

# COUNCIL OF STATE DEBATES

Friday, 29th March, 1946

Vol. 1—No. 12

## OFFICIAL REPORT



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## COUNCIL OF STATE

Friday, 29th March, 1946

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

### MEMBERS SWORN

The Hon. Sir Eric Conran-Smith (War Transport Secretary).

The Hon. Mr. Nivarti Sundaresan (Nominated Official).

### QUESTIONS AND ANSWERS

#### DISTRIBUTION OF WAGES IN ORDNANCE FACTORIES

216. FLIGHT LIEUT. THE HON. RUP CHAND: Will Government lay on the table statements showing the frequency distribution of wages of the largest classes of workers employed in Government ordnance factories in December 1944 and in December 1945 in respect of (i) daily wages (ii) monthly wages?

THE HON. SIR MAHOMED USMAN (on behalf of Industries and Supplies Department): The information is being collected and will be placed on the table of the House in due course.

#### APPOINTMENT OF A JOINT DIRECTOR GENERAL OF ARCHAEOLOGY

217. THE HON. PANDIT HIRDAY NATH KUNZRU: Are Government considering the appointment of a Joint Director of Archaeology or an officer of similar rank? If so, do they propose to appoint an officer recruited in England?

THE HON. SIR MAHOMED USMAN (on behalf of Education, Health and Agriculture Department): Government have already sanctioned the creation on a temporary basis of a post of Joint Director General of Archaeology and the appointment thereto of Dr. N. P. Chakravarti, an officer of the Archaeological Department. The second part of the question does not therefore arise.

#### PROTECTION TO THE IRON AND STEEL INDUSTRY

218. THE HON. MR. SURPUT SING: Will Government state:

(a) Whether the Indian iron and steel industry has been bounty-fed; if so, when was the bounty first given and for what purpose?

(b) The amount of the bounty given?

(c) Whether the Indian iron and steel industry has also enjoyed protection; if so, since when?

(d) Whether under the protection scheme consumers have to fall back upon the protected goods manufactured in India?

THE HON. MR. Y. N. SUKTHANKAR: (a) Yes, Sir. The bounty in respect of steel manufactured in India was first given from 1st October 1924 onwards. The object of the bounty was to supplement the protection afforded to the industry, which was found to be insufficient.

(b) Rs. 2,08,70,400.

(c) Yes, Sir, since 1924.

(d) No. The consumer's choice is not restricted. The object of a scheme of protection is merely to give the domestic product a choice of competing on equal terms with the imported product in the Indian Market.

THE HON. MR. M. THIRUMALA ROW: Will the Hon. Member give us the number of companies who enjoy this bounty?

THE HON. MR. Y. N. SUKTHANKAR: I must ask for notice.

THE HON. MR. M. THIRUMALA ROW: Are they all Indian, or are there also foreign companies?

THE HON. MR. Y. N. SUKTHANKAR: Again notice, Sir.

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NOTE.—The Hon. Rai Bahadur Sri Narain Mahtha put the questions standing against Fl. Lieut. the Hon. Rup hand.

## WITHDRAWAL OF IRON AND STEEL CONTROL ORDER

219. THE HON. MR. SURPUT SING: Will Government state:

(a) Whether the Iron and Steel Control Order intended curtailment of civil requirements for release of the output for military needs?

(b) Whether blackmarketing operations have come to the notice of the Controller and Deputy Controller of Iron and Steel in Calcutta and Bombay?

(c) Whether with the easing of the situation the Iron and Steel Control Order and restrictions will be withdrawn; if so, when?

THE HON. SIR MAHOMED USMAN (on behalf of Industries and Supplies Department): (a) Yes, Sir.

(b) There are always persons ready to black-market in scarce and controlled commodities but every effort has been and is being made to stamp these out in steel. The situation has improved since the war ended and I hope will soon be normal.

(c) The present supply position does not permit complete withdrawal of the control, but it is being gradually relaxed. Licensing is being abolished this month and the Controller will concentrate on placing steel within the reach of the general public.

## USE OF PLYWOOD

220. THE HON. MR. SURPUT SING: Will Government state:

(a) Whether plywood used to be imported into India from Canada and U.S.A. for the manufacture of boxes for the export of tea abroad?

(b) Whether as a result of the stoppage of plywood from abroad due to war conditions a nascent industry of it sprang up in the country during the last five years or so?

(c) Whether plywood boxes of Indian manufacture were plentifully used by the exporters of tea during the war?

(d) Whether with the gradual return of pre-war conditions and on the expectation of the foreign product soon coming in, the use of the Indian made plywood boxes is being discouraged by the exporters; if so, what is the policy of Government with regard to that growing industry reared and fostered with Indian capital and labour during the emergent period of the war, in their post-war reconstruction scheme?

(e) Whether it is a fact that permission for export of the Indian stuff abroad by the manufacturers here is not given?

THE HON. SIR MAHOMED USMAN (on behalf of Industries and Supplies Department): (a) Yes, Sir. Mainly from Baltic countries before 1941 and from North America since.

(b) There has been a great increase in the number of plywood factories and in total production during the war. This development was caused not by stoppage of imports but by increased war demands and restricted availability of plywood shooks from North America. There was no actual stoppage of imports.

(c) Yes, Sir. Especially during 1942 and 1943. The quality of indigenous plywood has however been found to be unsatisfactory.

(d) Yes, Sir. Exporters of tea definitely prefer imported tea chests as the quality of Indian plywood is generally inferior. The policy of Government is to encourage and assist Indian factories to produce plywood suitable for tea chests. To this end, Government obtained the views of an expert from the U.K. in 1945. The specific steps to be taken to promote the industry are under study in the Directorate General of Industries and Supplies in co-operation with the Forest Research Institute.

(e) No, Sir. Any restriction on export is for good reasons. Good quality plywood is needed in India and Government do not wish to encourage production of inferior qualities for export. Such production will, besides wasting raw material which can be put to better use, damage India's reputation in overseas markets.

**THE HON. RAI BAHADUR SATYENDRA KUMAR DAS :** Which of the three qualities—*aerial, commercial or marine*—was found to be deficient ?

**THE HON. SIR MAHOMED USMAN :** Notice, Sir.

**THE HON. MR. M. THIRUMALA ROW :** With regard to (d), do Government propose to encourage the industry by giving due protection against foreign competition ?

**THE HON. SIR MAHOMED USMAN :** Notice, Sir.

**TEA PRICES**

**221. THE HON. MR. SURPUT SING :** Will Government state :

(a) The nature and composition of the body or organisation which grades, reserves for export and fixes the prices of the different varieties of tea in the Indian market ?

(b) Whether there are any Indians on that body representing Indian interests ; if so, what are their names ; if not, what are the reasons for Indians not being included in the body ?

(c) The places where gradation and fixation of the prices of tea are done ; and the people who do it ?

(d) How many tea gardens are European-owned and how many Indian-owned ?

**THE HON. MR. Y. N. SUKTHANKAR :** (a) and (c). There is no body or organisation that grades or reserves tea for export and fixes the price of tea in the Indian market. Each individual garden does its own grading at the garden itself and reserves for export such of its produce as it may like. Teas for Indian market are sold by public auction or by private negotiation and prices are fixed by operation of laws of demand and supply.

(b) Does not arise.

(d) The information is not readily available.

**PUBLICATION OF A LIST OF MACHINERIES SURPLUS TO GOVERNMENT FOR SALE**

**222. THE HON. MR. SURPUT SING :** Will Government state :

(a) Whether considerable special types of machineries for turning out special kinds of manufacture have been imported into the country during the years of the war ?

(b) Whether those machineries have been employed both in Government and private factories and workshops, for production of war materials ?

(c) Whether such import of machineries was considerably higher than what it was during the years just preceding the war ?

(d) Whether those imported machineries are still contemplated to be held by the factories and workshops concerned when production of the war materials is no longer required ?

(e) Whether a portion of the machineries brought out for special purposes will be offered for sale to the public when heavy machineries are not forthcoming from abroad ; if so, whether Government will publish a list of those machineries which can be spared for sale without detriment to the Government work ?

**THE HON. SIR MAHOMED USMAN** (on behalf of Industries and Supplies Department) : (a), (b) and (c). Yes, Sir.

(d) I think the Hon. Member refers to equipment in Government factories and workshops. What is no longer necessary for the peace-time requirements of Government will be offered to the public under the widest publicity.

(e) Yes. The Director General of Disposals will publicise surplus equipment in monthly catalogues, and it is hoped to issue the first catalogue next month.

**CONTRIBUTION TO THE DOLLAR POOL**

**223. THE HON. MR. G. S. MOTILAL :** Will Government state the quantum of India's contribution to the dollar pool from its inception up to the end of December 1945.

**THE HON. SIR CYRIL JONES :** I would invite the attention of the Hon. Member to paragraph 29 of the Finance Member's Budget speech for 1946-47.

**THE HON. MR. G. S. MOTILAL :** Is there nothing to be added to it ?

**THE HON. SIR CYRIL JONES :** I have nothing to add to it.

#### SCARCITY OF FOUNTAIN PENS

224. **THE HON. MR. G. S. MOTILAL :** (a) Are Government aware that since the withdrawal of the control over sale of fountain pens, they are not available except at black market prices ?

(b) What steps do Government propose to take in this matter ?

**THE HON. SIR MAHOMED USMAN** (on behalf of Industries and Supplies Department) (a) Government are aware that supplies of fountain pens have not been as satisfactory as was hoped for with the cessation of hostilities. Fountain pens were removed from the purview of the Consumer Goods (Control of Distribution) Order on 1st December 1945, after consultation with the provinces, since it was then felt that the supply of ordinary fountain pens was good and expensive fountain pens could not be regarded as essential consumer items. This was done in pursuance of Government's policy to relax controls gradually. Some of the Provincial Governments which were controlling sales through a permit system have also given up such control. The controlled prices, however, still continue to be in force—see the Government of India Notifications dated 13th October 1945 and 2nd February 1946. Presumably the provincial authorities who are responsible for enforcement, will be prepared to take action if specific breaches of the law are brought to their notice.

(b) As I have explained in the answer to (a) enforcement in such fields is for the Provincial Government. We have already written to the Director of Civil Supplies, Delhi drawing his attention to the powers which still remain and intend to invite the attention of Provincial Governments also to them.

**THE HON. MR. G. S. MOTILAL :** Will Government then withdraw the control of price so that it may be really known at what price it can be had ?

**THE HON. SIR MAHOMED USMAN :** The Hon. Member's suggestion will be considered.

**THE HON. MR. M. THIRUMALA ROW :** Are Government aware that the medium size fountain pens are sufficiently available in the market ?

**THE HON. SIR MAHOMED USMAN :** That is my information.

**THE HON. MR. HOSSAIN IMAM :** We want statistical information whether imports are sufficiently large or small.

**THE HON. SIR MAHOMED USMAN :** Notice of the question, Sir.

#### EXPORT OF RICE

225. **THE HON. MR. G. S. MOTILAL :** (a) Has Government's attention been drawn to a report published in *Harijan* at page 27 of this year of recent export of 22,504 tons of rice from Calcutta, contrary to Government's declared policy ?

(b) What are the correct facts ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** Government have seen the statement alleging that 61,797 tons of rice was exported from Calcutta during the period May to October 1945.

The facts are that the above mentioned quantity includes shipments of 16,000 tons of rice to Mysore through Marmagoa and 42,000 tons of rice to Ceylon. The latter quantity was sent to Ceylon on a replacement basis and has been made good by H.M.G. by imports. The balance of 4,000 tons, which remains unaccounted for, is explained by the fact that the quantity sanctioned for loan to Ceylon was 46,000 tons of which only 42,000 tons was actually shipped.

**THE HON. MR. G. S. MOTILAL :** Does the Hon. Member say that the part is larger than the whole ? How could the total be 22,000 tons and yet shipments to one place were 16,000 tons and to another place 42,000 tons ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** I have explained that. The balance of 4,000 tons which remains unaccounted for is explained by the fact that the quantity sanctioned for loan to Ceylon was 46,000 tons out of which only 42,000 tons was actually shipped.

**THE HON. MR. G. S. MOTILAL :** What was the total quantity shipped ?

**THE HON. MR. HOSSAIN IMAM :** The question is that 22,000 tons were exported. Out of this, how could 42,000 tons be exported and still leave a balance of 4,000 tons ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** The answer is there. I do not see any discrepancy.

**THE HON. MR. HOSSAIN IMAM :** How can 42,000 be taken out of 22,000 and still leave balance of 4,000 ? It is ordinary mathematics. The Hon. Member himself is a scientist.

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** I used to be.

**THE HON. SIR RAHIMTOOLA CHINYO :** Is not the figure given in the *Harijan* a wrong figure ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** I have referred to the figures. I do not vouchsafe for the accuracy of the figure in the *Harijan*.

**THE HON. SIR SHANTIDAS ASKURAN :** You are giving the figure for the whole time. The Hon. Member has only asked about the recent shipment of 22,000 tons.

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** I have given you the figure of 16,000 tons and 42,000 tons.

**THE HON. SIR N. GOPALASWAMI AYYANGAR :** Did not the Hon. Member say that the total quantity shipped was somewhere over 60,000 tons ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** That is the statement alleged that so much was shipped. Government have seen that statement. That is not our statement.

**THE HON. MR. M. THIRUMALA ROW :** The Hon. Member said that it was on a replacement basis by H.M.G. Wherefrom has it been replaced and when was it replaced. ?

**THE HON. SIR JWALA PRASAD SRIVASTAVA :** I want notice of that question, but, as far as I remember, it has been sent to us from the Middle East, i.e., Egypt. That is as far as I remember. I speak subject to correction.

STORY OF THE ESCAPE OF MR. SUBHAS BOSE

226. **THE HON. MR. M. THIRUMALA ROW :** (a) Has the attention of Government been drawn to a series of articles being published in the *Hindustan Times* by one Mr. Uttam Chand giving the story of the escape of Sri Subhas Bose from India ?

(b) If so, have Government any material in their possession to confirm the story as revealed in the articles ?

(c) If the answer to (b) is in the affirmative, since how long were they in possession of these facts ?

**THE HON. MR. A. E. PORTER :** (a) Yes.

(b) and (c). It is not in the public interest to reply.

**THE HON. MR. M. THIRUMALA ROW :** Am I to understand that Government have some information with regard to this matter in their possession ?

**THE HON. MR. A. E. PORTER :** The Hon. Member will understand that it is not in the public interest to reply to parts (b) and (c) of his question.

**THE HON. MR. M. THIRUMALAROW :** I have not asked you to divulge your information but I want to know whether it is a fact that you have got some information about it.

**THE HON. MR. A. E. PORTER :** Sir, I have answered the question.

## REGISTRATION OF ARCHITECTS

227. **THE HON. MR. M. N. DALAL :** (a) Are Government aware that on the 11th November 1941, a Resolution was moved in this Council for the registration of Architects on lines similar to those adopted in the registration of the professions of Auditors, Medical and Legal Practitioners ?

(b) Have Provincial Governments been consulted to find out how far they are willing to co-operate ?

(c) Are Government aware that the then Labour Member, Sir Feroz Khan Noon, gave the following assurance in this House :—

“ This Resolution has the entire sympathy of Government and Government will try and take up this matter as soon as it is convenient. It may be that we shall have to leave it till after the war, but still you have the sympathy of Government ”.

(d) Do Government propose to implement this assurance ; If so, when ?

**THE HON. MR. H. C. PRIOR :** (a) and (c). Yes.

(b) Not yet.

(d) The matter is now under the active consideration of Government and Government propose to hold shortly a conference to which leading architects will be invited so as to have their advice before a proposal is framed.

## REMOVAL OF BENGAL AND ASSAM RAILWAY OFFICES FROM DACCA TO CHITTAGONG

228. **THE HON. RAI BAHADUR SATYENDRA KUMAR DAS :** Will Government state whether they are aware of :

(a) The proposals of the removal of the B. & A. Railway offices from Dacca to Chittagong ? If so, the reasons for the proposed removal of the said offices ?

(b) The protests by representatives of the public association at Dacca against the removal ?

**THE HON. SIR ERIC CONRAN-SMITH :** (a) As a part of the war dispersal scheme, a number of the B.A. Railway offices were removed temporarily from Chittagong to Dacca. Accommodation was provided at Dacca in a portion of the Eden College which has now to be vacated. The Railway Office Building at Chittagong which is at present in the occupation of the military authorities and which will be vacated in the near future, will be used again for the Railway offices. Dacca was a Railway District Headquarters station in pre-war years and will continue as such.

