admiration I have watched the Honourable the Finance Member during these five years, five very difficult years, steering India's financial ship through extremely difficult and turbulent seas with such great vigilance, courage and competence. He has just been given an extension of his appointment for another twelve months. I was not quite sure whether my Honourable friend, Mr. Krishnamachari, was glad or sorry about it.

Mr. T. T. Krishnamachari: But what do you think about it?

Sir F. E. James: All I would say is, knowing the Honourable the Finance Member, I realise that this must be his response, a difficult response to make under the present circumstances, to the call of duty. It is in that spirit that he is shouldering his responsibilities for another year. I think, therefore, he is entitled, if not to the gratitude of this House, at least to its support and its sympathy.

Mr. Abdur Rasheed Choudhury (Assam: Muhammadan): Sir, I am glad that the Indian army has done wonders in Africa. I am also glad that the Allies have inflicted a severe defeat on the Japanese in the Arakan hills recently. Sir, I come practically from the war zone. My neighbouring districts, Headquarters of Silchar and Imphal, have been continuously bombed and even in today's papers, we find that Silchar has again been bombed. If the valiant Eighth Army who did wonders in Africa were brought in to India for the defence of the eastern border I would have nothing to say. But I have some doubt as to whether all measures necessary to defend the eastern frontier are being undertaken for the purpose of safeguarding that particular area. Instead of the Eighth Army I find the Chinese, the Americans, the African Negroes, the Colonial Army of British and Indians are fighting in that front. To fight is a very difficult task and it requires a heart to fight and a purpose for which one has to fight. If I could understand whether these different forces and these different nationalities have got the same war and peace ideal I would have been without anxiety about my frontiers. But whether I look to the west or to the east I find that the Allies are not looking at things from the same angle of vision. If we look to the west we find that England is not looking at things from the same angle of vision as Russia is. Similar is the case with America. I find that instead of putting their whole heart into the Armageddon the Allies are already busily engaged in finding out how to divide the vast territories conquered among themselves. In the beginning of the war it was the common aim of the Allied powers to defeat Germany, but now I find that that has slackened. The rapid advance of Russia has put consternation into the hearts of both England and America and they are no longer keen about the defeat of Germany. It looks as if the allies are not encouraged by the progress of the war on the western front, because if Russia is given a free hand with Germany the whole of Europe will be Bolshevised and both England and

America will lose the capitalism with which they have been exploiting the entire world. I am not so much interested in the western front as in the eastern front. Here also I find that people are looking at each other with suspicion. Russia is not at war with Japan; Russia does not like that America should come near her. England is not keen about the defeat of Japan now because even England does not like that America should come and take possession of her previous possessions. That being the situation, I do not understand how these divergent forces can fight an enemy who is so notorious in doing wonders, and specially as that enemy is helped by a new factor, I mean the Indian army which is stronger than that with which Washington brought about the independence of America and much larger than that with which De Valera brought about the independence of Eire. So I have my own suspicions and I wish the authorities here and at Whitehall to look into the matter and see that a powerful force like the Eighth Army fights in the eastern front in order to keep the enemy at bay.

The next important subject to my mind is tea. It is a very important thing in the 20th century. It is helping Government with revenue and it is giving the people one of the nicest beverages of the century. A cup of tea in the morning, every one will agree, as one of the best luxuries of the day. If that tea is in danger neither Government nor the people would look at it with ease. It has supplied Government with good revenue; it gives them income-tax, super-tax, corporation tax, excess profits tax and what not. Over and above that it is giving Government a special local rate, war risk insurance premium, war injuries insurance premium and what not. I would have been glad if the tea industry were in a position to pay Government more. The imposition of the new duty will have the effect of strangulating the industry if remedial measures are not adopted. Now, in order to understand the position of the tea industry, specially of the small growers, I may tell the House that for the last two years the small growers have been put to different measures of difficulty which have brought the small growers to the verge of bankruptcy. In order to understand this I must say a few words by way of preliminary investigation of the condition of the industry. The tea industry was in a very difficult position in 1930-33. The best brains of the industry with the co-operation of Government brought in measures to save it. The Tea Control Act was passed in 1932; it was extended for another five years in 1938. In these ten years the Act worked well; both the large growers and the small growers could make their concerns go on in prosperity and they could help themselves and Government. There were two principles involved in the Tea Control Act. The first was that the production of tea was controlled, that is, it was brought to the scale of supply and demand. In the first place, the highest production was to be 85 per cent. Out of this 85 per cent., about 15 per cent. was meant for local consumption in India and the balance for export to England and other countries. The large and small growers were given an export quota up to which they could export their tea, but as the Indian growers were the owners of small gardens and as they did not export tea direct, they preferred selling their tea in Calcutta market and then export right to big growers. That helped the small grower, and the large grower also had advantages. This went on up to 1941. In 1942, two factors came in and the Government, I believe, were indifferent spectators to the difficulties of the small growers. Instead of controlling the production as before, the Tea Controller allowed the tea gardens to produce 125 per cent. as against 85 per cent. previously. That means if you allow 15 per cent. for consumption in India they were given 110 per cent. export quota in place of something like 65 per cent. in the previous years. This put them in double advantage. By the use of expensive manures the large grower could produce 125 per cent. and they could export 110 per cent. of their crop without purchasing any export right from the small growers. This put the small growers in double disadvantage because on account of the large export quota being released, the export quota of small growers became unsaleable. That hit the small growers. Then again, in 1942 the Government introduced