(b) Yes. Protests have been received from certain organisations but those do not appear to take into account the fact that the shifting of the offices is merely a reversion to pre-war conditions, and is administratively necessary.

## PETROL

229. **THE HON. MR. G. S. MOTILAL :** (a) How much petrol was used in India before the war by the civil population ?

(b) How much will be available to the civil population during each quarter of this year ?

**THE HON. SIR ERIC CONRAN-SMITH :** (a) During 1938 the civil consumption of petrol in India was just under 100 million gallons.

(b) The amount of petrol available for civil consumption in India during 1946 will depend upon supplies allotted during the year, and I am unable to forecast what amount will be available during each quarter.

**THE HON. MR. SUSIL KUMAR ROY CHOWDHURY :** When will the rationing of petrol end ?

**THE HON. SIR ERIC CONRAN-SMITH :** If I were a prophet I would reply to the Hon. Member's question. All I can say at present is that so far as we can see, rationing will continue for some little time to come.

**THE HON. SIR SHANTIDAS ASKURAN :** How much do we get from the Attock Oil Company, India, in proportion to the total consumption in the country ?

**THE HON. SIR ERIC CONRAN-SMITH :** I am afraid I must ask for notice of that question.

**THE HON. MR. SUSIL KUMAR ROY CHOWDHURY :** Is there any chance of increasing the basic ration next quarter ?

**THE HON. SIR ERIC CONRAN-SMITH :** To that, Sir, I can only give the answer I gave to the previous supplementary question. At present I am unable to foresee.

**THE HON. MR. HOSSAIN IMAM :** Is any endeavour being made to reduce the military consumption ?

**THE HON. SIR ERIC CONRAN-SMITH :** Yes, Sir.

**THE HON. MR. HOSSAIN IMAM :** Are we getting petrol for defence use free of charge from H.M.G. as we were doing during the war ?

**THE HON. SIR ERIC CONRAN-SMITH :** That does not arise out of this question, Sir.

**THE HON. MR. SUSIL KUMAR ROY CHOWDHURY :** The basic ration coupons will be issued from next April. Can the Hon. Member say whether there is any chance of the basic ration being increased ?

**THE HON. SIR ERIC CONRAN-SMITH :** I am sorry I misunderstood the Hon. Member. I thought that he was referring to the quarter after next. There will be no change in the immediately succeeding quarter.

**THE HON. MR. M. THIRUMALA ROW :** Has the situation in the Middle East namely, Russia and Iran, had any effect on the petrol position ?

**THE HON. SIR ERIC CONRAN-SMITH :** I have no information on that point.

**THE HON. KHAN BAHADUR KERAMAT ALI :** Is any petrol available from outside India for the Indian Army ?

**THE HON. SIR ERIC CONRAN-SMITH :** Yes, certainly.

**THE HON. MR. G. S. MOTILAL :** What is the difficulty of getting supply of petrol ?

**THE HON. SIR ERIC CONRAN-SMITH :** Chiefly : I think shortage of dollar and dollar tankers.

**THE HON. MR. HOSSAIN IMAM :** What about the Persian Oil Companies refineries ? That is in a sterling area.

**THE HON. SIR ERIC CONRAN-SMITH :** But the allocation of petrol in the sterling areas is on a global basis ; that is, the petrol available in the sterling areas is distributed throughout all the sterling areas.

**THE HON. MR. HOSSAIN IMAM :** Who is the authority for distribution ? Can we not ask them for more ?

**THE HON. SIR ERIC CONRAN-SMITH :** H. M. G.

**THE HON. MR. HOSSAIN IMAM :** Can we not ask them for more ?

**THE HON. SIR ERIC CONRAN-SMITH :** The Government of India have already pressed India's needs on H.M.G. and as soon as more petrol is available India's needs will be met.:

**THE HON. MR. HOSSAIN IMAM :** How long will the Burma fields take to produce petrol ?

**THE HON. SIR ERIC CONRAN-SMITH :** I have no information.

**THE HON. MR. HOSSAIN IMAM :** What about Java ?

(No answer.)

#### DELAY IN TRAIN SERVICES ON THE O. T. RAILWAY

230. **THE HON. RAJA YUVERAJ DUTTA SINGH :** (a) Has the attention of the Government been drawn to a letter published in the "Pioneer, dated the 18th January, 1946 (late city edition), over the signature of Raja

Maheshwar Dayal Seth of Kotra, regarding irregularity and delay in the train service of the O. T. Railway, the want of lights in the compartments, the absence of water in the bath room, the unauthorized entry of police sub-inspectors and constables with third class tickets into higher class compartments and the absence of Guard from his post of duty ?

(b) Are Government aware that the state of affairs referred to in the letter is more or less a normal feature on the O. T. Railway ? Do Government propose to enquire fully into the complaints, to bring about a substantial improvement in the deplorable conditions prevailing over this Railway system ?

(c) Has the attention of Government been drawn to the following remark made by Mrs. Nichol, a member of the British Parliamentary Delegation, as she looked at the third class compartments at the Delhi Railway Station :—

“ I am shocked at the way people have to travel here ! ”

Are Government aware that, great overcrowding continues to be a normal feature of railway travelling in India even after the termination of the War ? What practical steps have Government taken and propose to take to reduce this overcrowding ?

THE HON. SIR ERIC CONRAN-SMITH : (a) Yes.

(b) The Railway Administration is inquiring into the several complaints. But the statement that the state of affairs disclosed in Raja Maheshwar Dayal Seth's letter to the Press is more or less a normal feature of the O.T. Railway is not borne out by the inquiries so far made.

(c) Government have seen a report in the press of the statement said to have been made by Mrs. Nichol. For various reasons all pre-war facilities cannot be restored in full immediately on the cessation of hostilities ; the process has naturally to be gradual, depending on the availability of stock and power resources. Consequently some degree of overcrowding is inevitable when the demands on transport exceed the available supply. Every endeavour is being made to increase services as far as conditions permit. I might add that on the O. T. Railway from the cessation of hostilities up to the 1st January 1946, 36 trains each way have been introduced, representing an addition of 2,402 train miles per day.

THE HON. MR. HUSSAIN IMAM : Is the Hon. Member in a position to promise to get more wagons from the military released for civil use ?

THE HON. SIR ERIC CONRAN-SMITH : I should be very rash to make any promise of that nature.

THE HON. PANDIT HIRDAY NATH KUNZRU : Why should the shortage of wagons be a justification for want of water in the bathroom, the unauthorised entry of police sub-inspectors and constables with third class tickets into higher classes and the absence of the guard from his post of duty ? Why should these be the normal feature of the O. & T. Railway and why should it take so long for the Railway Board to put these scandalous things right ?

THE HON. THE PRESIDENT : You have combined 4 or 5 questions in one.

THE HON. PANDIT HIRDAY NATH KUNZRU : I have put one question and my Hon. friend understands it.

THE HON. SIR ERIC CONRAN-SMITH : I can answer the Hon. Member's question, Sir. Government do not admit that these features are normal. As regards the reference to provision of more wagons, what I said was that the process of restoring full pre-war facilities must be gradual and dependent on the availability of stock and power resources. The question of provision of water has, I understand, received the attention of the railway authorities and, as I understand from the inquiries so far made, adequate water is supplied at almost all places.

THE HON. PANDIT HIRDAY NATH KUNZRU : What about lights, Sir ?

THE HON. SIR ERIC CONRAN-SMITH : There was, as the Hon. Member knows, considerable difficulty owing to shortage of bulbs. Bulbs are now in more abundant supply and it is therefore possible for the Railways to remedy the pre-existing state of affairs and they are doing so.

OVER-CROWDING IN TRAINS ON THE O.T. RAILWAY.

231. THE HON. MR. SURPUT SING : Are Government aware :

- (a) Of excessive overcrowding in trains on O. T. Railway ?
- (b) That as a result of such overcrowding passengers have to hang on the footboards and also mount on the roofs of the carriages ?
- (c) That as a consequence of the overcrowding and mounting on the tops of carriages serious accidents have taken place ?
- (d) That on one occasion on the Kursela Bridge (between Katihar and Thannah Bihpur) a number of casualties took place among the people so sitting on the roofs of the carriages by coming against the iron top-structure of the bridge ; if so, the number of deaths in that accident ?
- (e) What steps that railway administration has since taken to stop such accidents ?

THE HON. SIR ERIC CONRAN-SMITH : (a) Yes.

(b) No. Passengers who cannot find room in a train have the option of not travelling by it.

(c) Yes, some accidents have occurred.

(d) As the question does not state the date of the alleged incident, it has not been possible to trace the report of any such occurrence. If the Hon. Member will let me know the date of the occurrence, I will make enquiries, and the result will be placed on the table of the House in due course.

(e) Special steps have been taken by the Railway Staff with the help of the police to prevent passengers from travelling on the footboards and roofs of carriages. To relieve overcrowding, additional train services have been introduced, and more will be put on as and when the resources of coaching stock and power permit.

THE HON. MR. SURPUT SING : Has the attention of the Government been drawn to any accident that took place on the Kursela Bridge owing to passengers sitting on the roof of the carriage ?

THE HON. SIR ERIC CONRAN-SMITH : I cannot say, Sir, whether our attention has been drawn to any accident on that particular bridge, but we have no record of any particular incident such as the Hon. Member refers to, and I have told him that if he will let me know the date we will be able to make further inquiries.

THE HON. MR. SURPUT SING : Has any accident taken place over the Kursela or any other bridge on the O. & T. Railway owing to passengers sitting on the roof of the carriage ?

THE HON. SIR ERIC CONRAN-SMITH : I must ask for notice of that.

DRINKING WATER SUPPLIED ON THE B. AND A. AND E.I. RAILWAYS.

232. THE HON. MR. SURPUT SINGH : Will Government state :

(a) Whether complaints have reached the railway administrations concerned against the extremely unsatisfactory condition of the drinking water supplied to the passengers on Katihar-Jogbani Section (B. A. Railway) and Bandel-Azimganj Barharwa Section (E. I. Rly.) during the summer months in the last 2 years ; if so, what steps are proposed to be taken to prevent its recurrence this year ?

(b) Whether complaints have reached the railways concerned of the insanitary condition in which drinking water for both Hindus and Muslims is kept at Azimganj Junction Station (E. I. Rly.) ; if so, do they propose to remove the complaints ?

THE HON. SIR ERIC CONRAN-SMITH : (a) No complaints have been received by the B.A. Railway regarding the arrangements for the supply of drinking water to passengers on the Katihar-Jogbani Section of that Railway during the

summer months in the last two years. Two representations were received by the E. I. Railway with regard to supply of drinking water on the Bandel-Azimganj-Barharwa Section of that Railway. One received in December 1944 was with regard to the provision of a Bhistry at Jangipur Road. A Bhistry was provided in the hot weather in 1945 and this will also be arranged during the hot-weather months of this year. The other was a complaint with regard to inadequate supply of drinking water at Agradwip : the complaint was found to have no foundation.

(b) The reply to the first part of the question is in the negative. The second part does not arise.

#### EXTENSION OF 59-UP AND 60-DOWN TRAINS UP TO KIUL.

233. THE HON. MR. SURPUT SING : Will Government state:

(a) Whether there has been an insistent demand for the extension of 59-Up and 60-Down trains up to Kiul (E. I. Rly.) to remove inconveniences of passengers intending to travel through ; if so, what steps have been taken to meet the popular demand ?

(b) Whether similar representations have been made to the railway administration concerned for running 23-Up and 24-Down Loop trains up to and from Moghal Serai for the benefit of through passengers from the loop Section ; if so, what steps are being taken in the matter ?

(c) Whether there has been an insistent public demand to run 17-Up and 18-Down Calcutta-Lalgolghat through passenger trains to and from Jobbani ; if so, with what result ?

THE HON. SIR ERIC CONRAN-SMITH : (a) The Railway Administration are aware of only two representations in recent months from individuals asking for the extension of Nos. 59-Up and 60-Down to and from Kiul. No such proposal has been received from the Local Advisory Committee or from any other public body. The demand can therefore hardly be classed as insistent. In any case it cannot be met in the near future as this would involve the use of additional coaching stock which is still in short supply.

(b) and (c). No.

#### MUSLIMS IN THE PORT COMMISSIONERS' OFFICES.

234. THE HON. MR. ABDOOL RAZAK HAJEE ABDOOL SUTTAR :

(a) Will Government state the number of Muslims employed in the higher division and in officer's rank of the Port Commissioners' Service at Chittagong, Calcutta, Vizagapatam, Madras, Bombay and Karachi ? If the Muslims are in such service in minority, why it is so ?

(b) Do they propose to take steps for the recruitment of qualified Muslims ?

THE HON. SIR ERIC CONRAN-SMITH : (a) Such information as could conveniently be collected within the time available has been obtained and a statement is laid on the table. The reason for inadequate representation of Muslims at some ports is that suitable Muslim candidates have not offered themselves for appointment.

(b) The power to fill appointments under the Port Trusts vests by law in the Port Trust Boards and their Chairman except in the case of a small number of high posts. The policy followed by the Government of India in regard to direct recruitment has been more than once brought to the notice of Port Trusts with a suggestion that they should adopt similar policy, as far as possible, in regard to their services. Government are prescribing a periodical return to watch progress in this respect but, except in the case of a few high posts, have no authority to issue binding instructions.

As regards Vizagapatam, which is administered by the Central Government, the question of giving effect to Government policy regarding direct recruitment is under consideration.

Statement showing the number of Muslims in the service of the Chittagong, Calcutta, Vizagapatam, Madras, Bombay and Karachi port authorities.

	Appointments carry- ing a maximum salary of less than Rs. 500 but not less than Rs. 100 p.m.	Appointments carry- ing a maximum salary of Rs. 500 and above p.m.
Chittagong . . . . .	19	Nil
Calcutta . . . . .	90	4
Vizagapatam . . . . .	2	Nil
Madras . . . . .	15	Nil
Bombay . . . . .	*	*
Karachi . . . . .	158	4

**INFORMATION PROMISED IN REPLY TO QUESTIONS LAID ON THE TABLE**

THE HON. MR. A. E. PORTER (Home Secretary): Sir, I lay on the table the information promised in reply to question No. 216, asked on the 27th March, 1945.

**COST OF DEPUTATION SENT EX-INDIA**

Statement showing the cost incurred by the Departments of the Government of India in the year 1943-44 and during the first nine months of 1944-45 in sending (a) official deputations, (b) non-official deputations and (c) mixed deputations outside India.

Departments	1943-44 Rs.	1944-45 Rs.	Purpose of deputation.
1. E. H. & L. . . . .	(a) 57,101 (c) 11,500	12,401 104,000	(a) Official deputation on duty. (c) To undertake locust control measures in Oman under the general direction of Chief Locust Officer, Middle East (1943-44). Mainly to establish contact of Indian Scientific Mission with British, Dominion and American Scientists.
2. P. & A. . . . .	(a) 40,180	53,737	Official deputations.
3. E.A. . . . .	(a) 4,330	..	Official duty.
4. Food . . . . .	(a) ..	36,872	Official duty.
5. Labour . . . . .	(a) 10,500 (c) ..	.. 29,700	Official duty. To attend International Labour Conference held at Philidelphia.
6. Supply . . . . .	(a) 55,656	45,646	Official duty.
7. I. & B. . . . .	(a) 21,926 (b) 59,000	17,310 ..	Official duty. To publicise India & Indian War effort.
8. Military Finance . . . . .	(a) ..	10,759	Official duty.
9. I. & C. S. . . . .	(a) ..	14,700	Ditto.
10. Finance . . . . .	(c) 36,600	..	To attend the Bretton Woods Conference for discussing international monetary problems.
11. Commerce . . . . .	(a) 45,000 (c) 11,800	14,500 ..	Official duty. To discuss the question of co-ordinated purchase of Egyptian cotton with representatives of the U.K. and U.S.A.
12. Railway Board . . . . .	(a) ..	30,812	Official duty.
13. War . . . . .	(a) ..	..	The expenditure incurred in connection with official deputations outside India can not be estimated with any degree of exactitude.

\*Information is being collected and will be laid on the table in due course.