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the system of purchase of tea by themselves. That hit the small industry a good deal. I will just explain my point. The Government introduced the system of panel of brokers. Both the large and the small growers have Government contracts. In the case of small growers, this panel of brokers rejected 60 per cent. of their tea as being below standard; only 40 per cent was accepted. The rejected tea was sold in the local market at about ten annas a lb. in 1942. In 1943 it has been selling at four annas to 5 annas a lb. That has hit the industry again. Let me give you a concrete example: A small garden produces, say, 500 maunds of tea. 60 per cent.—300 maunds—would be rejected by the panel of brokers and only 40 per cent., say, 200 mds. accepted for Government contract and this would be sold at 4 annas—total amount realised for this would be Rs. 12,000 at 12 annas a lb. for 200 maunds. 300 maunds would sell at 4 annas a lb. for Rs. 6,000. So, in all the garden would make Rs. 18,000. The cost of production has increased a good deal recently on account of high prices of other commodities, wages and concession given to the labour. Nobody can produce tea now for less than eight annas a lb. If we calculate the cost at, say, eight annas a lb. that means the cost of production alone would come to Rs. 20,000 whereas the producer gets Rs. 18,000. That is to say, the garden incurs a loss of Rs. 2,000. And now comes the new taxation of two annas per lb. The Commerce Member will probably say that the new taxation will fall on the consumers. But I have got a grave doubt whether it will fall on the consumer, because the question of quality will be brought in again and the new tax will, therefore, fall on the industry again, specially on small growers.

Sir, I have got a word to say about valuation. No tea is available for less than Rs. 1-8-0 a lb., not even the worst quality of tea. Even the rubbish of Lopchu, Lipton etc. which we are having in Delhi cannot be had for less than Rs. 1-8-0 a lb. I can assure the House that the rejected tea which the brokers sell at Re. 0-4-0 is much better than this Lipton, Lopchu, and so on. They purchase the rejected tea at 4 annas a lb. in Calcutta market and they put it in their brand and sell the same to consumer at Rs. 1-8-0 a lb. under the name Lipton, Lopchu, etc. Therefore, I say, Sir, that if no remedial measures are brought in, this imposition of a new tax will kill the industry; especially the small growers shall have to close down.

Then, Sir, there was a ray of hope in 1943 that we would get some sort of compensation from the Defence Department. We entertained high hopes that the Defence Department would give compensation for the diversion of labour from the tea industry to different war projects. Circulars were issued by the Indian Tea Association in this respect. Suddenly came a circular that those who have not sent their own officer along with their labour to recognized projects will not be allowed any compensation. Sir, the small owners have always co-operated with large owners in supplying labour to war projects. If only they knew that they would not get any advantage by sending their labour with the neighbouring big growers they would have kept on the labour to work for them, but they acted in good faith and sent their labour. And now you say 'you cannot get any compensation because you did not send your own officers with your labour'. Sir, we brought our difficulties to the notice of the Honourable the Commerce Member early in 1943. He tried to give relief to the industry by purchasing export rights at Re. 0-2-6 from the small growers. The Tea Controller asked for tenders from us and we submitted our tenders. He was to purchase export rights for 1942 and 1943, and then one fine morning we got a circular that no 1942 rights would be purchased by the Tea Controller. We had to pocket that. Then we submitted tenders for 1943 exports rights. Our big growers boycotted the supplementary contract. If they had not, the Tea Controller would have been able to get tea and would have been in need of purchasing export rights. That is the condition. Now, we are on the verge of bankruptcy and unless we are given some help and unless Government look at things sympathetically, the small growers will have to close their gardens. The Income-tax Officers will find this year that a large portion of the tea

industry is not in a position to pay him any tax, leave alone the corporation tax, super tax, etc.

I would, therefore, suggest that the export quota should not be given for more than 65 per cent. of garden produce as before. If any grower is in need of a bigger export quota, let him purchase his requirements from the small growers as was done before. The next suggestion I would make is that tea fetching less than Re. 0-8-0 or some such figure, should be exempted from the levy of the new duty on tea. That would save the industry.

Sir, I think I am the only representative of the small tea-growers and I except a reply from the Honourable the Finance Member. I brought this point up in the course of the general discussion of budget and I expected to get a reply from him as to how the small industry could survive but he did not say a word.

The Honourable Sir Jeremy Raisman: Silence does not mean consent in this case!

Mr. Abdur Rasheed Choudhury: If I cannot move the Finance Member, it is not my fault. He is determined not to be moved and give any relief to the industry. He has been given an extension for a year, and if the Assembly goes on for another year, he will have to admit next year that he did not get anything from the small growers by way of income-tax, etc. as they are making no profit since 1943.

The Honourable Sir Jeremy Raisman: The tax is only on income!

Mr. Abdur Rasheed Choudhury: Next, I take betel-nuts. Much has been said by my friend Mr. Krishnamachari and so I do not like to say very much more about it. But I fail to understand how betel-nut as a whole can be taxed. There is the raw betel-nut and there is the cured betel-nut. The latter can be taxed. How are you going to tax the raw betel-nut. The people pluck it from the tree. Will the Government keep an Inspector to watch when the people pluck *supari* from the tree? I suggest, Sir, that the rigor of the whole thing will disappear and the people will be saved, if only the commercial portion is taxed, i.e., the cured portion of the betel-nut.

Now about tobacco. It is the only luxury that the peasants and the labouring classes indulge in. I do not see any logic why this luxury of the poor people should be taxed. According to me the tobacco used in the *Hookah* and chewing tobacco should be exempted from the duty.

Now, Sir, the more I read the figures given by the Finance Member in the Budget, the more I get confused. What is there that necessitates the imposition of fresh taxation? Our existing sources of revenue are yielding their maximum. We have the largest surplus in the history of India and still the Honourable the Finance Member goes and finds out new sources of taxation. There is a mystery unless one looks at things critically. The trouble is that he has not only to find money for Britain but he has also to find money for America and British colonies. That is why he is not satisfied with the existing sources of revenue. He required more money not only for himself but for the Dominions and for America.

The whole policy brings in an innovation, and it is this: that India is to recognise the partnership with His Majesty's Government, of the Dominions and America. The Dominions are not simply satisfied with mere words. They want to establish their right to exploit and this explains why that Dominion gentleman, the Right Honourable Casey, has been brought in to be Governor of Bengal. The Americans here are acquiring land. They are making aerodromes. They are making cities after cities. I may mention one only, the new Washington town near about Burdwan. They have roads named as Roosevelt Road, Willkie Road, and with a drainage scheme costing one crore of rupees. These are measures which show that they are not simply passers-by. They have come to stay and we in India have to recognise the overlordship of the United States of America and the Dominions along with the overlordship of His Majesty's Government.