**STATEMENT ETC., LAID ON THE TABLE.**

**THE HON. MR. Y. N. SUKTHANKAR** (Commerce Secretary): Sir, I lay on the table copies of a further statement of Commercial Treaties and Notes affecting India.

**STATEMENT OF COMMERCIAL TREATIES AND NOTES AFFECTING INDIA.**

**PART I**

*Agreement under which the produce of India received most favoured-nation treatment.*

Countries which are parties to the Agreement	Nature and date of Agreement.	Description	Remarks
The U.K., Eire and Egypt	Exchange of notes dated 16th February 1945 and 14th March 1945.	Provisional Commercial Agreement.	The agreement was due to expire on 16th February 1946, but H.M.G. are negotiating for the extension of the Agreement for a further period of 12 months.

**PART II.**

*Agreements to which India is a party.*

Nil.

**PART III.**

*Denunciation of Treaties.*

United Maritime Agreement . . . . . (Expired as provided in the Agreement, six months after the suspension of hostilities).

**BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE**

**SECRETARY OF THE COUNCIL:** Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table a copy of the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1946, which was passed by the Legislative Assembly at its meeting held on the 28th March, 1946.

**STANDING COMMITTEE FOR THE INFORMATION AND ARTS DEPARTMENT**

**LIEUT.-GENERAL THE HON. SIR THOMAS HUTTON** (Planning and Development Secretary): Sir, I move:

"That this Council do proceed to elect, in such manner as the Hon. the President may direct, two Non-Official Members to serve on the Standing Committee to advise on subjects in the Department of Information and Arts for the financial year 1946-47."

The motion was adopted.

**STANDING COMMITTEE FOR ROADS**

**THE HON. SIR ERIC-CONRAN-SMITH** (War Transport Secretary): Sir I move:

"That this Council do proceed to elect, in such manner as the Hon. the President may direct, four members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund and such other questions relating to roads and road traffic as may be referred to it during the financial year 1946-47."

The Motion was adopted.

**STANDING COMMITTEE FOR TRANSPORT**

**THE HON. SIR ERIC CONRAN-SMITH** (War Transport Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Hon. the President may direct, four non-official members to serve on the Standing Committee to advise on subjects with which the Department of War Transport is concerned, other than those within the purview of the Standing Committee for Roads, for the financial year 1946-47."

The Motion was adopted.

## CENTRAL ADVISORY COUNCIL FOR RAILWAYS

**THE HON. SIR ERIC CONRAN-SMITH** (War Transport Secretary): Sir, I move :—

“That this Council do proceed to elect, in such manner as may be approved by the Hon. the President, six non-official members from the Council who shall be required to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1946.”

The Motion was adopted

**THE HON. THE PRESIDENT**: With reference to the Motions which have just been adopted by the Council, I have to announce that nominations to the Committees will be received by the Secretary up to 11 A.M. on Wednesday, the 3rd April, 1946 and the date of election, if necessary, will be announced later.

### FINANCE BILL, 1946-47.

**THE HON. THE PRESIDENT**: Hon. Members, we shall now proceed with the discussion of the Finance Bill. You are all aware that the Hon. the Leader of the House has kindly permitted a two days debate in this House on the Finance Bill. I shall be a little more indulgent to the Hon. Members in giving them sufficient time to speak on the Bill but at the same time I wish to point out that they will kindly bear in mind the expression of opinion given by the Finance Member in the other House yesterday, when he said that the debate should be conducted more with regard to the relevancy to the Finance Bill than to the political subjects. I will fix 20 minutes for ordinary speakers to speak on the Bill and I shall allow the Leaders of Parties half an hour to speak on the Bill and, if necessary, I will give them a few minutes more if I find that their remarks are relevant to the subjects with which the Bill deals.

**THE HON. SIR CYRIL JONES** (Finance Secretary): Sir, I move :—

“That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1946, as passed by the Legislative Assembly, be taken into consideration.”

In making this Motion, Sir, I do not desire to take up very much of the time of the House, since that would detract from the time available for the speeches of Hon. Members.

**THE HON. PANDIT HIRDAY NATH KUNZRU**: On a point of order, Sir. Has the Bill been laid on the table and have the Rules of Business been suspended by the President?

**THE HON. THE PRESIDENT**: Yes, I believe they were suspended the other day.

**THE HON. PANDIT HIRDAY NATH KUNZRU**: There has been no actual suspension of the rules. All that was said on the 26th was that when the Bill had been laid on the table of the House, the President would decide the matter.

**THE HON. THE PRESIDENT**: That is a mere technical objection. I was informed that it was agreed by the House that the debate on the Finance Bill would commence today.

**THE HON. SIR MAHOMED USMAN** (Leader of the House): The Bill is on the table.

**THE HON. THE PRESIDENT**: However, if it is necessary, I shall formally suspend the Rules of Business. The debate will proceed now.

**THE HON. SIR CYRIL JONES**: The Budget proposals, Sir, were explained in this House on the 28th of February and they have been the subject of debate and it was those original proposals which were embodied in the Finance Bill as introduced in the Legislative Assembly following the delivery of the Budget speech and published in the country. During its passage through the Legislative Assembly the Bill has been subjected to certain changes and Hon. Members would perhaps expect me to comment briefly on the changes that have been made in the Budget proposals, some of which involve a change in the Bill to give effect to the proposals and some of which are not reflected in the provisions of the Bill.

[Sir Cyril Jones]

The first example of the latter kind of change is in respect of the postal rates. Section 3 of the Bill now before the House maintains the existing rates, but the Hon. the Finance Member has given an assurance that it is the intention of the Government to reduce the post-card rate from 9 pies to 6 pies as soon as administrative measures can be taken to enable him to do so : and that when that is the case, which he anticipates will be by about the 1st of July of this year, the reduction in the post-card rate will be given effect to by a notification under section 7 of the Indian Post Office Act.

Certain changes have been made in respect of the proposed Customs and Excise duties, for the first of which I would invite the attention of Hon. Members to sub-clause (a) of clause 6 of the Bill now before the House. The original proposal was to fix the rate of customs duty on betel nuts at the standard rate of -/5/6 per lb. with a preferential rate of -/5/- per lb. Consequent on a change in the excise duty on betel nuts, to which I will come presently, these rates have been modified to the standard rate of -/5/- and a preferential rate of -/4/6 per lb. respectively. The second change refers to sub-clause (b) of clause 6 of the Act, in which the rate of duty on unexposed films is expressed as 3 pies per linear foot as against 6 pies a foot contemplated in the original proposals. The reason for this change was to give further relief to the raw material of an important industry in the country.

A new clause has been inserted in the Bill during its passage through the other place. I refer to clause 7 dealing with the duty of customs on kerosene and mineral oils. The reason for this is to reduce the rate of customs duty on kerosene from 3 annas and 9 pies per imperial gallon, which was the rate originally proposed, to 3 annas per imperial gallon. The excise duty will automatically be modified to the same extent, for the reason that the duty of excise on kerosene oil is stated in the relative excise enactment to be the duty of customs leviable for the time being.

I now come to the excise duty on betel nuts, in regard to which I would invite the attention of Hon. Members to clause 9 of the Bill. Our original proposals contemplated no change in this duty, but during the course of the discussion on the Finance Bill in the other place the Hon. the Finance Member agreed to a reduction of 25 per cent., that is, from 2 annas to 1½ annas per lb. Subsequently, in the discussion on clauses, the Hon. Member agreed to go further and to give a 50 per cent reduction in the excise duty on betel nuts. Consequently in the Bill now before the House the alteration is from the rate of 2 annas per pound to the rate of 1 anna per pound.

**THE HON. MR. SUSIL KUMAR ROY CHOWDHURY** (West Bengal ; Non-Muhammadan) : On a point of order, Sir.

**THE HON. THE PRESIDENT.** : Let the Hon. the Finance Secretary finish his speech.

**THE HON. MR. SUSIL KUMAR ROY CHOWDHURY** : It is an important point of order, and I want to raise it before the Hon. Member finishes his speech. The Bill, as passed by the Legislative Assembly, and as placed on the table of this House, says that the inland postage rates shall continue as they are.

**THE HON. SIR CYRIL JONES** : I have already explained that point. I am sorry the Hon. Member has not appreciated what I said. If he will speak to me personally later, I will explain. The point is that the proposed post-card rate change cannot be given effect to immediately, for administrative reasons. The rate therefore appears in the Bill unchanged. But it is intended to give effect to the reduction of the post-card rate by notification as soon as we are administratively in a position to give effect to it.

Sir, on the subject of income-tax, two changes of substance have been made. The first one refers to the application of section 23A of the Income-tax Act to companies to which that section applies, that is, companies in which the public are not substantially interested—which I would call, private companies' for short. This modification of the proposals involves in itself two changes. The first change is the elimination of a provision in the original Bill which exempted private companies from the operation of section 23A in the case of companies liable to pay the additional super-tax. Numerous representations have been received that this proposal

was open to the serious objection that we were acting prejudicially to the interests of private companies, not merely prejudicially but unfairly, in compelling them to submit to provisions—

**THE HON. SIR SHANTIDAS ASKURAN:** Does it refer to compulsory payment of 60 per cent. dividend ?

**THE HON. SIR CYRIL JONES:** Yes. The objection was that we either penalised them, that is, their shareholders, in terms of section 23A if they did not declare a 60 per cent. dividend, or we penalised them with the additional dividend tax if they did declare a 60 per cent. dividend. We have received numerous representations on this subject and we accept the view that there is an element of unjustified hardship. Therefore the provision proposed in the original Bill—that was sub-clause (11) of clause 9 of the Bill as introduced in the Legislative Assembly—has been omitted and in place of it a clause has been added—I refer to clause (iv) in paragraph D of Part II of the Schedule, on page 7 of the Bill—by which “the additional super-tax shall be payable only by a company in which the public are substantially interested within the meaning of the *Explanation* to sub-section (1) of section 23A of the Indian Income-tax Act, 1922, or a subsidiary company of such a company . . . . .” and so on. The effect of these two amendments, the repealing of the original provision and the insertion of this new provision, meets the objections that have been raised, by taking out of the mischief of the dividend tax altogether companies to which section 23A is applicable: in other words, section 23A remains in operation and in respect of those companies the provisions of appeal regarding additional super-tax do not apply.

**THE HON. SIR DAVID DEVADOSS:** May I ask a question for information, whether the expression “earned income” includes pensions paid to retired public servants? I am putting this question because the Madras Income-tax Officer seems to think that such pensions are not within this expression. I should like to have an authoritative interpretation.

**THE HON. SIR CYRIL JONES:** I would rather deal with individual points later, because they tend rather to interrupt the trend of my speech. I am merely referring to changes that have been made as the Bill passed through the Legislative Assembly.

The final change refers to clause (c) of the *Explanation* on page 8 of the Bill now before the House. This clause has been inserted to clarify the position of companies such as tea companies whose total income for the purpose of the Central income-tax is only a portion of their total profits. To illustrate the reason for this provision, I will refer to the case of tea companies, as they are the best known and the most usual examples, in which case 40 per cent. of the profits are subject to Central income-tax and the other 60 per cent. is regarded as agricultural income. The provisions in section D regarding the dividend tax as originally drafted did not cover cases like this. For example, I would refer to the definition of “capital of the company” in clause (a) of the *Explanation*. Now, in a case such as a tea company, we take *pro rata* figures over the whole field: that is, for purposes of Central income-tax, we take 40 per cent. of the capital of the company, and we also take 40 per cent. of the total amount of dividends and the amount of dividends payable at a fixed rate. Thus, so far as dividend is concerned, we treat, just as we do in the case of refunds, 60 per cent. of it as agriculture and 40 per cent. as taxable income. This amounts merely to the correction of an oversight in the drafting of the original Bill. It is obviously an eminently fair provision.

There is one other change made in the Budget proposals which is not reflected in the provisions of this Bill and that is in regard to matches. The Hon. the Finance Member has decided that, by reducing the excise duty on matches to such extent as may be necessary and by making certain necessary administrative changes he will endeavour to secure a suitable box of matches which can be sold at 6 pies per box against the present minimum price of 9 pies. This is a very complicated matter which raises numerous questions—economic and business questions—which will have to be fully examined and a suitable scheme worked out in consultation with the industry. But the intention is to work to a 6 pies box of matches and to give effect to that proposal as soon as suitable arrangements can be made.

**THE HON. MR. HOSSAIN IMAM :** Will the Hon. Member give us some idea of the number of sticks ?

**THE HON. SIR CYRIL JONES :** I cannot anticipate what arrangements may be made.

**THE HON. MR. HOSSAIN IMAM :** It should not be less than 50, Sir.

**THE HON. SIR CYRIL JONES :** There is only one other matter to which I need refer at this stage, Sir, and that is in regard to the date of effect of the various changes that have been made in customs duties and the excise duties. By virtue of the declaration under the Provisional Collection of Taxes Act which was printed with the original Finance Bill, all the changes which the original Bill purported to make in the customs tariff, except the provision relating to raw cotton, were given effect from the 1st March, 1946. Similarly, by a suitable provision in clause 8 of the Bill now before the House, the alteration of the excise on motor spirit took effect from the same date. The reduction in the duty on kerosene, which originally stood at 4 annas 6 pies, was provided by clause 4 of the original Bill which removed the surcharge hitherto levied on this commodity. No specific provision for reduction of duty was therefore necessary, and this change also therefore took effect on the introduction of the Finance Bill. The changes which have since been made in the rates of excise duties on betel nuts and unexposed cinematograph films are changes made in the text of the Bill and therefore will likewise take effect from the 1st March. The further reduction of customs duty on kerosene and the reduction of excise duty on betel nuts have been effected by the addition of new clauses in the Bill and these will therefore have effect when the Bill becomes law.

I think, Sir, that what I have said fully explains the various changes that have been made in the original Budget proposals and I commend this Bill to the consideration of the House. Sir, I move.

**THE HON. THE PRESIDENT :** I made inquiries and I am just now informed that the Bill was circulated to all members last night. Though it was laid on the table this morning, it was circulated last night to all.

**THE HON. MR. G. S. MOTILAL :** I got it only this morning, Sir.

**BRIGADIER THE HON. SIR HISSAMUDDIN BAHADUR (Nominated Non-official :** Mr. President, Sir, we all greatly admired the ability and clarity with which the Secretary of the Finance Department dealt with a vast and complicated subject the other day and today. His speech was listened to with profound attention and also with contentment and relief when he made it clear that not only was there to be no increase in the income-tax for the vast majority of assesseses, but also that the E. P. T. was being abolished. I welcome the Budget proposals wholeheartedly. I regard them as well-designed and sensible, and I would like to express my appreciation of the way in which the country is being guided from conditions of war to peace economy. The whole economic life of the nation has to be readjusted to new conditions, and finance is the instrument through which this readjustment must be imposed, and the masterly way in which this difficult problem is being tackled augurs well for the future of this country. Having expressed my general commendation on the Finance Bill, I want to turn to one or two points of detail. When I read the taxation proposals of the Hon. Finance Member at the time the Budget was placed before the House, I felt that while relief was given to the industry and also to the middle class people, greater relief should have been proposed for the poor who live only from hand to mouth. I am glad to find that the Hon. Finance Member has changed his mind and made fresh proposals for giving greater relief to those miserable and distressed men who deserve more help from the Government. The reduction in the rate of post-cards, in the price of kerosene and in that of matches and betel nuts will no doubt go a great way to their relief.

Tobacco brings a large income to the Government and I appreciate the difficulty in its total abolition or reduction. But I would suggest that income made from tobacco, salt etc. should be utilised in improving the Railways by putting up double lines wherever possible to avoid train clashes and consequent disasters.

Speaking on the food situation which was discussed at length in this House a few days ago, I referred to the grave menace of famine which faces this country.

I can only join the appeal made by His Excellency the Viceroy that food should be kept out of the sphere of party politics, and therefore I sincerely regret the refusal by the largest political party in India to accept the offer of the Viceroy to join the Food Committee proposed by him.

Now coming to my own Province of N. W. F. P. We have made repeated representations for increasing the subvention to our province from the Central Revenues. Even during the last visit of His Excellency to our province we had  
 18 NOON raised this question before him for due consideration. The reasons for our insistent demands are not difficult to understand. There is an increase in our defence requirements, in addition to the urgent and imperative need for developing and improving the province. Bleak and barren as the North West Frontier Province is, the people on the whole are poorer and are therefore unable to meet the high incidence of taxation. Extensive capital schemes to add to the wealth of the province and exploit its natural resources are necessary. There is a serious shortage of water for drinking and irrigation in Kohat District, Tehsil Banda Duad Shah—Khattak tribes. It is a fact in certain places they get drinking water from a distance of about 10 miles. They earnestly require a lot of sinking of wells. The grant of subvention will be of a great help to the people of this area who served in the Indian Army so loyally and bravely in this war and won one V. C. (Kohat District). I hope that my Hon. friend the Finance Secretary may be pleased to give me something in his reply which I may carry home to my people and some hope of relief in this direction. As a soldier accustomed to the hard realities of the situation, might I be permitted to point out the serious consequences of an extension of the trouble now brewing in Iran and threat of Russia and its effect on the international situation? The North West gateway of India must be well defended by a people well satisfied and content.

Now I come to a matter which is very much in the minds of most of us. The Cabinet Mission has arrived in India, and momentous decisions are in the making. During the next few months, our leadership will be on trial. Should we through our political parties and leaders fail to invoke agreement, all the praiseworthy efforts of our two peoples will be futile. I believe there is a tremendous desire today to co-operate with the British people in the national interest and not to consider part manoeuvrings as the primary motive. But if we are to take advantage of that desire, if we are to mobilise that patriotism, it is necessary that our well-organised and rich brothers, the Hindus accept the division of India because I sincerely think that without such a division there cannot be permanent peace in India and between the Hindus and Muslims. I am a true son of India and I want harmony between the two great nations of India and it is for this reason that I adverted the division of India into Moslem India and Hindu India. Moreover I feel in the heart of hearts that this division alone will harmonise the two nations in all branches of administration. At a time like this, it behoves the great Hindu nation to understand the viewpoint of the Muslim nation, although it may not be of their own political hue. We ask for only one fourth of India—the areas where we are in an overwhelming majority and I hope that the Hindus will eventually realise that this is as much in their interest as ours. This provides the only basis on which freedom for us both can be assured. We have come of age, and partition should be as harmless an affair as separation in a joint Hindu family. Hindus and Muslims must each have its legitimate share and no more, if the purposes to which both of us have devoted ourselves are not to be frustrated.

I will say only one thing more. Once Hindus and Muslims have become masters in their own separate homelands we can join and be a source of strength and help to each other. For one of the tenets of the great Muslim religion is respect and toleration of its neighbours. Once our rights are conceded we shall join you in making this continent the most powerful and progressive in the world.

So far I have tried to place my views over the question of India attaining freedom. If the talented Cabinet Mission be so fortunate as to succeed in making Hindus and the Muslims so that they may govern the country in their own way. The most important thing that we shall have to tackle is the defence of the country. Although I know that neither the Congress nor the Muslim League will ask the Britishers to remove all their military weapons of offence and defence at once, yet I must point out

[ Sir Hissamuddin. Bahadur ]

that if the Congress or the Muslim League do not take immediate steps with the help of the capitalists and industrialist to manufacture their own military weapons they will be facing a very great risk. In my humble opinion India should be independent lest perhaps it will be in her own interest that she should remain in the Commonwealth of the British Empire. So that the connection between India and British is not cut off altogether. I heartily endorse the announcement by C.-in-C. in today's *Statesman*, about handing over of Indian Army in a peaceful manner to the Indian. As a loyal soldier of 47 years service, belonging to the traditional Indian Army, this announcement came as great news to us. But I fervently hope that handing over and taking over should be spread over a length of time to enable the young and promising Indian officers of whom there is no doubt, to gain experience in order to assume this great responsibility. At this juncture if all the British officers who hold key positions in the structure of the Indian Army go bag and baggage at short notice, it would jeopardise the smooth running and functioning of the Indian Army. I sincerely, honestly and loyally request my countrymen, leaders of both nations not to accept the control of the army in haste until the civil administration and law and order run smoothly and peacefully and they are ready to take over the control of the army, otherwise we will be responsible for the consequences. I urge the British Government that they hand over the civil administration to Indians and have the control of the army in their own hand at present and transfer that when everything goes alright and peacefully in India.

On the other day when the Food debate was on I said that the sooner the control on food and textiles could be abolished the better. I had good reasons to make the statement. What is the result of the control? It is generally said that control has brought about hoarding and hoarding is the source of black marketing. If there were no control there would have been no hoarding and if there were no hoarding there would have been no black marketing. A trader hoards because he knows the longer he can keep his articles out of the market the higher is the price he will get. If there be no control he will be forced to bring out his articles of food and send it to places where such articles of food are not available, that is to deficit provinces where people are groaning under the burden of hoarding and profiteering. My second reason is that if control is discontinued a very large amount of expenses that is now being incurred to maintain the department of control will be free and the amount thus freed may be utilised in the campaign of "Grow More Food".

THE HON. RAJA YUVERAJ DUTTA SINGH (United Provinces Central: Non-Muhammadan) : Sir, I am glad to say that the Finance Bill as it has emerged out of the other place, is a distinctly better Bill than what it was at the time of introduction. The following points are specially noteworthy. The price of post cards has been reduced to half an anna, from the 1st of July. The duty on kerosene has been reduced to an anna and a half per gallon; and the price of a match box to half an anna. The excise duty on betelnuts has been reduced to an anna per pound. It must be acknowledged that all this will give some relief to the poor. The concession in the income-tax is calculated to be helpful to the middle class people. But this does not mean that the Bill has no objectionable features about it. Telegraph rates have not been reduced, nor the price of letter postage. The most serious defect in the Bill is, in my opinion, the retention of the salt duty at its present level. The salt tax ought to have been substantially reduced, if not altogether abolished. The agitation against this iniquitous tax has been continuously going on ever since the time of Gokhale, but nothing substantial has been done. All this is a humiliating reminder of our political subjugation. Sir, it is proposed to discontinue the excess profits tax. This is no doubt hailed with delight by those who, for the most part, have made enormous profits during the war. To translate a vernacular saying, it is like pouring more oil on an oily head.

Sir, I must take the earliest opportunity of recording my protest against the proposed imposition of what has been ominously called the death duty. The Defence expenditure for 1946-47 stands at the high level of Rs. 244 crores; and this, in all conscience, is a recklessly extravagant figure. The termination of the war ought to have been followed by a more reasonable curtailment in our military expenditure. The civil expenditure too is undoubtedly high; and if this process continues it would be necessary to constitute a Retrenchment Committee to carefully examine, and ruthlessly curtail the over-growth of expenditure, specially, to take an instance

at random, in the Central P. W. D., and in many other departments. I will mention only one or two instances. Innumerable series of military barracks have been built in Delhi for the housing of American troops. But they have been built at places, like the Connaught Circus, and on the *maidan*, where obviously they will not be allowed to stand, after the troops have left the country. They will evidently be dismantled, and the building materials sold at highly uneconomic prices. Have not the Central Government to foot the bill? And if so, these structures ought to have been put up at places where they would have been allowed to remain, more or less permanently, to provide accommodation for clerks and ministerial officers.

Sir, the expenditure involved in the trial of I. N. A. men is another instance of thoughtless extravagance. It has raised an unprecedented storm of feeling in the country and the action of the Government is denounced by all political parties. Sir, punishment loses its force if it fails to enlist the moral support of society and the judge who pronounces his verdict loses his moral authority. Sir, if the name of the I. N. A. is surrounded by a halo of glory in India today, it is the Government and the Government alone that are responsible for having raised them to the proud position of heroes and martyrs, and placed that priceless crown of thorns upon their head.

Sir, I must now make a passing reference to one or two topics before bringing my remarks to a close.

I wish the Hon. the Finance Member had thrown more light on the important matter outstanding between India and the United States of America, about the settlement of Lend-Lease, and Reciprocal Aid, and its financial implications, which has long been hanging fire. The House also would be interested to know how, and on what principle the Government propose to dispose off the immense amount of stocks and installations accumulated by the U. S. A. in India during the war, and now no longer required by them. Medical equipment, electric installations, and motor vehicles, are specially suited for civilian use and Government should be on the guard that there must not be what I may call, any cornering, profiteering, or blackmarketing in the disposal of such stocks, as the tendency already seems to be.

Sir, the Budget discloses no proposal in any definite form for the early establishment of such vital and key industries, as ship-building, and aircraft production, which a National Government would have undertaken.

The grim spectre of famine threatens the land with devastation, unless speedy and effective measures are devised to cope with the situation. Immense quantities of foodgrains, such as rice and *atta* have been allowed to be wasted and deteriorated, specially in Bengal in recent months, apparently without any steps being taken to bring the erring officials to book. I have myself brought this subject to the notice of the Government from time to time, through interpellations: but the replies, as usual, are evasive; and more designed to shield the officials than to do justice. Sir, I must here put on record our sense of thankfulness to His Excellency the Viceroy for the prompt steps which he has taken, to save the country from the horrors of starvation and famine, with which we are threatened. I am sorry to say that the system of food rationing is faulty and defective; and imposes much hardship upon the poorer class of our people. The rationed foodstuffs are also, generally speaking, not wholesome. They are often mixed up with coarse ingredients, which make them unfit for human consumption. This should be strictly guarded against, otherwise the devastation of epidemics will be added to the horrors of starvation. Sir, I must here make an earnest appeal to the Government to send more foodgrains to my Province of the U. P., as there is a serious scarcity of food in spite of the best efforts of the Provincial Government.

Sir, the system of cloth rationing also borders on the scandalous. It opens the door wide to nepotism and corruption; and immediate and effective steps must be taken to provide adequate food and cloth to the people. The belly accepts no bail, and a hungry man is an angry man. The situation is extremely delicate and dynamic; and unless handled properly and with care, it contains within itself the seeds of revolution and lawlessness. Nothing has made the present Government more unpopular with the masses in recent years than the bungling and corruption over food and cloth rationing. It is high time that petrol rationing should go, or at least substantially modified in the interest of road transport, and the general convenience of the public.

[ Raja Yuveraj Dutta Singh ]

Sir, one word more, and I have done. India today stands on the threshold of big events. The Cabinet Mission is at this moment forging the political destiny of this country. All parties and interests must be given a fair hearing. But I am sorry to say that some main elements have been left out in the cold shade of neglect. Take for instance the class that represents the landed interests of the country, the landlords, the zemindars, the taluqadars; and the tenants, the agriculturists. It is, I believe, not yet too late to mend. Let it not be said that the most vocal and the vociferous have been given a hearing; while those, who are less given to shouting and gesticulating, have been relegated to the limbo of oblivion. The different elements in the national life of this country must be welded into a harmonious whole; and I trust that British and Indian statesmanship combined is fully equal to the task. Indian soldiers have fought with gallantry and glory in the different theatres of this global war in defence of the liberty of other nations; and should they now see their own motherland shackled in the chains of slavery and humiliation? A free India is the strongest security of world peace; while an India in bondage, sullen and discontented, is the greatest menace to the peace of Asia and the world. The failure of the present Cabinet Mission, Heaven forbid, will be the signal of a conflagration, which will engulf the whole world in its consuming flame. Let statesmanship, patience, and toleration guide the deliberations of those in charge of our destiny: and let not "Too late" be allowed to be written on the last chapter of Indo-British relationship.

THE HON. SIR DAVID DEVADOSS (Nominated Non-Official): Sir, I congratulate the Hon. the Finance Member as well as my friend the Hon. the Finance Secretary upon the few amendments that have been made in the Bill as originally laid. We are thankful for small mercies. I would ask the Finance Department to have a better scrutiny of the accounts of the various departments. The proceedings of the Finance Committee make very sad reading, where it is said that lakhs if not crores were spent and no proper accounts were kept and no proper vouchers shown, and the Auditor General had to find fault on more than one occasion, but as yet no remedy has been found. I think I mentioned this last year and the year before, and I would again ask the Finance Department to have a better scrutiny made of the accounts and to bring to book people who are found guilty. No doubt during the war there was always the excuse and on account of the war they could not attend to this, that or the other. Now the war is over and we cannot afford to waste our resources in this way. I therefore ask my Hon. friend the Finance Secretary to insist upon proper vouchers being produced for every item of expenditure so that we may not lose money in more ways than one.

In this connection I am compelled to bring to the notice of the House that there is a lot of corruption going on. If an ordinary policeman gets Rs. 2 or Rs. 3, we call it bribery; if an inspector receives Rs. 100, it is called corruption; but when an officer gets a lakh of rupees, it is considered as war effort! That is the way things are done. I do not know; I only hear things. If one is tempted to believe all that one hears, things are horrible; people are making money not in thousands, not in lakhs, but in crores. I mention this only to show that there should not be allowed any kind of leakage, and all controls ought to go. That is my sincere conviction. As long as controls are there, there is every chance of people making money improperly. No doubt it may be said that if you take away controls there would be a lot of trouble. No doubt for some time there would be. But, after all, a man cannot hoard rice or paddy or gram for a long time. If he keeps the stuff for more than a few months, it will all get rotten; and there will be other people to sell. Therefore, I say, the way in which the present controls are managed is not at all to the credit of the Government.

There is one other thing which I must say. Last year also I mentioned this fact. In Kodaikanal, which is, as the House knows, a health resort, the population is about 20,000. There is only one motor road connecting this town with the railway station, called Kodaikanal Road Station; the distance is about 50 miles. Along this road only one company, a one-man company, is allowed to run a bus service. The result is that poor people, who should pay one rupee ordinarily, are obliged to pay five rupees and sometimes more, because the man on the spot says: "There

is no room in the second class; you better travel first class". The poor traveller is obliged to pay that. Not only that. The proprietor of this one-man company is also a trader—he deals in grocery and other things. He buys a lot of provisions and vegetables and fruits like pears and so on, and he sends them down. The result is that other people, have to engage what are called country carts to take things down, take as many as four days to get the things down. My Hon. friend knows Madras and he can support my statement. The result is that other people suffer. This man is able not only to undersell other people, but to send his fruits in a fresh condition to Madura, Dindigul and other places. Thereby he stands in the way of other people doing business. When I made these remarks last year, the then acting Secretary of the War Transport Department made a reference to the Madras Government, and the Madras Government at once published a communique saying that my statement was wrong. When I went to Madras, my attention was drawn to it, and I at once wrote to the Madras Government and said: "Look here, your statements are all wrong. These are the true facts. If you do not reply to my letter, I shall be obliged to publish the facts". I wrote and waited. The Government of Madras did not choose to reply, and I had to publish the correspondence and the facts in the papers. What I say is, unless you have more than one company working, you allow one man or one company to do as it likes. The result is, the one company or one man makes a lot of money. That man has become a millionaire, and the people are suffering. Why not allow another company, a respectable company, to work a bus service on that road? I want this matter brought to the notice of the Madras Government, so that for the coming season at least another bus service will be available to the poor people. This is the beginning of the season—it begins on the 1st of April. By allowing only one company to run buses you prevent ordinary people from having access to Kodaikanal, and you also stand in the way of—

**THE HON. THE PRESIDENT:** Is there a contract with that company? Has it got a monopoly?

**THE HON. SIR DAVID DEVADOSS:** It has got a monopoly; it has been having a monopoly for some years.

**THE HON. THE PRESIDENT:** But if a monopoly has been given by contract, how can it be removed?

**THE HON. SIR DAVID DEVADOSS:** There is no contract. Government did not give the monopoly by contract. They simply allow this man to run the bus service. He calls his concern the Kodaikanal Motor Union. It is no more a union than anything else. The thing is, he has got some influential persons, and they are able to influence Government. I do not want to give the name of anybody. They say: "So and so is my man; let him have it". Other people suffer. This monopoly ought to be stopped at once. I make this suggestion with all the emphasis I can command, that this ought to be done at once, because the season is beginning and people are suffering. Allow other people to run buses on that road. There are several respectable companies. I do not hold a brief for anybody. I have no concern with any company. I have no interest in any concern. I say this in the interest of the people. Of course I am not affected. I can get a car and go up. But the ordinary poor people, workmen and others,—they are affected; the merchants are affected. They are not able to get the things they want. My Hon. friend Sir Eric Conran-Smith is not here. I do hope that the Transport Department at least will take this matter up with the Madras Government and draw the attention of that Government to the hardships suffered by the people. I wrote to the Government, but they have not answered me. People are suffering, and a lot of complaints have been made and representations have been made to the Governor and so on, but nothing came out of all that. Therefore, I would ask the Government, whether it be the Finance Department or the Transport Department, whatever Department it may be, I would earnestly ask the Government of India to represent properly to the Madras Government and see that this hardship is removed without delay.