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Now about the method of taxation. We are accustomed to Finance Members defying the intelligentsia of the country but not the feelings of the masses against the Government. But the present Finance Member is not only defying the intelligentsia of the country, but he has excited the masses against Government by his taxation proposals. Go anywhere in the country and the unrest you find there can only be compared with the excitement of the times about which the late Bankim Chandra wrote his book named "Anandamath". The rich, the poor, everybody is excited over this method of taxation, and they all say that it is unnecessary. The Honourable the Finance Member could have avoided taxation and I can suggest ways by which he could have met the deficit. We have got large balances in foreign countries by way of sterling and dollar balances, and if a portion of these were utilised to meet current expenditure, it would not have been necessary to levy duties on kitchen articles so to say, on betel-nuts, on tobacco, tea and coffee. Then he could have borrowed more money in order to tide over the difficulty, but he is not satisfied with this. He is borrowing and he is taxing. He is impoverishing the country. The result will be when we have got to borrow again people will demand a higher rate of interest.

Now, a word about control. I would be very brief on this. We have seen the Government control in the case of foodstuffs. First there was control, then there was no control, and again there was control. While this sort of experiment goes on, India suffers a good deal and she suffered especially in Bengal. Do we find any improvement? According to me, there is no improvement. The control rate of rice, for instance, in Bengal, as we heard the other day, is something like Rs. 13-8-0, but I can assure the House that in no town in Bengal and Assam is rice selling at less than Rs. 20 a maund. Then where is the control? What control have Government got? Is it that when they fixed the price the idea was that this price should not be enforced? I think it is like that. Then let us take the case of cloth. There also you find the same thing. If you go to the market what do you find? The shopkeeper says, "here is no cloth". If you press him, he brings out something, "here is some cloth. You can take it". Then you find though there is a seal on the cloth there is no price mentioned.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: He can be prosecuted for this.

Dr. Sir Zia Uddin Ahmad: What is the fine? So much contribution to the war loan!

Mr. Abdur Rasheed Choudhury: There is no cloth in the market. Then take the standard cloth. People go to purchase standard cloth.

Sir Cowasjee Jehangir: Are you talking of Assam?

Mr. Abdur Rasheed Choudhury: I am speaking of Assam, especially of the town of Sylhet which is a very important town in Assam. People go to purchase standard cloth. You find the godown closed even though you go there twice, thrice or even four times. For days the godown is closed; it is supposed to be in charge of an officer, and when that gentleman comes nobody knows. This is the condition regarding cloth. There is no control of price and we have to purchase things from the market at such prices at which we can manage to get them. The question of control is a myth to the people. Why are the Government so slack in enforcing their control? That is the question that is asked everywhere. Are the Government so inefficient that they cannot control the prices? No. Government is quite efficient, but how is it that they are not keen on enforcing this control price? And critics ascribe many things, and one is that the Government want to keep famine conditions in the country so that they may get more recruits for the army.

Dr. Sir Zia Uddin Ahmad: It is just the reverse.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: Are you one of those critics?

Mr. Abdur Rasheed Choudhury: People say. I am not saying myself. I bring to the notice of Government what people say.

The Honourable Sir Jeremy Raisman: The Honourable Member keeps on repeating the stale epigrams which he mentioned about three months ago.

Mr. Abdur Rasheed Choudhury: My Honourable friend, Mr. Krishnamachari, touched all the aspects of the question of foreign balances. I won't simply repeat his arguments, which is a practice to which I am not accustomed. But only one aspect of it is this. Why is it that foreign countries, say, England, America, or the Dominions, are supplied with our articles at pre-war rates?

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: No.

Mr. Abdur Rasheed Choudhury: You are supplying them at pre-war rates.

The Honourable Sir Jeremy Raisman: What?

Mr. Abdur Rasheed Choudhury: You are supplying iron goods, jute goods and other things at pre-war rates.

The Honourable Sir Jeremy Raisman: No.

An Honourable Member: You are supplying at control rates.

Mr. Abdur Rasheed Choudhury: If the Honourable the Finance Member is satisfied that he is right, I leave it at that, but I have brought to your notice the impression that people have got. Regarding the utilisation of these balances, Mr. Krishnamachari has dealt with that question also. I also submit that our sterling balances and dollar balances should not be allowed to accumulate to more than 1000 crores, and they should be utilised now so that people may get adequate advantage out of it.

I now come to the Province of Assam. Let me tell the Honourable the Finance Member what contribution Assam is making to the finances of the Central Government, and how Assam is treated in the case of services and the loaves and fishes in the Central Government. In 1939 Assam was contributing something like 23 crores to central revenue per year, by way of customs duties on machinery required for the tea industry, by way of customs duties

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: 23 crores?

Mr. Abdur Rasheed Choudhury: Yes.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: Annually?

Mr. Abdur Rasheed Choudhury: Yes. If the Honourable the Finance Member will collect the figures, he will find that Assam is contributing something like 4 times her Provincial revenue to the central coffers; I am mistaken, it is five times her revenue. The present revenue of Assam is something like four crores, and Assam is contributing 23 crores to the Central Government

Sir Cowasjee Jehangir: How many crores of rupees worth of machinery does tea take every year to get Rs. 23 crores revenue from customs duties?

Mr. Hooseinbhoj A. Lalljee (Bombay Central Division: Muhammadan Rural): Please hear what he has got to say, how he makes up that Rs. 23 crores.