**THE HON. SIR SHANTIDAS ASKURAN (Bombay: Non-Muhammadan):** Mr President, it is in a very different atmosphere, very different from previous years that this House is called upon to debate on the Finance Bill today. Not far away from us are the three Hon. Ministers of the Cabinet Mission engaged in a momentous task—upon the result of which so much depends—and I am sure I am

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expressing the feeling of every section of this House when I say that our good wishes and prayers are with them in their endeavours. It is heartening to hear from the Secretary of State himself that the Mission refuses to contemplate a failure. That is the right spirit. And if every Party which goes to these discussions, approaches the problem in that spirit, there need be no thought of failure in any quarter. I shall only say this. At this critical time, critical not only in the history of this country but in the history of the world, the failure of the Mission only mean disaster—disaster as much to Britain as to India. I know Sir, that past events have engendered a good deal of bitterness and distrust in the country. It has been all these years a sad story of broken pledges and forgotten promises, but today a new feeling is surging up, a new feeling of hope and confidence, thanks largely to the spirit in which the Labour Government in England is dealing with great world problems and is facing its task in India. It is due to this, we feel, that Britain means this time to redeem its pledge and create a new relationship between the two countries.

I am saying this not as a politician but as a businessman. We feel greatly heartened by the Prime Minister's speech of 15th March, in which he seemed to recognise very fully the need for an urgent solution of India's political problems on the basis of complete freedom. We, who live in this country with a stake in the land, cannot, however, help feeling uneasy over the growth of the forces of violence. They have been expressing themselves in a number of ways. We have had signs of unrest not only among industrial workers but postal and telegraph employees, railway workers and even the police and some branches of the fighting forces. I regret to say, Sir, that there have been too many references to the "shedding of blood" by many in responsible positions. Events in India are profoundly affected by events in other parts of Asia. We are glad that the Prime Minister has recognised that the temperature of 1946 is not the temperature of 1942 or of earlier years. We all hope most earnestly that the Mission, which includes two such old friends of India as Lord Pethick Lawrence and Sir Stafford Cripps will come to speedy and just conclusions. India needs not only a representative government but also a stable government. Problems like famine, cloth shortage and post-war planning cannot be tackled satisfactorily except by such a Government. Our leaders who are men not only with courage and determination but also with vision should apply their gifts to constructive purposes. The Cabinet Mission, therefore, cannot afford to fail.

I am glad, Sir, that the Hon. the Finance Member has tried to introduce a new spirit in the Finance Bill discussions this year and improve the relations between the two sides of the House. He has redeemed his pledge—to the extent at least that he has modified the Finance Bill and given a number of tax-reliefs estimated at about Rs. 5 crores. I wish he had gone further to relieve the burden on the poor man, but even this gesture which he has shown deserves appreciation, and I congratulate him on it. He has tried to enter into the spirit of the times and show, by his own example, that the Government, even this irresponsible Government, stands only to gain by responding to the wishes of non-official members. He is today in a more fortunate position than his predecessors, for he is not facing us this time with a certified Finance Bill as has been the case in former years. The constitutional objection to the present Government is there. We can never get away from that. But the Hon. the Finance Member has, I am glad to see, tried to give a popular touch to his Budget—both in originally framing it and subsequently in amending its provisions to meet popular wishes. I do not say the Bill as it stands is what an Indian Finance Member, responsible to public opinion, would have presented to us. Far from it, but it would be ungracious on our part not to acknowledge the keenness which the Finance Member has shown to understand our point of view and meet our suggestions.

In my speech on the General Budget I referred to the present abnormally high degree of taxation and its ruinous effect on production—the one thing upon which we have to depend for building up the peace-time economy of the country. I am very glad, Sir, that the Hon. the Finance Member has undertaken to set up a Taxation Enquiry Committee. It is already overdue, but I hope that the Committee, when appointed, will not only have strong, able and authoritative personnel but will have also sufficiently wide terms of reference. The taxation system of the Government of India has been a haphazard growth, arising partly from old conventional ideas and

partly from the whims of successive Finance Members. Neither its effect on agricultural development or industrial economy nor its inequity so far as the poorer classes of this country are concerned have been given proper attention. The whole taxation system has to be scientifically reviewed in order to ascertain not only the taxable capacity of various classes of people so that we may be able to secure equitable distribution of the tax burden and give relief where due but also to examine the effect of every tax on economic development and see what should be done to remedy the evils. In a recent issue of the *Eastern Economist*, I read an interesting article which has referred to some of the anomalies of the present taxation system from the point of view of industrial growth and public needs. It says: "The position today is that according to the Budget estimate of 1946-47, out of a total revenue from import duties of Rs. 66.57 crores, protective duties contribute only Rs. 1.87 crores or nearly 1½ per cent. while the revenue duties account for all the rest".

**THE HON. SIR CYRIL JONES:** That shows that the protective duties have been effective.

**THE HON. SIR SHANTIDAS ASKURAN:** It points out that the greater part of the yield comes from duties on imports of raw materials and machinery and articles of mass consumption and that there is no denying the retrogressive character of these duties. As regards excise duties, which now stand at about Rs. 50 crores as against Rs. 10 crores in the pre-war year, the journal points out that wherever a protective duty ceased to yield, an excise duty on internal production or consumption has been levied and that in many cases the rate of tax is many times the cost of the article itself. I fully endorse the suggestion of the *Eastern Economist* that the Taxation Enquiry Committee should be asked to make a special study of taxation from the point of view of production and consumption with a three fold view—viz., to give the maximum relief in respect of articles of mass consumption, to subject luxuries to fairly heavy taxation and to deal lightly with raw materials of industry and machinery. I hope that the States will also be associated with the Committee so that we may be able to evolve a uniform policy throughout the country.

Sir, if there is to be tax relief to the poor to the maximum extent possible the first thing that the Government should do is to cut down drastically the present scale of public expenditure. Before the war, our tax income was less than a hundred crores, but look at our expenditure figures today—over 500 crores this year according to our revised estimates of which Rs. 376 crores are appropriated for Defence, and an expenditure of over Rs. 355 crores in the coming year of which nearly Rs. 250 crores are for Defence. It is impossible for the people of India, in their present condition, to bear this enormous burden year after year. I would appeal to the Government that along with the inquiry into taxation, the Government of India should also have an economy Committee to reduce expenditure and economise the cost of the administration in every way. The public is entitled to ask that there should now at least be an end to the bloated war-time budgets and that we should go back to pre-war standards of expenditure. If any additional expenditure is to be imposed, it should only be such expenditure as could and would directly increase the country's production and raise the income of the average man or is absolutely necessary for the country's defence and security. So long as there was the heavy strain of war on their shoulders, it may not have been possible, I agree, for the Government to go too meticulously into these questions of economy. With victory as the only objective, normal control and strict scrutiny were not always possible. They had to get things done whatever the cost. But now that the war is over they should think, first and foremost of economy and devote all their energy and resources to the reduction of public expenditure to the minimum with the least possible delay.

It is well-known to the House that at the end of the last war Sir Malcolm Hailey—who was then Finance Member, appointed a Retrenchment Committee with Lord Inchcape as Chairman and Sir Purshottamdas Thakurdas as one of the members. That Committee, Sir, recommended far-reaching economies and brought down civil and military expenditure considerably. It was, if I may say so, a committee of businessmen to apply business methods to India's expenditure. I am aware, Sir, of the argument that if economy in regard to expenditure on Defence is carried too far, there is a great risk involved. There is not the slightest doubt that, especially now, with

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India within sight of her independence, we should take every care not to be over-hasty in cutting down expenditure on essential items in connection with our defence. Though we all wish an era of success for the U. N. O. and pray that the world may be spared the horrors of war hereafter, it would still be imprudent to take the peace and security of the world for granted.

But, Sir, even on this basis I am confident that there is considerable room for economy. While on this point, I would also suggest an examination by experts of our Defence expenditure from the standpoint of spreading it more evenly on the different branches of defence. I have particularly in mind the Air Force and the Navy. There must be an examination undertaken on these newer branches of defence for their proper development. I cannot help feeling that the structure of the War Department in India with the Army in the position of senior partner, imposes an undesirable restriction on the development of the Navy and the Air Force.

I am glad to find from the speech of the Hon. the Finance Member in the other House that he realises that "the time has come to overhaul the Government machinery from top to bottom". I hope that there will be no undue delay in carrying out this overhaul in the tax-payer's interests. In this connection may I refer to one important Department of the Government of India—the Civil Aviation Department—over which Sir Frederick Timms, has been presiding for the last 15 years. No one can under-estimate the importance of civil aviation or the scope available for its development in this country. But what is the position! After spending over 30 crores in these 15 years, the record of one of its most important branches of activity—the training section—is that today we have only 60 B class Indian commercial pilots. Is that a record of which the Civil Aviation Department of any country can feel gratified? It was the Government's duty to look ahead, to provide adequate facilities for training, to bring into the field as many pilots as other countries are doing and develop civil aviation on a sufficiently large scale to serve the needs of this vast country. Instead we find this pitiful record—and now to add insult to injury, a number of British experts are being brought in though Indians could have been easily recruited and trained for these very posts.

I am surprised to find that though the experience of the first world war is still before us, there is a tendency to be far too complacent about the future and to take things leisurely—even in official circles. I frequently visited Europe from 1926 onward and saw the effect of post-war depression. Everywhere it was scarcity and poverty—the results of a shattered economy. The after-effect of every war in the past has been economic depression. There is a further danger this time, because the whole continent of Europe and the Far East who are just emerging from the crushing grip of war for six years, are now more or less prostrate. The effect of it will be felt on the whole world including India. I well remember what happened after the last war. People who had made lakhs and millions found, when the slump came, that their wealth had vanished—some found it difficult even to maintain themselves. Industrial concerns worth millions had to close down and their materials sold as scrap. History may or may not repeat itself. I hope and pray it will not happen but even today there are warnings enough in the present condition of our country if we only care to heed them. We are on the verge of a famine which, if immediate help does not come from abroad, may be more terrible than the Bengal famine. Everywhere people are suffering from widespread commodities scarcities, and high prices. And now that the war is over, even the artificial prosperity which it brought to some classes will dry up. Let me appeal to the Government and my business friends that this is no time for complacency. The only hope of the country lies in increasing production, in finding new avenues of employment, in limiting drastically unproductive Government expenditure and in utilising all our available resources for the one purpose of steadily building up the country's economy. For this purpose we have all to pull together. If we falter or fail, we will find ourselves overtaken by an economic disaster which may shatter our country's economy for many years to come. It is a tragedy, Sir, that the Planning Department, which when it started had raised such high hopes in the country, seems almost to be collapsing. Its distinguished head, Sir Ardesahir Dalal, who goes we all know brought to his new responsibilities as Member of Government such great vigour and enthusiasm, found himself obliged to sever his connection within

little over a year. And the Department's Economic Adviser has also gone,—for the reason, as his public statements show, that he felt that no useful work was possible under present conditions. What greater condemnation can there be than the charge that he had experienced in the Planning and other Departments an attitude of non-co-operation and obstruction even in dealing with urgent and essential proposals for real planning ?

There are just one or two matters more, Sir, upon which I wish to touch. According to the Hon. the Finance Member's statement in the other House, there are still over 130 controls in existence. For most of them there is no justification at all. I can understand the need for keeping necessary control over food, cloth, or sugar which are daily necessities of life in order to cope with the present shortage. I can understand also the need for having control over the import and distribution of raw materials essential for vital industries, as otherwise it may result in serious inequalities and expose industry to avoidable hardships. But have the Government made out a case for keeping still the other controls. In fact, as soon as the war was over, the Government should have considered it one of their first duties to bring to an end all controls and keep only those which are absolutely essential for general public welfare and the maintenance of internal economy. But where is the necessity for still keeping so many import and export controls at considerable cost to the tax-payer and serious inconvenience to the public ? The only result of these unnecessary controls has been increase in corruption and black marketing with consequent increase in the hardships and sufferings of the people. The Government have repeatedly admitted the existence of corruption in official ranks. The leader of the European group in the other House made pointed reference to it and suggested certain proposals for eradicating this evil. The Hon. the Finance Member was frank enough to express his full agreement, but are the Government satisfied that they have taken all the steps necessary for eradicating this grave evil which is causing such great suffering to the people and corroding the administrative machine itself ? I am afraid that the Government have not sufficiently realised that it is an evil which has come more from the top to the bottom than from the bottom to the top. Whatever action they take, they must bear this in mind.

I would like particularly to call the Government's attention to the way in which controls are exercised to the detriment of industry itself.

The urgent need of the country is the import of capital goods. Industrialists in this country are anxious to import them. For one reason or other, Britain is not in a position to meet our needs immediately, while manufacturers in America are prepared to supply them, but owing to the way in which import control and dollar control are being exercised the progress of industry is being seriously handicapped. Is it not a sorry confession, Sir, that even the small amount of 20 million dollars allowed for 1944-45 has not yet been used. Is that the way to exercise control ? And when such things are done, are not people justified in feeling suspicious and complaining that it is not India's interest, but some other interest, which is influencing Government policy. Now at least full freedom should be given for the import of capital goods wherever they are available. And further, now as the Hon. the Finance Member has himself admitted that the main function of the capital issue control is now altered, the control of capital issue should be withdrawn and full facilities should be given for public investment in industry and full encouragement given to industrial enterprise. At present, it is more an infliction than a help to industry or what the Hon. the Finance Member calls the economic and social advantage to the country.

And, lastly, Sir, just one word about refugees and requisitioned houses. It is difficult to understand why the Government are not taking more speedy steps to repatriate all refugees. Apparently there is something wrong somewhere if even today there is such indifference and leisureliness in these matters. If these refugees—several thousands still in number—can be withdrawn from the country, it will help in a double way. It will to some extent relieve our food situation and also make available to the public the houses and other building accommodation now allotted to them. As regards requisitioned houses, Sir, the Government are aware that throughout the country, palaces of State Rulers, private houses and flats and even newly constructed

[Sir Shantidas Askarji]

buildings built at a cost of several lakhs are still in official possession. The attention of the Government of India and the Provincial Governments have been constantly called to this problem and the hardships caused to their owners but though something has been done there are still hundreds of houses everywhere which are in Government possession. As there is no longer even the excuse of the war, the Government should take an immediate decision and fix an early date for returning all the houses to their owners.

**THE HON. MR. G. S. MOTILAL (Bombay : Non-Muhammadan) :** Like every other Finance Bill of the past the Finance Bill, which is now before the House, raises two distinct issues. The one issue is to vote for the supplies which the Government of the day comes before the House to ask. The other issue is the scheme of taxation. Both issues are important, but the first one is not of any less importance than the second, but one of transcendental importance. When this Government having been refused supplies for years together, comes up again with the same composition and the same character and asks for supplies again and the representatives of the people refuse supplies, they should understand that they are not only entitled to do it but that it is their duty to do it. Englishmen who are here on the Benches of the Government and not on these Benches, but otherwise occupy those positions, must realise that in their own country they could not have secured supplies in the manner in which this House is asked to do. If you want supplies, the people's desires must be satisfied. Otherwise it will not be right. The supplies can only be given and voted to a Government which enjoys their confidence. Here Englishmen deluding themselves forget all their high principles and I am sorry to say that any of them should come and tell the House, "Look at the financial picture which I have presented before you and on the merits of the financial issue you decide what you have got to do". We refuse to do that. We say that it is not only the financial issue. I shall deal later on with some of those pictures which have been dangled before this House, but my assertion is that, apart from that, you cannot ask us to give you the supplies, because you have drawn to your own satisfaction, but not to mine, a picture which looks very good to you. They forget this and it surprises me all the more. They should first satisfy the country that this pre-requisite of asking the supplies is made good. The Finance Member really looks into a mirror which he holds in his hand and he says to himself and to other people, "Look how good I am", and he satisfies himself that he looks a very good person, a very respectable person in his own eyes. But those of us who can see him direct in the face without the medium of a glass know what it is, and we tell him that however good his picture may be, assuming it is a good one, the very first essential is that it is a picture which satisfies the requirements of a grown-up nation, which is asking for control over the affairs of its own. My friend Mr. Hossain Imam might say there should be two Governments—

**THE HON. MR. HOSSAIN IMAM :** Yes.

**THE HON. MR. G. S. MOTILAL :** Well, I am prepared to put up with it but let us now also realise that there is no Party in the country which is prepared to trust this Government. And here, my Hon. friend Mr. Hossain Imam agrees with me. Therefore, it will be immoral for any of us to give supplies to this Government constituted as it is. It may be said, as it has been said by some of the previous speakers, that the Three Musketeers have come and they are resolved to solve the problem of India : the Holy Trinity has come here for that purpose. Some of our friends take the view that we should for that reason depart from our old practice and principle, and as a gesture of goodwill, vote for the Finance Bill. I hold that it will be a poor gesture of our goodwill to vote for the Finance Bill because the Three Musketeers are here. In the country there is a widespread sense of discontent and dissatisfaction. The Congress leaders have done everything possible to produce an atmosphere of friendliness. But you cannot but take note of the fact that there is a surging volcano, and on that surging volcano is sitting this Government.

The international situation is full of horrors. I for one do not desire that, even for the sake of Swaraj in India, humanity should be engulfed in the horrors of war. India has always in the past added and will in the future add her weight for the maintenance of peace and for the service of humanity. Those friends, who have come from a long distance, have our goodwill. But as I said, let them not say anything or do

anything which will prejudice the cause which is dear to them and dear to all of us. We appreciate the spirit in which they have come determined to solve the problems of India. We are not less determined to solve India's problems. We are much more interested in the problems of our country. This generation and the generations to come are all interested in those problems. Our friends are here, and as friends their interest is not as abiding as that of the people of this country.

In India, there have been three parties produced by history. One is the British Government of the day. The second is the people—(interruption)—peoples, if you like—the two great communities. I have always felt, and I feel the same way today that the two great communities have to rise and act as two great communities. Their calling themselves great, or my calling them great, will not make them great, if they do not act in the spirit and in the manner in which great peoples should act. The fact remains that there are three parties in this country at present, and the British Government is the party which has sanctions behind it. It has the guns, it has the army, it has the aeroplanes, and it has other services, whereas the other two parties are only in the position of advocates, of claimants putting forward their claims. Both the parties desire, ardently desire, complete freedom. But they are not able to act. Whenever they have agreed, their agreement has been vetoed by the third party in the past. Having this experience before them, these parties do not, naturally come together, as they could have done if they had been left to themselves.

**THE HON. THE PRESIDENT :** Do I understand the Hon. Member to say, then, that both the parties are not serious ?

**THE HON. MR. G. S. MOTILAL :** No, Sir, I do not for a moment subscribe to that proposition.

**THE HON. THE PRESIDENT :** That is the conclusion which the Hon. Member's remarks lead to.

**THE HON. MR. G. S. MOTILAL :** Well, that is the inference which you are drawing ; but I should say it is a very uncharitable, if not a very unfair, inference.

Sir, both the parties are in dead earnest. I have the privilege of personally and intimately knowing the leader of the Muslim League, Qaid-e-Azam Jinnah, and, as far as I have known him, I can never believe that he is wanting in patriotism, or that he is wanting in earnestness. But all the time the third party—

**THE HON. MR. V. V. KALIKAR :** Are we discussing the Finance Bill or the patriotism of Mr. Jinnah ?

**THE HON. MR. HOSSAIN IMAM :** We are discussing the political situation of the country as it exists today.

**THE HON. MR. G. S. MOTILAL :** Sir, they have therefore to make up their mind to be just and fair to every community in the country ; nothing less, nothing more ; and the question of India will be solved tomorrow.

My Hon. and gallant friend—I do not see him in the House just now—he was the first speaker—gave us some very wholesome advice. I am prepared to appreciate some portions of his speech. Other portions require to be qualified. He would, having served in the army for so many years, still cling to the theory that defence should not be taken over by the Government of India. May I ask him, Sir, what self-government means if it does not possess the means of defending the country ?

**THE HON. SIR DAVID DEVADOSS :** He said, " not at once . "

**THE HON. MR. G. S. MOTILAL :** And you are prepared to wait till eternity—

**THE HON. SIR DAVID DEVADOSS :** No, no ; not I. I merely pointed out that the Hon. Member was not properly quoting him. His point was that it should not be handed over at once.

**THE HON. MR. G. S. MOTILAL :** He wants it done in ten years. This has been the plea of the British Government itself—that there should be progressive realisation of self-government. And when Mr. Montagu came, according to the reports we heard then from reliable sources, he imagined that in 20 years India would be self-governing, and while 30 years have now gone by, we have the same Act of 1919 in operation today and we do not see the end of it within a very short time. Self-government means that you should have the control of the armed forces. A country which does not possess control over its armed forces is not self-governing.

**BRIGADIER THE HON. SIR HISSAMUDDIN BAHADUR:** Have you got armed forces ?

**THE HON. MR. G. S. MOTILAL:** I wish my Hon. friend had spoken in his own language. If I were given, Sir, that privilege, I should very much prefer to do it.

**BRIGADIER THE HON. SIR HISSAMUDDIN BAHADUR:** You do the same, Sir.

**THE HON. MR. G. S. MOTILAL:** Sir, no Indian, much less the people in this Army, feel themselves incompetent to defend their country. Has not India defended the freedom of other countries ? Has she not defeated Japan ? Have not glorious tributes been paid by all competent persons to soldiers and officers of the Indian Army ? We have to Indianize the Army and the Services as fast as we can and I wish my Hon. friend had chalked out a programme and placed it before this House as to how it is to be done in a period of time instead of asking as an apologist of Imperialist Churchills who would say, "Keep back the army". Sir, the country as a result of the financial and economic policies carried on by this Government has been wallowing in poverty. You have big balances but to whose advantage have all these bank balances accrued ? Whom have they benefited ? They have benefited countries other than this country. The masses here are wallowing in poverty and distress and misery. This year's Finance Bill is also a part of that scheme of taxation which is of the making of the British Government. It is only the Government and the people, whether of two communities or of one, that can produce a Finance Bill which will change the face of the world. You are today faced with a big and unprecedented famine. This is a situation which is something similar to Czarist Russia, and when the people came into power there was a tremendous transformation brought about by the leaders of the people. The poverty which this Government has produced and the exploitation which some of our countrymen have taken to must be ended. Even the capitalists must realise that if this state of affairs continues, there will be Bolshevism in India. It is writ large. Make no mistake about it. It is the scheme of Government which is great deal contributory to this state of affairs. We have experts after experts as if India was a land of ignorant persons, and all the experts have produced nothing but ignorance again, and at the end of it there is darkness. Why don't you go and ask Russia to help you with some experts in the matter of food ? What wonderful changes they have done ? Can we not accept help from a Bolshevik Government ? Let us not fight shy of a Bolshevik Government if it can help in producing—

**THE HON. NAWABZADA KHURSHID ALI KHAN** (Nominated Non-Official) : If they come, you won't be found anywhere!

**THE HON. MR. G. S. MOTILAL:** You will see yourself. You are thinking of yourself. Whether I am here or not is not the problem. The people of our country should live.

**THE HON. NAWABZADA KHURSHID ALI KHAN:** I am not a capitalist ; but you are.

**THE HON. MR. G. S. MOTILAL:** I am not bothered about myself and you are probably bothered not about yourself but about the British Government. I am concerned only with the interest of my people.

I should now like to address a few words of the financial scheme which is, as I said, a subsidiary and secondary part of the Finance Bill. There are many new features in the Budget of this year but I can only refer to a few. The Government has, by a stroke of the pen, completely abolished the E. P. T.

**THE HON. THE PRESIDENT:** Would you like to continue your speech after Lunch if you are going to take some more time ? Just as you like.

**THE HON. MR. G. S. MOTILAL:** I will take another 15 to 20 minutes, Sir. I will resume my speech after Lunch, Sir.

The Council then adjourned for Lunch till Three of the Clock.

The Council re-assembled after Lunch at Three of the Clock, the Hon. Sir David Devadoss in the Chair.

**THE HON. MR. G. S. MOTILAL:** Sir, as I was saying, the E. P. T. has been abolished at one stroke of the pen in the financial proposals which are before the

House. I know that this is hailed with pleasure in some quarters. But I might also tell this House that the feeling even among the commercial community was that the whole of it should not have been abolished as it has been done. The commercial community itself was not prepared for the abolition *in toto* of the E. P. T. this year. This was imposed in order to get a share due to the abnormal conditions created by the war, from the pockets of the commercial community and of the industries for the Government. Those conditions, with the cessation of hostilities, have not ended; the abnormal profits still continue. What was expected by the optimist was that there would be some relief in the E. P. T., the limits would be raised of the standard profits and the taxation would be reduced from 66-2/3 per cent. to a lower percentage. But this came as a pleasant surprise to some and as a real surprise to others. Now what is required is that the Government should see that the prices of those materials and necessities of life which are raised so high by their controls are sufficiently reduced. This device was adopted by the Government in order to get more taxes. They fixed up the prices of the products of industry at a high rate, so that though we made profits, Government would be taking away a lion's share of those profits. Do they still wish to continue that policy?

The other feature of the Finance Bill is that certain reliefs have been given in the matter of depreciation and contributions to research. These are welcome reliefs. These are reliefs which should have come a year earlier; but they have come now and as such they have my approval.

The other relief which the Bill proposes to give is for raw materials required for the industry. These reliefs are also welcome and they are just.

The Finance Bill proposes to amalgamate the surcharges on income and super-taxes. This gives us an impression that what is intended is to raise the level of taxes for not only this year but this high rate is to be continued in the future. I know, Sir, that it is possible for the next Finance Member either to separate these taxes or to reduce the amalgamated taxes. But what I do not understand is what is gained by amalgamating these surcharges with the basic rates. If the basic rates are kept as they are and the surcharges also go side by side, you can always have before your mind's eye what the basic rates were and where reduction is possible when relief is possible. Sir, the corporation tax has also been altered and that point has been dealt with at length by previous speakers and I do not, therefore, propose to go into detail on that point.

When the proposals were brought about the dividend taxation, a new scheme was put through. That has also undergone some changes now and it does not, therefore, call for lengthy remarks on my part.

Sir, in order to encourage the building industry, Government is proposing to give additional allowances for depreciation. Welcome as that allowance is, I doubt very much if it will help the building programme.

Sir, there are further reliefs proposed for earned income. To that extent last year I gave my approval to it and I think it is a feature which is worthy of approval. When you come to the man of moderate means, I find the taxation is higher this year, and instead of his getting relief, he is burdened with higher taxes more after the termination of the war. The Finance Member should have given him the relief which he needs. The prices of all the necessities of life have gone up very high. At a time like this additional burdens should not have been imposed. Some reliefs are proposed to be given for the kerosene but what is required is the kerosene itself. Unless Government are in a position to make arrangements for a sufficient supply of kerosene, the relief given will be only worth the paper on which it is written, but it will not go to benefit the people for whom it is intended.

Some duties are proposed on wines and I have no quarrel with that proposition—Betel nuts were subjected to duties two years ago. At that time every section of the House protested against that duty. That protest still holds good. Some relief is now proposed, but what is required is the entire abolition of this duty. The poorest people of our country use betel nut. This is their only small luxury if you call it. Rather than luxury it is a necessity. If we turn to the reports of the Government of India—I was some time back going through one of them—about the vitamin contents of various foods we will find, Sir, that the betel leaf is said to contain a very high

[Mr. G. S. Motilal]

content of vitamin. This is one source of adding to the vitamin content of their food. Some quantity of betel nut has got to go to make the *pan*. By raising this duty they have unnecessarily disturbed the prices and by lowering it now the benefit of it will go to the masses only very gradually. Government should not have resorted to that duty. With all the emphasis at my command I should now urge that this duty should be entirely abolished.

Sir, the duty on cotton has also been consolidated, but the idea when the duty was imposed was that the quality of cotton should be improved. What has been done in this respect is certainly not satisfactory. Very little has been done and what is now necessary is that every effort should really be directed towards improving the breed of cotton.

Then, Sir, coming to petrol, petrol duty is now proposed to be reduced, but the public gets very little petrol. One does not know what happens to all the petrol that comes. Going through the Explanatory Memorandum I noticed that from this source, namely, motor spirit, Government had derived a revenue of Rs. 57·34 crores in the year 1944-45 and Rs. 64 crores in the Budget and 63·50 crores in the revised estimates, but coming to the budget for the coming year the estimated revenue from this source is Rs. 15 crores (page 2 of the Explanatory Memorandum).

I should like to know how this diminution has arisen. Is the quantity of petrol that India was receiving during the days of the war larger and now that the war has ended the quantity which will be received will be smaller. There has been a great deal of enquiry and agitation with regard to the insufficiency of petrol supplied to the people. Difficulties of transport have arisen. Railway transport has been restricted. Motor transport—road transport—has also been very much restricted and yet a great deal of quantity of petrol is available in the black market. From where does all this petrol come into the black market? Government do not seem to be aware of this. Number of questions have been put in this House as well as in the other and answers given, but the state of the black market continues and Government do not seem to be competent enough to remedy this evil.

THE HON. MR. HOSSAIN IMAM : The black market also pays duty.

THE HON. MR. G. S. MOTILAL : I am glad to hear that. How much?

THE HON. MR. HOSSAIN IMAM : Rs. 2-8-0.

THE HON. SIR CYRIL JONES : How do you know?

THE HON. MR. G. S. MOTILAL : What the public wants to know is what is the supply that they are going to get, or whether the supply which they have been receiving in the past is likely to continue. What is the amount or stock of petrol? Petrol is a thing which can be very well controlled and is controlled, and yet if there is a blackmarket the sources of that blackmarket should not be out of the capacity of Government to find and to arrange to be stopped.

Sir, I find that a very novel feature of this year's Budget proposals is that heavy duty on import of gold is imposed. I have given notice of an amendment to that clause and I shall not, therefore, take much time of the House on it. The same remarks apply to silver.

Sir, before I take my seat I wish to make a few observations with regard to the bribery and corruption which have gone to the very narrow. Everywhere there is corruption and bribery. There are widespread complaints but Government have not been able to control it so far. Are they satisfied with the state of affairs which is there? If it continues, there will be a serious deterioration all round. I agree with the remark of my Hon. friend Sir Shantidas Askuran that it has gone down from the top to the bottom. If corruption at the top is controlled and eliminated, corruption at the bottom will be very much minimised. And that is the way to tackle this problem. I do not know whether this Government finds itself competent to do it or not. But the public feeling is very strong on this point, and the Government is judged a great deal on their capacity to deal with this problem.

Take, for instance, the very budget proposals which have been brought before the House. Before they were placed in the House they were being talked about in stock exchange markets and in business circles in Bombay, Calcutta and other places. I

should say that this is a very serious question. If Government are not in a position to preserve their secrets, it is much better to publish their proposals as soon as they arrive at decisions. The budget proposals become more or less the property of those persons who go on seeking after the secrets. This is not a new feature. The Government ought to have stopped this. They know who are dealing with the budget figures, and yet, if they find that they are not in a position to do what is required, then the best thing is to publish their decisions much before the budget proposals are presented to the House.

Then there are other grievances which I would also like to refer to very briefly. Relief is given to income-tax assesseees on account of losses which they incurred in business. But the Income-tax Act has been so managed and so framed that its real object has been defeated and persons who incur losses do not get relief in the carry-over of those losses. The relief is confined only to the particular losses of a particular business. Most of the businessmen who carry on business do not do business only in one commodity; they transact business in three or four or five commodities, and if they do not get relief in respect of the losses incurred in one commodity under any of the other commodities in which they deal, as they do in the first year of the loss, then it makes them take up an attitude which is not fair to the State. They inquire of the legislators, and they tell them that if they make a loss in one year they do not get relief, but if they make a profit in the next year they have to pay a heavy income-tax on that profit. What is left to them? How are they to carry on their business, and how are they to make up their loss? There is no answer to it. Relief requires to be given to them, and the Income-tax Act should be amended accordingly.

The next point I wish to refer to in regard to the grievances of the public regarding income-tax is that Hindu families, even when they have become divided and stand in the relation of tenants-in-common and cease to be joint tenants, even then, until there is a physical division of the property, they are assessed jointly on their income and have to pay a higher rate of income-tax. Non-Hindus, when they succeed to property, succeed as tenants-in-common, and they are assessed as tenants-in-common without physical division of the property. My friends who come from Bengal are governed by the Dayabagh school of law, and when they succeed to property, they succeed, like the Muhammadans and others, as tenants-in-common. In justice they should be assessed as tenants-in-common separately on their shares. But the grievance is that when Hindus are assessed, they are assessed as holding joint property and they have to pay a higher rate of income-tax. This is very great injustice done to Hindus. Also in the case of those families which are governed by Mitakshara according to the law laid down by the Privy Council, and according to the decisions given by the High Courts, when such families separate and turn the jointtenancy into tenancy-in-common, unless they break up their houses and put in a wall between two partitioned portions, they are assessed jointly. That state of things is unsatisfactory.