Mr. Abdur Rasheed Choudhury: It is not machinery alone; there are income-tax, super-tax, petrol tax, etc. Assam's contribution to the Central Government is something like five times her provincial revenues. Assam has got a population of one crore out of a total of 22 crores of the British Indian Pro-

vinces. If the population basis is taken into consideration, Assam is entitled to one-fifth of the loaves and fishes of the Central Government. If the contribution point is taken into consideration, Assam is entitled to more. But what has Assam got and what is she getting from the loaves and fishes of the Central Government? Here I have got a statement about the Central Services. I refer to a question put by my friend, Mr. Kuladhar Chaliha, No. 1206 in 1939. In reply to that, the Government gave a list of the appointments held by the Assam people. This is what I find. In the Indian Veterinary Service, there are altogether 10 appointments in the Gazetted Rank. Assam has got none. In the Indian Educational Service there are altogether 82 appointments and Assam has got only one. In the Indian Agricultural Service there are altogether 48 gazetted appointments of which Assam has got nil. In the Indian Forest Service, Assam has got no representation. In the Indian Forest Engineering Service, Assam has got no representation. In the Indian Medical Service there are altogether 213 appointments and of these Assam has

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got only 12. Now, Sir, if we ask questions as to why Assam is so badly represented in the Central Services we get the reply that appointments are not made on a provincial basis—very nice reply to a province which contributes five times its provincial revenue to the Central Government. I hope the Honourable the Finance Member will make a note of this. The Province of Assam demands a reply from the Government of India as to why Assam is so badly represented in spite of her large contribution to the Central Revenues.

Now, I wish to say a word about the efficiency of the services. It will not be out of place if I touch on this question here. I find that the higher services have lost their power of control. The other day here a question was asked about some appointments in the Calcutta Customs Department and the Honourable the Transport Member replied that he forwarded his views to the Collector of Customs and he did not know anything more and we get this sort of reply always. We do not know whether the instructions of the higher officials are followed or not and nobody cares to find this out. This is not the case with the Customs Department alone. That is the case with all the services now. All the officers consider themselves independent, beyond reach of anybody and beyond the reach of the complaint of the people. If you go to see the Collector, he will say '*fursat nahin.*' This contagion has spread even to the Indian service such as Deputy Collectors. Even they would not see the people. Most of them do not like to see people without cards nowadays. The services have become so exclusive that they are no longer in touch with the public whose servants they are. The result is corruption, more corruption and corruption everywhere, because there is no check by the higher officials on the lower officials and bribery goes on increasing every year. Nothing can be done without bribery these days. If you go to law court, you find that you cannot approach the court unless you do something which the court will be horrified to know. You cannot have a process served without bribing the peon and they have become so bold that they will demand *bakshish*, meaning bribe. So, corruption has taken a violent form and without that nothing is possible in any Department. The remedy lies in the higher officials setting apart a portion of their time when they can be approached by everybody who has got anything to say. Unless the district officials and other higher officials are enjoined to do a thing like that corruption will not stop. There should be a complaint officer in every important centre and there should be a complaint register kept in the offices of the local boards and municipalities. If anybody wants to make a complaint, he should enter the complaints in the book and the register should be looked into by the complaints officer. That should be done and it will have a salutary check on bribery and corruption.

Now, Sir, we are paying increased taxes and we are doing that ungrudgingly. All of us are anxious that this devastating war should end and all of us are anxious that the Allies should win. We are all encouraging the people to join the war service for this purpose. But, Sir, whenever anything goes out of your pocket, it is the rule that you want to know what for you are paying that money. In the last war the slogan was that democracy was in danger and the Allies were fighting to bring in freedom to the weaker States which had lost their independence. The war was fought to a finish and we made our contribution. But when the question of settlement came in, India remained as she was. In this war the slogan is a bit clearer. It is for the safety of the British Commonwealth of Nations that this war is being fought. We are interested in it and let me explain to you what the British Commonwealth of Nations means. The British Commonwealth of Nations means the domination of the world by about 6 crores of people including the Dominions. These 6 crores of people want the domination of something like 60 crores of people belonging to India and other countries. In other words, the British Commonwealth of Nations means that a British and a member of the Commonwealth has something like 10 slaves under his control. In other words, the preservation of the British Commonwealth of Nations means the continuance of India's present slavery and its domination by the British and the Dominions. Formerly, it was not so bad

but now the Dominions and even the United States of America have been brought in with Britain and India's bondage is beset with so many difficulties that we do not think we will ever be free. Such being the case, we are not interested in the British Commonwealth of Nations. After all, what is it? You remain free and you become richer. What is that to me because I am not free and I am growing poorer and poorer every day. So this slogan does not interest us.

(The Honourable Member made a pause.)

Mr. Deputy President (Mr. Akhil Chandra Datta): I think the Honourable Member had better finish now.

Mr. Abdur Rasheed Choudhury: Sir, a word about post-war reconstruction and then I finish. Paragraph 52 of the Honourable the Finance Member's Budget speech has given us an idea of the post-war reconstruction. In that paragraph he has said that a forward policy of industrialisation has been planned in order to raise the standard of living of India. Now, Sir, it at once brings in the question: Who lowered the standard of living of Indians? And how are you interested now in the industrialisation of the country after killing its industry once? About a hundred years before, Britain, India and Japan and other countries were almost on the same economic level. Everybody had about Rs. 100 as *per capita* income. But now in the case of other countries the *per capita* income has been raised to something like Rs. 1,000, the *per capita* income of India has come down to Rs. 65. Only the other day, in reply to a question, the Honourable the Finance Member amused us by saying that steps were not taken to raise the standard of living of Indians before because he was not concerned with that subject and because he had no voice in the matter. It might have been done by his predecessor for which he cannot bear responsibility. The same might be said about him. He is imposing taxes to find money for this industrialisation. He has got one year's extension and he may lay down a policy. When his successor will come, he will say: "I am not responsible for this policy and I am not going to follow it; I will follow my own policy". So long as there is no change in the system of administration which is responsible for the poverty of the country, your bright proposals of industrialisation of the country and post-war reconstruction are simply bombastic words and we do not believe in them. So, if you want to industrialise the country, change the system of administration and then you will find that we are all interested in it. It is not an impossible thing to raise the standard of living. The other day we were discussing Bombay plan and we showed how money could be had for it. If there is a heart to do a thing, money comes of itself. But that heart we cannot supply. Let there be a heart first.

The Honourable Sir Jeremy Raisman: I do not see the Honourable Member having the heart to facilitate money coming of itself judging by his remarks about the taxes.