My gallant friend—who is again absent—said: "Let us agree to Pakistan". I must say in fairness to him that what he said was that those portions where the Muslims are in an overwhelming majority should be separated from the portions where the Hindus are in majority. Well, Sir, so far as the separation of these portions and the question of Pakistan is concerned, the division of Bengal and the division of the Punjab is prerequisite to Pakistan. We are not enamoured of Pakistan. We feel that if India is divided, Hindustan will be weak. But Pakistan will be much weaker. These are issues which require cool and dispassionate consideration. As I have been saying, our differences are a passing phase. Every nation has passed through such phase. We are also passing through that phase. I hope that these differences will disappear. I said earlier in my remarks that the Hindus and the Muslims were great communities, and I also said that there were three parties in India. I said also that the British had some great qualities which we admired. I do not for a moment stint that. By relinquishing power and transferring it to India they will be acclaimed great by the whole world.

**THE HON. RAJA CHARANJIT SINGH** (Nominated Non-Official): Mr. Chairman, the Finance Bill has now come to us in a slightly modified form. It is said perhaps not without justification, that the real war wealth has largely escaped taxation.

[Raja Charanjit Singh]

Although my Hon. friend the Finance Member has not seen his way to meet the wishes of this House and reduce general taxation to any appreciable extent, still I am glad to see that some reduction is made in the tax on kerosene, matches and betel nuts, and that post-cards will also be cheaper in a few months' time.

All eyes are turned towards Delhi at the present moment. Three of the most distinguished members of His Majesty's Government, led by that veteran statesman, Lord Pethick-Lawrence, His Majesty's Secretary of State for India, have come on their historic mission. They have come with full determination to see India attain its full stature. They have come with the blessings of England's Prime Minister, the Right Hon. Mr. Attlee. As you know, Sir, Mr. Attlee was a prominent member of the Simon Commission. I well remember the pleasure of meeting him, and of knowing the great interest he takes in our country. We welcome them as His Majesty's Ministers; we welcome them as our honoured guests; and welcome them for the message of hope and good will they have brought from the great people of England.

One of the lessons which the two world wars have taught us is that no country, however powerful, can afford to stand alone. I feel convinced that not only India's but the whole Empire's interest lies in India's remaining within the Commonwealth of Nations.

During my several visits to England I have had the pleasure of meeting some of the highest personages and distinguished statesmen, and I consider it a privilege to claim the friendship of a large number among them. I can therefore say from my own personal knowledge that they all genuinely feel for India and want to see her take her proper place as an equal partner. With goodwill on all sides I have every reason to believe that a bright future is not far distant. In fact, signs are not missing on the political horizon of the coming dawn.

I earnestly hope and pray that Heaven's light be the guide of us all at this critical juncture and may the Almighty grant us wisdom, courage and true patriotism to sail clear through the narrow and perilous shoals of strife and turmoil and arrive at a just and equitable solution.

**THE HON. SIR BUTA SINGH (Punjab : Sikh) :** It is for the first time that one can feel that the budget has been prepared to develop the resources of the country from which State revenues can be drawn and the Hon. the Finance Member deserves our hearty congratulations. It is only on the prosperity of agricultural and industrial development that India can provide for those essential services which now in modern countries are considered extremely desirable. I am very happy that the Government of India is awakening to the need of developing these resources to meet the essential needs of the country. As an agriculturist I deeply feel the need of relieving the whole of uneconomic holdings from taxation; I mean land taxation which is of a uniform character both for great and small. Indian agriculture can no more support its growing population without a rapid industrial development. Unless 30% of village population which now depends on such labour as the village can provide can find industrial occupation, it is impossible for Indian agriculture to prosper. What Indian agriculture needs is leadership; leadership in making use of the modern methods of cultivation. In fact what we call modern methods of cultivation are no more than the application of water, manure and good seed. So far there are hardly any provinces in which these measures are available for the supply of the entire land under cultivation. There is therefore an immense need for a careful enquiry of the resources that are available and their development. In England, for instance, the Govt. of Britain has fixed a minimum price for the produce. I am glad to see in the Agricultural Policy Committee's report that the Govt. of India too have recognised the need of securing for the cultivator a remunerative price for his produce. This will undoubtedly lead to better agriculture and better animal husbandry. If the produce of a man leaves no margin for profit with him, how is it possible for him either to give the land what it needs or feed the cattle on a proper basis and produce more grain.

I will not dwell on this aspect of the matter for long. I would emphasise the need of the Centre doing all it can to provide for the cultivator water, good seed and manure without difficulty. India produces a good deal of cowdung, oilseeds

bones and other material which is now exported. I feel that only oils should be exported from India but not kernels and that the village forests should be allowed to produce fuel for the villages and thus save the cowdung. There is a great room for co-operation and it would be an advantage if an Imperial Council of Co-operation is set up to see that uniform progress is made in the provinces.

On the industrial side a good deal will be said by industrial members and I will conclude my remarks by saying that agriculture at present is the primary industry of the country and agriculture is capable of producing the food that India needs. Personally I do not believe that India cannot feed its population even if a few districts in Bombay or Madras have suffered from want of rain. What is needed is the restoration of normal conditions of trade so that food can go from one province to another under the auspices of merchants who have so far carried on the trade of India. I know that even in the worst of famines, there has been a famine in money but not a famine in food.

THE HON. RAI BAHADUR S. K. DAS (East Bengal : Non-Muhammadan) : Sir, before I offer my remarks in connection with this Bill and on matters regarding the administration of the Government as a Department I congratulate the Hon. the Finance Member as well as the Hon. the Finance Secretary for having made the best of a bad job. Sir, dealing with bullion, the specific duty of Rs. 25 per tola on gold bullion and coins and the increase in the duty on silver by 8 annas cannot be approved of. I am sure this will tend to push up their prices higher than those operating in other international markets and thereby give an opportunity to smuggle these things into India without payment of duty. Unless and until the Government are in a position to educate the masses and improve the economic condition of the people—I mean the masses—these poor people will follow their traditional custom and will continue to prefer investment in gold and silver for their rainy days. They won't think that investment in interest-bearing securities is safe for them. 90 per cent. of the population live in rural areas in thatched cottages. If once a fire breaks out, the whole village get reduced to ashes. How can these people be expected to invest in gilt-edged securities? Unless you improve the economic condition of the people to enable them to build pucca houses to keep them in custody and in security, you cannot expect them to purchase gilt-edged securities and so they will continue, in spite of this import duty, to purchase gold and silver.

Sir, every member is for the cut of the salt duty which has been sponsored by my friend Sir Gopalaswami Ayyangar and for the elimination of the duty on gold suggested by my friend Mr. G. S. Motilal. Government may come forward and say "How to meet the expenses of the administration if every member wants to make a cut?" I will give a suggestion in that respect. Our tax revenue during the pre-war period amounted to 70 crores a year. During the 7 years of the war it rose to 149 crores a year. By multiplying it 7 times, this figure amounts to some 850 crores. Defence expenditure which amounted on an average to 46 crores before the war has come to 225 crores a year. This heavy expenditure is not a light one for the people of this poor country. I would urge the Government to devise ways and means to curtail this heavy expenditure to the minimum and to effect economy in such a way as to meet the wishes of Hon. Members here.

Now, Sir, I come to income-tax. In spite of the relief given to the income-tax payer, it is no relief at all owing to the amalgamation surcharges. This will give relief to a very small section of the people compared to the majority of middle class section who form the bulk of the population.

As to the relief to industrial concerns, by way of reduction in the customs duties on import of materials, plants, depreciation allowance for new plants, etc. in spite of these reliefs, the control is continued by the establishment of the Examiner of Capital Issues Organisation. There is unreasonable delay in the disposal of cases by this Department and so floating of industrial concerns is handicapped preventing our country from becoming self-sufficient. This measure, if I remember aright, was adopted as a war measure when it was considered necessary to keep such control over capital issues. Now as the war has ended, the continuance of such control, if not abolished, should be relaxed to such an extent as to promote speedy growth of industries during the post-war period to ensure self-sufficiency of the country without making any imports.

[Rai Bahadur S.K. Das]

Sir, I would like to take this opportunity of saying a few words regarding the cloth famine in my province. In 1943 our province had bitter experience of a terrible famine of foodgrains which took away millions of lives due to starvation and the subsequent epidemics and diseases that followed in its wake. Now we are suffering terribly from cloth famine. The quota fixed for Bengal for each person is never given at a time, with the result that the mass remains naked. This is due either to maladministration or corruption in the distribution machinery set up by the Government, giving rise to black market. In this connection I would like to mention that my esteemed friend Mr. Padshah who had occasion to purchase cloth in connection with a marriage could not at all get the Controller to agree to issue the necessary permit for the purchase of the cloth and he had to resort to the black market. The textile mills are in full operation and being in touch with one of the biggest mills in East Bengal I can assert that at the time of the war only 30 per cent. was allotted to civil population. Even at that time we did not feel the pinch of cloth scarcity. Now, the war is over and the mills are working entirely for civil needs but still we do not get cloth. What are we here for? We have come to suggest means by which this difficulty can be overcome. By information, supplication, entreaty, beseeching, we cannot convince the authorities that there is corruption. I suggest that in rationed area where the cloth is being distributed let the distribution be according to the quota, but all the requirements of the year should be given at a time as per quota allotted to the person. If there is difficulty, let the distribution be by lot. This attitude of the authorities recalls to my mind reminiscences of my old days when I was a boy and I used to visit the zoo. Animals imported from different countries used to be howling, barking, chattering. Like wise we find a sort of menagerie here also where elected members coming from various constituencies are not being heard by the caretaker as is done in the Alipore Zoo. With all the cries of the monkey and the tiger etc., they never care to feed the beasts or attend to their needs. This is the condition in which we find ourselves.

We want to be clothed with such a power that we can force the Government in power to act up to our suggestions and ideas. Let them do away with controls if they cannot manage. Let them fix ceiling prices for various cloths and any body infringing those prices should be penalised. What is the use of having controls and maintaining top-heavy departments established by Government.

Before I conclude I would like to add a few words about the tackling of the unemployment problem. We find that there is an organisation for solving the unemployment of ex-service men. What about the solving of the problem of unemployment of those civil clerks and officers who are being retrenched daily? What have you done for them. It is the incumbent duty of the Government to solve this problem, otherwise this will give rise to the terrorist movement.

**THE HON. RAI BAHADUR SRI NARAIN MAHTHA :** Unemployment now threatens Government itself.

**THE HON. MR. HOSSAIN IMAM :** The members on the Government Benches will themselves be unemployed.

**THE HON. RAI BAHADUR S. K. DAS :** We should apply our will to see that these unemployed are also provided; only the creation of departments for giving service to the ex-service people won't do. If we examine the capacity of the stomachs of the civil population as well as the military, we shall find that both require money to eat. We must secure employment for both.

Another point which I want to bring before I sit down is the question of the imposition of death duty. Sir, if we look at it superficially it seems to be a very good and nice idea to equalise the economic condition of the people but it has a bad effect. By imposing this duty you are killing the goose which lays the golden egg. How? Because if you go on realising this death duty the capitalists become poorer and after all it is the capitalists who lavishly contribute to the Income-tax fund.

**THE HON. MR. HOSSAIN IMAM :** Was this suggested by Dewan Chamanlal of the Congress Party?

**THE HON. RAI BAHADUR S. K. DAS :** I do not belong to the Congress Party.

I am a practical business man. I can foresee the difficulties that lie ahead. I would sound a note of warning. Government should think thrice or circulate the Bill for eliciting public opinion before it is put on the Legislative anvil.

As regards the assessment of the joint Hindu family members who live separately, my Hon. friend Mr. Motilal has already advocated their cause. It is quite wrong or rather unjust to assess them as an undivided family. It is against law also. There have been cases in the Bombay High Court, Madras High Court and even in the Calcutta High Court where it has been held that division by metes and bounds is not necessary. I have got a decree myself. Property remains joint property even if the brothers live apart and the joint income is divided and credited to the brother's separate account. This is the law but the income-tax assessor for his promotion or to keep the good will of their superiors go on getting a long rope. They have got a long process to go up to the High Court, but the poor man—

**THE HON. MR. HOSSAIN IMAM :** He is not taxed.

**THE HON. RAI BAHADUR S. K. DAS**—who pays income-tax—I do not say the poor man who is not in a position to pay income-tax but spoor assessee has not got money to file a case before the Assistant Income-tax Commissioner, then go to the Income-tax Tribunal and then to the High Court. It is quite unjust on the part of the Government to encourage all this litigation. They should issue a private circular according to law. It may be treated as confidential.

As regards Pakistan, my friend Hon. Mr. Motilal has said many things. I do not like to deal with them because I am a man who has got a bitter experience of such Pakistan movement. I hail from Dacca, the seat of communal riots, seat or hot-bed, of communal dissension. I can better enlighten the House in this matter but this is not the time and I refrain from making any aspersion on any community but I say that if you live in one water-tight compartment you should not raise the question of division. Division does not mean on religious basis but division should be made on the linguistic basis.

**THE HON. MR. M. THIRUMALA ROW** (Madras: Non-Muhammadan: Mr. Chairman, I rise to oppose the Motion that the Finance Bill as passed by the Legislative Assembly be taken into consideration. I need not assure the House that we have not embarked on this policy in a haphazard manner but that we are only consistent with the attitude we have taken all these years, because we feel that we have no finger in the pie, that we have no authority to influence the conduct and policy of this Government all these years. We do not see any reason why today we should change our attitude and walk into the Government lobby in support of the Finance Bill when the other side has not shown even the slightest *iota* of a change of attitude on their part. What is the difference in the position of Government as it was last year when the Finance Bill was thrown out and today, March the 29th, this year? A bureaucrat learns little in spite of the sign that is visible on the wall, not according to the cartoon shown in Dawn—'Pakistan' but 'Revolution, When all around houses and buildings are being burnt down, when revolution has feetset its and entered into the military, even then the wooden, antedeluvian bureaucrat does not learn a lesson. It is not easy for him to read what is the writing on the wall. That is the reason why we stand as a party representing the greatest majority of public opinion to oppose this Bill once again. We could find specious reasons to walk into the Government lobby with the little concessions which a benevolent Finance Member has offered to us but that is not the issue today. In spite of the three Cabinet Ministers that have been flown to this country, as doves of peace the atmosphere does not seem to have changed. There is no warmth on the Government Benches. The wet blanket of cold reaction arism is still on the aspirations of these people.

Sir, recently when an Adjournment Motion was passed in the other House with regard to the recruitment of the I.C.S. and the I.P., when a Motion was lost only by the casting vote of the President in this House, what response have Government shown to this united demand of the elected representatives of the people from both the Houses? To a supplementary question yesterday which I put to the Hon.

Mr. Porter, the member in-charge of it, whether these discussions had not had any effect on their minds, there was no answer. Sullen silence was the only answer. The bureaucracy thinks that it can carry on in spite of the high level boosting of the British intentions that freedom will be conferred upon this country. We are not convinced that the present Executive Council is really in favour of handing over  
4 P.M. real and genuine freedom to our country. You have known the history of the Simla Conference. We know it very well from inside; we know who was responsible, what civilian intrigue was responsible for sabotaging the Conference. Then, Sir, they wanted to know the results of the elections and then carry on the further stages of the reforms. But the moment elections were over, the Executive Councillors are busy bringing in a nominated member as President. Their plans were long-range ones. They had nominated a gentleman who was to become a willing pawn in their game and be pitted against the popular representatives. How can we believe in the *bona fides* of such a Council? Therefore, we stand committed to opposing this Bill tooth and nail, with all our strength.

The Government carried the Finance Bill in the other House with a few votes. But that is not the matter. Ruin is writ large on the face of the world. I cannot understand what new light the leader of the Muslim League has seen in the attitude of the British Government for him to come to the Assembly, after having remained out for long, and drive his flock into the Government lobby. It is strange. I want to unravel it at a later stage when I deal with the matter. But now I have made it perfectly clear that we are not convinced of the *bona fides* of the Treasury Benches so as to vote a single pie either for their existence or for the carrying on of their Government.