Mr. Abdur Rasheed Choudhury: Taxes we are paying and we will pay more. If we survive, we will pay. If we do not survive, we are not interested in your taxation. I do not say that I am not ready to pay taxes. I know that taxation is a very important institution to keep the country in proper order. There need not be any doubt about that. But if you want to have any post-war reconstruction, change the system of administration. Let India have a hand in its administration, and then think of this post-war reconstruction. At present we have not got any hand in this administration. You simply frowned at us when the question of the scrutiny of the Central finances was raised, you said that even if there were 40 defeats, you would not budge an inch. You do not like any scrutiny. We, who live in the interior, know the abuses that are going on and how the money is being wasted and that knowledge of ours forces us to come with the suggestion that the Central finances require more scrutiny than at present. I can give you one example.

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

The other day, an area of about 50 square miles was notified for occupation by the American armies. The inhabitants were only given 48 hours notice to

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quit their houses. It was done. They paid the inhabitants a compensation of two lakhs for removal of part of their houses. This was in the village of Akhalia in the district of Sylhet. On the third day, another notice came in saying that they were not going to occupy that area. So, these two lakhs were wasted. Similarly if you go and look at Sylhet Aerodrome, you find hundreds of bags of cement lying as stone without any use. The Government spent some lakhs of rupees on a road from Sylhet to a place called Brahmanbazar. In one year they acquired land and they raised the level of the road and they were going to make the road into a first class one spending money like water. After three months were over, the whole scheme was thrown out and the money spent on the earth was wasted because the earth was washed away by rains. These are some of the things which require scrutiny by the Central Government. You may frown and fret at my suggestions but the fact is you are squandering away the money and your control is not sufficient to check the abuses of your Department. As I told you I come from the war zone and anything that I speak is from personal knowledge and experience. Sir, I do not want to take much of the time of the House, and with these remarks I resume my seat.

Sir Vithal N. Chandavarkar (Bombay Millowners' Association: Indian Commerce): Sir, I rise to support the motion before the House, not because I whole heartedly support all the detailed proposals of the Budget with which I shall deal later but because when a war is on, whatever the constitution of the Government may be if we are anxious to save the country from foreign invasion, it is our duty to offer support, no doubt of a discriminating character to the Government that is running the show. It is from this point of view that I rise to support the motion before the House. I was not aware, like my Honourable friend, Mr. Krishnamachari, that there was an understanding that whenever Members spoke on the Finance Bill, it was their duty to give notice to Honourable Members in charge of the Departments they proposed to criticise. If there was such an understanding, I would not have given any notice, because my remarks more or less concern the Finance Department and so long as the Honourable the Finance Member listens to me with a little patience, I shall be content. Last year, the Honourable the Finance Member, in the concluding portion of his speech regretted that he had no time to reply to certain of the criticisms and observations which I had made in my speech, but I hope, Sir, this year, if he thinks that any observations that I propose to make deserve a reply from him, I hope he will see that he gets the necessary time. Although we may not all agree in congratulating the Honourable the Finance Member on the structure of his Budget, yet I think we shall all agree that during the five years he has been here, he has shown that he is one of the ablest Finance Members we have had. If you will allow me, Sir, I shall point out only two weaknesses which I have noticed in him, one is he is a little too sensitive to criticism in this House and the other is he rather fights shy of contact with the public. I know he has had a very difficult task. He has been the Finance Member during the most difficult period of British rule in this country. He is not responsible for the present constitution. He has got several masters to please and he has really got to be the best of jugglers and jugglery requires great skill. It is not possible to please everybody. I do not know whether by his jugglery he has succeeded in pleasing everybody. He has not pleased a large section of my countrymen, and at the same time I must confess he has had a very difficult task to perform. I left last year's Budget meeting with rather a bitter taste in my mouth and was very much pained by the attitude the Finance Member took both in his opening and reply speeches. His opening speech was couched in a tone of subdued anger and the concluding remarks showed he lost his temper towards the close of his speech and brought in the Bombay speculators for severe criticism as if speculation is only confined to Bombay and no other part of India. He forgot the jute speculation in Bengal, the wheat speculation in the Punjab, and he talked only about Bombay speculators. At one of the meetings of the War

Committee in Bombay we were told by a very high authority that even in England there have been speculators and black markets and there have been several prosecutions for breaches of rules under the Defence of Realm Act. So, Sir, speculation is not confined to one particular Province or one particular community or one particular race. If there are people in Bombay who have learnt the art of speculation, perhaps the country from which they learnt their lesson is the country from where the Honourable the Finance Member himself comes. Sir, last year, in my speech on the Budget, I made certain suggestions both in regard to taxation and in regard to anti-inflationary measures. I advocated the principle of what is called taxation reserve deposits. I advocated the principle of mopping up surplus purchasing power in the hands of the people. I also proposed, like other Honourable Members of this House, that the exemption limit in the case of income-tax should be raised to Rs. 3,000 or at least to Rs. 2,000. Sir, I am glad that the Honourable the Finance Member has agreed to raise the minimum to Rs. 2,000. I shall be still more glad if he accepts the amendment to raise the limit to Rs. 3,000. As regards the principle of advance payments of income-tax and super-tax, I shall reserve my remarks when the Income Tax Bill comes before the House, if it is allowed to come before the House within a reasonable time, because it is not possible for all of us, coming as we do from distant parts, to sit here for days and days.

Now, Sir, I shall at once say that the keynote of the Honourable the Finance Member's Budget is that it is essentially an anti-inflationary Budget. No doubt it is also a taxation Budget. The Honourable the Finance Member has taken courage in both his hands and tried to check the growth of inflation. I congratulate him. Last year, he referred to a large number of people—in not very complimentary terms,—who were proclaiming that inflation was already there and that it was growing. The economists, some of whom came from Bombay, said that the source of inflation was the arrangement in force for making rupee disbursement on behalf of His Majesty's Government and the Allied Governments and the currency machinery of the Reserve Bank was regarded as the conduit pipe of inflationary credit. Last year the Finance Member admitted that there were inflationary tendencies but he asked us not to take a too pessimistic view of the currency expansion that had taken place. Now the total notes in circulation in August 1939,—if I am wrong the Finance Member will correct me,—was 179 crores; at the end of March 1943 it was 643 crores and today it stands at about 874 crores. I am corrected by my friend, Mr. Jamnadas Mehta, who says that it is now 882 crores. I am glad that the Finance Member now admits that he has not been able to raise sufficient rupees by loan to finance war expenditure, that the currency notes issued to fill the gap though backed by sterling assets were incapable of being converted into goods and that the increase in the purchasing power in the country has had inflationary effects. He spoke of the various controls that had been established in the country. No doubt that was a correct policy, and although in several parts the controls are not functioning properly that is not the fault entirely of Government; it is also the fault of the people who are not willing to co-operate with Government. My Honourable friend from Assam spoke about the difficulty of getting cloth at controlled rates in Assam. I believe the Assam Government is functioning and there is also a legislature meeting from time to time. I wonder if the people there have brought this matter to the notice of Government. Because, as far as cloth control is concerned, since June, 1943, whatever opinion one may have about the adequacy of the fall in prices, great care has been taken to see that every man who wants to buy cloth, whether at wholesale or retail rates, knows exactly what the price of that cloth is. The prices are marked on the cloth before it leaves the mill, and if some people in Assam remove the markings they are guilty of a serious offence. I wonder whether any prosecutions have taken place in that province. The controls are no doubt helpful to check inflation but, as the Finance Member himself admits, the menace of inflation cannot be said to have been averted so long as the total of

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taxation and borrowing falls short of the total of rupee outgoings. That is exactly the correct principle to be followed, however much the Finance Member may try to justify the soundness of his currency expansion policy relying on the strength of the sterling balances. The Finance Member argued that inflation was inevitable in all countries at war and even in many countries which are not at war. It is reported,—I shall be glad to be corrected if I am wrong,—that the rise in prices in Canada amounts to 17 per cent, Australia 14·8 per cent, New Zealand 10·2 per cent., South Africa 15·1 per cent. and United Kingdom about 30 per cent. In India I believe they have gone up more than 200 per cent., nearly 300 per cent. I was not here during the railway budget debate but I was surprised to hear that in discussing the increase in railway fares the War Transport Member put forward as one of his arguments that because others are charging higher prices why should he not charge higher rates. Is that a correct argument to be put forward by Government which is trying to get all of us under control and to see that the man in the street gets his consumer goods at reasonable prices? We can understand the Finance Member's argument that he was looking at the increase in railway fares as an anti-inflationary measure; but even in speaking on this question the Finance Member made an observation which I thought was rather unfortunate. He said, "If you speak from the humanitarian point of view I can understand it; but if you speak from the economic point of view I cannot understand your argument". I have yet to know that there can be any system of economics which can be divorced from principles of humanitarianism. I thought the whole war is based on the principle that we are all fighting for the principle of humanity and democracy which we say are absent from the principle of economy which Hitler is pursuing in his own country.

The Honourable Sir Jeremy Raisman: What was the humanitarianism which actuated the Bombay millowners in charging 500 per cent. more for their products?

Sir Vithal N. Chandavarkar: I am afraid I have again irritated the Finance Member.

The Honourable Sir Jeremy Raisman: No, I just want to know.

Sir Vithal N. Chandavarkar: I was coming to that later on. As far as we the Bombay millowners are concerned, our conscience is clear. From August 1940 we have been asking Government to devise a machinery which will bring the production and prices under control, which has now been in existence since May 1943. At that time the prices were low and Government wanted to exploit us by buying cloth at lowest rates on the indent system; when they were again thinking of control there was a change in the whole situation and the prices fell. Government slept, only they were sleeping in the cooler climate of Simla. We cannot be blamed if Government which is supposed to control currency and inflation did not take any steps. Naturally we were carried across the current in spite of ourselves. Government did nothing to take note of our warning and to bring in control which they should have done in August 1940 and not in June 1943. So it comes with ill grace from the mouth of a representative of Government which sat quiet and did not worry about these things which they ought to have anticipated in a war which Mr. Churchill said was going to last for three or four years and was likely to come to India, a Government which allowed rice to go from Burma to Japan,—a potential enemy,—in spite of warnings given by us, which did not even take care to buy rice and bring it to India, which did not care to exploit the use the country-craft facilities to carry rice from the east to the west coast. A representative of that Government cannot throw stones at others while living in a glass house himself.

Pandit Lakshmi Kanta Maitra: Then vote with us.

Sir Vithal N. Chandavarkar: If I thought that my Honourable friend was serious about running this Government and would run it better I would certainly vote with him. But I am not sure whether even if I vote with him and drive

this Government out of office my friends on the other side would be prepared to take office and run the Government of this country.

Now, to come back to my subject. I would like the Honourable the Finance Member to enlighten me why he has not yet taken seriously the suggestions made by the economists of India about stopping inflation. One method was that the raising of rupee resources required by the U. S. A. and the U. K. was primarily their concern which Government have admitted now by allowing sales of their gold in this country. I have never been able to understand the Finance Member's refusal to consider the suggestions made that the Government of India and the Reserve Bank should also help the Allied Governments to raise more rupee resources on the credit of British commercial assets in India or give them credit in rupees raised by loans for the purpose. This, it is argued, will prevent the need for issuing more currency to that extent and thus effectively check inflation at the source. I am not an economist. I am open to conviction. I admit that the arguments put forward by the economists have made a good impression upon me, but if the Finance Member will refute those arguments and explain to me at some length as to why that is not possible, I am prepared to be convinced that the economists who made the suggestion were wrong and he was right.

Mr. T. Chapman-Mortimer (Bengal: European): I do not want to interrupt the Honourable Member, but I should be very grateful if he would explain whether what he is suggesting is the buying of British sterling interests, or British rupee interests, or what exactly is he suggesting?

Sir Vithal N. Chandavarkar: I have made it clear, Sir.

The Honourable Sir Jeremy Raisman: You did not.

Sir Vithal N. Chandavarkar: I made it clear that it was a suggestion made by economists in Bombay. I am not an expert economist. I say that I do not like the principle of expropriation. I do not like to hit interests which are established here, provided they are prepared to remain in this country on the basis of complete equality and not on the principle of domination. All that I want to know is what is the reaction of the Honourable the Finance Member to the suggestion made in series of lectures by some of the economists in Bombay and other parts of the country.

The Honourable Sir Jeremy Raisman: You have just given the answer.

Sir Vithal N. Chandavarkar: I have not. Then, Sir, as regards gold, there is a strong feeling in the country to which expression was given by my Honourable friend, Mr. Krishnamachari. It is nearly six months now since the Reserve Bank commenced sales of gold bullion in the Bombay market. From answers given by the Finance Member in the Legislative Assembly in this connection, it is now clear that gold is being sold by the Reserve Bank as agents of the British and the United States of America Treasuries and the proceeds are utilized to pay partially for the expenditure incurred on behalf of these two countries in India. What, however, seems strange and inequitable is that, while the world price of the metal—based on the official price of 168 shillings and 85 dollars per ounce in Britain and the United States of America respectively—is equivalent to Rs. 42 and odd per tola together with charges at about 5 per cent., gold should be sold in India at as high as Rs. 71 and the worst of all this is that the entire profit amounting to nearly Rs. 29 to Rs. 30 per tola goes to the foreign exchequer instead of to the Government of India. If it is argued that India is now getting gold it wants, it need hardly be emphasised that goods are far more essential to the United States of America and the United Kingdom in these days than gold. According to market estimates, some five million (fifty lakhs) tolas have been sold so far, yielding a net profit of at least Rs. 15 crores. If these funds had accrued to the Indian Exchequer instead of such wealthy countries as the United Kingdom and the United States of America, the Indian tax-payer would have benefited to that extent and it would not have been necessary to levy fresh taxation on such a colossal scale. The Finance Member argues that gold belongs to the United Kingdom and the United States and they are prepared to release it at the rate at which they want. Are they going to be allowed to profiteer in this country?

Pandit Lakshmi Kanta Maitra: And through the agency of the Government.

Sir Vithal N. Chandavarkar: We are rightly prevented from profiteering. Take the question of cloth export. Government, I believe, are willing to accept the principle that they will allow the export of cloth to such countries as will set up control organisation at the other end so that the controlled cloth which is exported from this country is sold at such controlled rates as the Government of India would think reasonable, and that they will not allow unrestricted exports to countries where they are making huge profits. I am told that in the Middle East and in other countries you can sell a Ford car at thirty-five thousand rupees. They are making enormous profit. We contend that we cannot allow the Governments of United States of America and the United Kingdom to come to this country and sell gold at a profit amounting to nearly Rs. 29 to Rs. 30 per tola without our sharing in that profit to any extent. If a portion of that profit were to come to our share it will relieve the pressure on our financial liabilities.

The Honourable Sir Jeremy Raisman: It will merely increase the sterling balances.

Sir Vithal N. Chandavarkar: Here I must refer to a statement about control—a perfectly true one—which has come out of the mouth of the Honourable the Finance Member: "One of the handicaps of Government in giving effect to some of their control measures is the educational backwardness of the general population of this vast country". What a sad commentary that in spite of over 150 years of British rule in India the bulk of the population is educationally backward and, as a result the Government of the day is not in a position to enforce their controls effectively as Governments in more educated and advanced countries are able to do.

The Honourable Sir Jeremy Raisman: Which ones?

Sir Vithal N. Chandavarkar: Now, Sir, I come to the borrowing policy of Government. (Interruption.) My Honourable friend, Pandit Maitra, has said that people hesitate to buy defence bonds. May I pause here for a moment and say that many people who were not too willing to put money in Government paper a year back are now most forward in broadcasting that they have invested crores in Defence Bonds? It is not a question of patriotism now; they know which is the winning side and they all want to be on the winning side.

As regards the borrowing policy, during the last twelve months we have been able to collect 279 crores and the total since the war started has reached 547 crores. I find it very difficult to understand—I have not the same economic background as the Honourable the Finance Member has, and I am merely speaking as a student willing to learn and to be convinced,—I cannot understand how the Finance Member can say "the expenditure debitable to the Indian Budget has been fully met by taxation and borrowing throughout the period of the war". He goes on to say "that what matters from the point of view of inflation is that the re-absorption of purchasing power should be adequate to the total Government outlay and that Government's troubles arose from the fact that they have not been able to raise sufficient rupees from the market to finance the war expenditure". But I know it from personal experience that it has been very difficult for people in Bombay, who are with the Government wholeheartedly in the war effort, to persuade people to buy war loans. If there has been a change, it is entirely due to the war situation and not due to any change in the attitude of the people towards the Government that is running the country. People are not willing to come forward to help the Government. People will only come forward if they think they will make a good investment. The Government ought to take note of this attitude of the people. They must make people feel that it is in their interest—not in the interest of the Government who are running the country—to save their own country as well as to save the economic situation in the country, that they should have come forward for the last four years and lent more and more money to Government. That they

have not done so, is a matter of great sorrow for we are now suffering, as a result of this attitude, from all the inflation that has taken place in this country.

The Honourable Sir Jeremy Raisman: That is the cause.

Sir Vithal N. Chandavarkar: Yes, that is one of the causes.

The Honourable Sir Jeremy Raisman: It is the cause.

Sir Vithal N. Chandavarkar: I do not want to pursue that point, because I do not want to be led into discussion on the political situation now.

There is another matter which, as far as I am concerned,—speaking personally for myself—, has caused me great distress—that the Government of India should resort to borrowing through lottery bonds. We were condemning speculation, and now Government is trying to corrupt the morals of the lower classes and exciting their interest in speculation and gambling and asking them to buy lottery bonds. Hugh posters are displayed throughout the country and the people are being drawn into gambling. In this connection, I will read out what the *London Economist* says:

“On the general principles involved, one would hesitate to applaud the decision of the Government of India, but as an expedient to deal with an urgent and abnormal situation, the move will probably be justified.”

The word “probably” qualifies the whole justification of the act and I am glad to say that this is not my personal view only. It is shared by a large number of business people and bankers. It is reported that a well-known banking expert said that only a bankrupt Government would resort to such a method of floating loans.

Now, I come to the dollar account. I welcome the recent decision of His Majesty's Government to set aside a portion of the dollars accruing from India's export to the U. S. A., although this privilege was denied to us all these years. But this dollar account, if I am right, is to be kept with the Bank of England. In what way is it different from the sterling balance with the Bank of England? I believe the amount is to be 20 millions a year. Why should only a portion be set aside and why not the whole and be quite separate from the sterling balances in England? Why should it not be entirely a separate account which the Government of India could utilise for the benefit of the country? My request to the Finance Member is that he should urge upon His Majesty's Government the need for directly crediting to India's account all the dollar balance that accrues to India either in respect of trade balances or otherwise.

Now, I come to the question which the Finance Member referred to last year,—the negotiations for a direct mutual aid agreement with the United States. He told us last year that he was carrying on negotiations but he was not in a position to let us know what the results had been, but this year he has told us that in view of the difficulty of determining India's post-war requirements, the negotiations had been suspended. Could he explain more fully why these negotiations have been suspended and when they are likely to be resumed?

The next item which I propose to deal with is the Lease and Lend Account. The Finance Member said that he was unable to say what was the definite benefit which India would receive as a result of lease-lend supplies from the United States of America during the course of 1943-44 and 1944-45. The total value of lease-lend services up to the end of 1944-45 was estimated at 350 millions. The problem is no doubt very complex as pointed out by the Finance Member, but we want a more definite idea of our share of the benefits, and we do not want to be merely told that it would not be only less than $\frac{1}{3}$, which is rather very vague and leaves the position in a very unsatisfactory state.

Then the next point on which I wish to comment is the financial settlement with His Majesty's Government. If I remember aright, last year the Finance Member told us that the total defence expenditure charged to India for 1943-44, namely, Rs. 200 crores, was the maximum that India could bear.

The Honourable Sir Jeremy Raisman: I never said that. That is a complete misrepresentation, which is being constantly repeated. I never used those words.

Sir Vithal N. Chandavarkar: That impression many of us got. I accept the Finance Member's statement that he never used those words and if I have

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wrongly misunderstood, I apologise to the Finance Member and accept his statement.

This year the amount has gone up to Rs. 308 crores. Now, there are only two criteria to be applied to this question, namely, the capacity of the country to bear the expenditure, and secondly, the correct amount necessary having regard to the defence requirements of India from the technical point of view. We do not want generosity from England or any other country but we want fair treatment, having regard to our capacity to pay, our needs and our position in the whole scheme of the war operations. I do not know, Sir, but I believe that this question was discussed with His Majesty's Government by the Honourable the Finance Member when he paid a visit to England last year. I presume he is completely satisfied that applying this test in his opinion the arrangement is satisfactory, but he should appreciate our difficulty. Sometimes an arrangement agreed to by experts does not turn out to be entirely satisfactory because experts fail to take into account the other circumstances which surround the transaction, and it is therefore that I put this suggestion to him that it is possible that when scrutinised it may turn out that it is not so beneficial to India as some of the experts think it is.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Members are not permitted to read newspapers in the Chamber.

Sir Vithal N. Chandavarkar: Now I come to the Budget proper. As regards expenditure, we discussed the other day the need for proper scrutiny. The Finance Member put forward a very strong argument in resisting such a demand. I could not accept it. He said that he did not have the proper personnel. Now, what is more important? The recruitment of proper personnel or the saving of expenditure? And if by accepting some sort of machinery for scrutinising the glowing expenditure more staff has to be recruited, I am sure the Assembly will not grudge that expenditure to the Finance Member. He may say that the staff will have to be trained. Now, there is a large native talent in this country, better and more qualified than there was during the last war. Most of the universities have highly specialised Departments of Economics and there are other people who are specialists in different subjects. It is possible for the Finance Member to call upon these people to come to his help. It is not necessary that he should confine himself only to the Indian Civil Service or the Indian Audit Service, but a large portion of the work can be done by these people who are experts in many branches of Economics and Finance and who have made valuable contributions during the last ten years to the problems facing the country.

A reference was made to the Inchange Committee. That Committee, whatever you may say of Lord Inchange, did a tremendous lot of work and I believe it had several departmental committees, one of which was presided over by my friend, Sir Cowasjee Jehangir, dealing with the Posts and Telegraph Department. What I suggest to the Honourable Member is that if he can even now devise a machinery—because he was very sympathetic, since his difficulty was the personnel of his establishment—for scrutinising expenditure, I think the country will be grateful to him.

I endorse every word of the speech made by my Honourable friend, Sir F. E. Jarvis, in regard to the Royal Indian Navy and the need for improvement in the scale of pay and other amenities in that service. It is not necessary for me to tell you that my province and especially the coastal districts to which I belong are very much interested in this problem. It may be of some interest to this House to know that at one time, over 100 years ago, there was a flourishing shipbuilding industry in Bombay and that ships built in the Bombay yard have taken part in the battle of Trafalgar and one of the ancestors of my friend, Sir Cowasjee Jehangir, was the Master Carpenter who built ships for His Majesty's Navy which went to the Mediterranean and rendered such a fine account of their sea-worthiness and skill in construction.

Now, I might make a small reference—I am sorry the War Secretary is not here, I have had some correspondence with him on this question—
5 P.M. to the territorial forces. I would like to congratulate the War Department on the step they have taken in not only expanding but converting the University Training Corps into a Officers Training Corps. As the Vice-Chancellor of the Bombay University for a period of six years I was very intimately connected with the U. T. C. as the Chairman of the Advisory Committee. During the time I was there I made the University spend more money out of their own funds on the amenities given to this Corps.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech to-morrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 21st March, 1944.