I want to refer now to certain points which are apart from politics and which are of importance to the day-to-day existence of the whole nation. The bungling of the food question is a standing monument to the inefficiency of this Government. If the Government of any free country had indulged in the luxury and incompetence which have marked the regime of the Executive Council in this country, that Government would have been sacked. The last famous Bengal famine I attribute to the incapacity of the then Viceroy and the then Governor of Bengal. We are again faced with another serious famine which may be greater in its seriousness and which may affect the people's health and well being to a greater extent than the Bengal famine. We see a number of reports that are coming down, but we do not see any actual practical achievement with regard to the food problem. I see that the increase in population has become a menace to this country. Day before yesterday the Finance Member in the other House cut a joke at one of my friends, Mr. Karmarkar, by saying that the population has gone up by leaps and bounds in this country on account of the British connection. Of course it was a very low pun which a bachelor member can indulge in. But what is the reason which economists have attributed for this phenomenon? Poverty and increase in population go hand in hand. When there is poverty in the country, there is greater fecundity, greater breeding, among the lower classes of the people, and the vicious circle has gone on. That is the main reason. It is not that Britain has given to this country peace and prosperity; that is responsible for the growth of population. It is perpetual poverty that is responsible for it. Being responsible for this state of things, yet the Government cannot hold themselves responsible for producing enough food for the population. From the figures that I have got, our population seems to be increasing at the rate of 5 millions per year; at this rate, within 10 years our population may grow to 55 crores. As far as the food supply is concerned we get hardly 800 calories per head per day. If you want to improve the standard of the people, if you want to give them proper nutritional subsistence, you must increase the food supply by at least another 10 or 15 per cent. If you want to make sufficient provision for feeding the population of this country by the year 1955, you would have to have 74.2 million tons of food produced in this country. We are now producing only 60 million tons of foodgrains; we have to produce an extra 14 million tons.

I see a number of reports being produced by the able I.C.S. officers and their assistants in the Secretariat of this Government. But their plans have not advanced beyond the stage of paper planning, and I say to the Government that it is time that they quit and make room for the real representatives of the people who will be held responsible for their conduct. In order to have these extra 14 million tons of food

produced, we have to have intensive cultivation. At present between 80 and 90 million acres of land is producing rice and other foodgrains. If we are to have intensive cultivation, according to the figures I have gathered from some other sources, I understand it is necessary to give intensive manuring to the land. Where are the manures? Where are the natural manures? Where is the farm manure? Where is the green manure? Where are the mineral manures? The Research Institute in Bangalore has carried on wide researches and given practical results of their research into conversion of municipal refuse into compost manure. On the basis of the figures available to me, I have calculated that if you want to grow this extra 14 million tons of food on the existing land, you require about 3 million tons of fertilizers. What are you doing in the direction of manufacturing fertilizers? You send so many people to negotiate for machinery, but machinery has not yet come; it is still in the stage of manufacture. You will produce only 350,000 tons of phosphates per year in the factory that you are going to erect at Sigri in Bihar. There is another factory in the South, in Travancore, of which the productive capacity is 50,000 tons per year. If you calculate that every city will give you 5,000 tons of municipal refuse daily, there are about 500 municipal towns in the country, and you will be able, according to the system of compost manufacture evolved by the Science Institute, Bangalore, to produce 1,530,000 tons of manure apart from the farm manure available in the villages, green manures, oil cake manures and other manures. I am going into some detail because I want to show that we take an intelligent interest in this matter—not that these things are going to happen immediately.

With regard to water supply, we have so many rivers. At the Anicut on the Godavari 6 per cent. water is released and utilised. Schemes based on the Godavari are paying 22 per cent. on the capital outlay. The remainder of the water from the Godavari—85 to 90 per cent.—goes waste into the sea. There are other mighty rivers—the Ganges, the Brahmaputra and the Indus. They are not properly harnessed to the fullest use. The rivers Damodar and Kosi, which devastate large areas of land, should also be properly bunded and utilised. This is a huge scheme involving several hundred crores of rupees, and I think only a national Government employing expeditious methods of achieving results can handle these things. The Government as it is today is quite out of date and useless.

I want now to refer to the health problem of the country. I have come across an item of news which shows what the present Labour Government is doing for public health in England. They are introducing a National Health Service Bill. The cost of that service comes to Rs. 195 crores, and an additional estimated expenditure of Rs. 117 crores has been provided for. They are spending 300 crores of rupees—I am giving these figures in rupees—on a population of 5 crores. Our annual expenditure on public health is Rs. 3-8-0 per head. The Bhoré Committee report has estimated for an expenditure of about Rs. 326 crores extended over a period of 10 years. This is a modest scheme still in the stage of preparation. If you see all these things you will understand the stupendous magnitude of the problem that confronts this country. I am taking only two aspects of the question. I do not want to enter into further details about the great financial jugglery which our financiers have been indulging in all these years. Our sterling balances have accumulated to Rs. 1,500 crores in England. You put a note circulation of Rs. 1,300 crores in India with a gold backing of only about Rs. 200 crores. For the rest of it the British Government holds itself responsible. That means you must be convinced that the British Empire, the British Isles and the British Government will last as permanently as the sun and the moon and their solvency will be permanent. Our credit is tied to the apron strings of Britain; our finances are tied to the chariot wheels of Britain. Today, 38 per cent. of the indebtedness of Great Britain is owing to India. They do not talk of liquidating this loan. We do not know how they will be able to supply us with goods to pay back our money. Take the Rs. 1,500 crores which England owes us. What is the average income of the country? Calculating it at about Rs. 70 per head per year, the 40 crores of people have an annual income of Rs. 2,800 crores. Out of that, half is locked up in Great Britain as money owing to us. So far, there is no talk about its return. The Finance Member has not given any inkling of it in his speech or in his proposals

[ Mr. M. Thirumala Row ]

as to how much of that money Great Britain is going to return to us during the current year and how much of this money will be available for industrial and agricultural development of this country on a large scale. Therefore, when I say that I have no confidence in this Government, I am on solid ground.

There are several other matters that are dealt with in this Bill but I want to say only one thing. The time has come when we must indulge in frank speaking. There is no use indulging in vague, meaningless courtesies with one another. The political problem is facing the country. The question of Indian independence now holds the field and it covers every aspect of the activity of the country. Ostensibly the three Cabinet Ministers have come to India for the purpose of conferring freedom on this country. If they are really so anxious to confer freedom on this country, let them set a date for doing so. There is no use encouraging one group at one time and another group another time. This Pakistan business is a matter of recent origin. It has come about in 1940 only. Till now, the leaders of the Muslim League have not cared to define or to show a map or to give us flesh and blood, in concrete form, with facts and figures, what provinces constitute Pakistan, what is their income, what is their economic development, and so on. They have thought of it as a bargaining counter to go on driving. It is only another device which is the creation of British imperialism in this country. Look at the creation of separate electorates. For every thing there is a political backing and a political foundation, definitely designed to keep this country apart. This is not the way to deal with Indians. Leave us alone. The moment a Hindu and Muslim leaves India's borders, when he is in Burma or in Malaya, he forgets his community. The Shah Nawazes and Dhillons and Saigals have forgotten their communities and have fought against a common enemy for the establishment of Indian independence. Where is the fly here in the ointment? It is the foreign bureaucrat that is here trying to encourage people and to divide us. From the news published as recently as two days ago, it appears that the European element in the Executive Council have made common cause with some of the Muslim League Members of the Executive Council to tell the British Government that Pakistan is the only solution. That won't hold water, I may tell you. What is Pakistan? Let us know about it. It is an economically unsound proposition; it is politically unacceptable. If you want to have the completest freedom in every province, have the residual powers in the province which will not affect your development as a cultural community, as a religious community and as a political community. But when you want to have the defence of India, then I view Pakistan with misgivings. I shall quote one little passage which will create a stir in the mind of any honest person who tries to understand the purpose of Pakistan:—

"The desire of the Indian Muslims to have a Muslim State of their own is a part of a movement for the unification of the Muslim World (Silasila-i-Jamia-Vahdat Umam Islam) started in Turkey during the lifetime and at the instance of the late Ataturk under the patronage of the late Syed Jalil Ahmad Sinyusi. One of its aims is to create more Muslim republics in all those parts of the world which are predominantly Muslim, in addition to the Muslim States already functioning. Among the ten newly proposed republics one is to consist of Muslim Bengal, another is to be constituted by the Muslim North West India and the third by the Hyderabad State".

You want one Muslim State on the North West Frontier to be a contiguous piece of one Muslim bloc or Empire from the Middle East down to the North-West, you want one State on the East and one on the South. On the three corners of India you want to have an independent State which is likely to pamper to the pan-Islamic countries of the Middle East Arabic States. India can never accept that India is one and indivisible. The unity of India is shown by India's history, with its rivers and mountains and its under-current of culture, where both Hindu and Muslims have integrated into one another. If India is to have its place in the world, if India is to have its proper influence in Asia and Asia in the world, India must be an indivisible whole. Subject to this, that we will have a Federation, united for all the common purposes like Defence, Currency and Customs, and having the largest possible freedom in the composing parts.

There is the statement of Sir C. P. Ramaswami Aiyar which you might have seen in today's papers on behalf of the big States like Travancore, Mysore and Cochin, and you might also have seen the statement of the Nawab of Chhatari on behalf of the Hyderabad State. All point in one direction that there must be an integrated whole in the constitution where the parts can have the largest possible

freedom to develop their own individual States consistent with the unity and integrity and defence of this country. Therefore, let us not quarrel with one another and play into the hands of the third man. The game is already evident in the Finance Bill.

Mr. Mahomed Ali Jinnah, Leader of the Muslim League Party, has made a statement in November, 1944 to the *Daily Express* of London that if Pakistan is conceded by the British Government, the Muslim League will choose to remain in the British Empire, because he wanted the might of the British to defend a weak Pakistan. That shows that you want to create another Ulster, like Lord Carson, here and plant British imperialism permanently in this country. After all, we are all middle class leaders. The real leadership of the country is definitely passing into the hands of people who have suffered and for whom this country, Pakistan or Hindustan, is really intended. Let us not give up the game. Let us not run after the intriguing foreigners in this country who will always create troubles. Let us sit round a table. You and I may abuse each other today, but still we are brothers destined to live in this house—two brothers living in harmony in the same family and under the same roof. What I want to say is this, that posterity will not excuse us if we do not put the professions of the British Cabinet to proof and present a united front. There are vast estates which have come into this picture; these estates have integrated into India. Whatever Sir C.P. Ramaswami Aiyar may say about paramountcy, paramountcy is ultimately the people's; sovereignty belongs to the people and not to the rulers of the States or the rulers of British India. Everybody who rules this country, the popular minister who acts on behalf of the people, derives his authority from the people. Whatever these people may say we must be able to evolve a constitution where the representatives of Hyderabad, Mysore, Bikaner and the representatives of Bengal and the North West Frontier Province, and Madras and the United Provinces can all unite in one common purpose of upholding the glory of this country, and for that purpose let us not let go this opportunity of confronting the Cabinet Ministers with an agreed solution which they will not be able to reject. We are prepared, the Congress is prepared, to come to an agreement. Let us not meanwhile abuse each other. There is a degree of conduct, there is a level, even in political controversy. There is no use calling people who are considered as one of the greatest men as hypocrites. There are dictionaries big enough to find more abusive words for the other side. But the Congress is the elder brother and the Congress is bound to show greater forbearance at the somewhat impatient kicking attitude of the younger brother. Let the kicking attitude be directed against the ruler, against the third party. Let us not like a bully bully your inferior and cringe before your superior. I want you to learn the lesson that we are all answerable to the man in the street, to the large number of millions of people in this country whom starvation and disease and death confront today. It lies in our hands, in the hands of the two major parties in this country to solve this problem and earn the eternal gratitude of these people. It is with this background that I say the time has come for this Executive Council, who have started intriguing behind the back, to go out of this Government with decency and without dishonour. I have heard the speech made by Dr. Ambedkar. I do not want to reply to that. I feel honestly that the sins of the Hindu community will recoil on them if they do not do justice by the Harijans. There is no use quarrelling. Everybody seems to be fond of a little blood-letting. After six years of Executive Councillorship one can easily shed a little blood. It is not his blood; people are shedding other's blood instead of theirs. That is the tragedy. A revolutionary spirit is abroad. People are not going to keep quiet, the Congress or the Muslim League or any other body. Again I may tell you that communistic idea is getting such a stronghold on the people that Russia, on the North West Frontier, will create trouble for you. It has already started giving trouble by catching hold of Muslims. Let us learn a lesson from the history of China. Unity in this country is being constantly attacked by extraneous influences. We are such a vast population of 40 crores. Let us unite and see that we are leading lights in this world. With these remarks, I wish to oppose this Motion and request other members to vote against the Motion.

**THE HON. HAJI SYED MUHAMMAD HUSAIN :** (United Provinces West: Muhammadan) : Sir, we have just now heard a wonderful sermon from my Hon. friend. He was trying to make a strong case for unity and this sermon was presumably addressed to Muslims. After what they themselves have done during the last elections, it is most remarkable that one of them should address thus. Well, everybody agrees that unity is most desirable and it must be brought about at all costs. Indian case will never advance any further without unity. But what have we seen during the last elections? The Government have been blamed for adopting a policy of divide and rule but it is remarkable that in spite of the professions of the Congress to the contrary, and in spite of the fact that they always blamed the Government the Congressmen have themselves adopted the policy of division. They have left no stone unturned. They have adopted methods—fair or foul, good or bad,—to create divisions and faction among Muslims. They admit that the majority of the Muslim population is with the Muslim League; but yet the Congress tried to contest every seat by putting up fake candidates against the Muslim League candidates. I ask them, "What is the position of the Muslim League today? Is it worse than before the election or the same or better?" The figures at the elections will answer the question definitely. They have spent their money and time to create troubles and differences among Muslims. This is what they had done in the past also, what they have done now and what they will do in the future. Let me point out, before the Congress rule in the provinces, no Muslim ever demanded a single yard of the Indian soil to rule over it. What they always demanded was the safeguards. They want to live peacefully in this country as a younger brother.

It cannot be said that any Muslim in this country aspired to rule even a small village. It was the Congress rule which has shown to us, to the world, that how the Hindus would treat us and this forced us to adopt the Pakistan resolution at Lahore in 1940. Let me also point out what they did subsequent to the passing of the resolution, what they did during this election—when they engineered the riots and encouraged the shedding of the blood by a Mussalman of a Mussalman. This was one of their pet games, but a game which will rebound very soon on their own heads. I charge them as they accuse the British. Now the test of their sincerity is that they should forget for ever that they will ever rule in this country on the basis of their majority—a religious majority, not the majority of a party and this is a misnomer for democracy. Once they give up the idea to dominate the whole of India with Hindu rule then and then alone can any settlement be reached. I assure them that it will then reach within five minutes. A Mussalman does not want nor does he desire to rule the country but what he does want is that he be allowed to live in respect and honour. He is determined to shed the very last drop of his blood to see that he is not made the slave of any one—be it the British or the Hindus—if Hindus are prepared to give up the idea and stop their slave making machinery and come forward to talk to a Mussalman as an Indian—as their younger brother and not as their monial—then the real solution of the Indian problem will be arrived at. It is no good delivering a sermon and trying to show that they are doing everything. If merely by being vocal without the slightest intention of substantiating it they think they can come to a settlement with the Mussalmans, it is impossible.

Sir, I would like to point out that undoubtedly this Finance Bill has come under peculiar circumstances. Today after the war is over when the British Delegation is here to fulfil the British promise and transfer the power to the peoples of India. The British have been blamed—it has been an old complaint and charge against them—that they have all along been following the policy of divide and rule. Let me tell them that they are not new to the country and that they know all they phases and the political tangles in this country. If the Congress and the League and other important minorities cannot come to any settlement they ought not to leave or transfer the power in this country, because in this way they would perpetuate misrule for ever but what they should do, if they want to, is to impose constitution or constitutions which would be just, considering the rights of every nation and not to leave the country to civil war and adopt a constitution in which the rights of the Muslims and of other minorities are not properly safeguarded and that is the adoption of Pakistan for Muslims.

One thing, Sir, I would like to say in connection with this debate. The policy of the disposal of war materials has to be looked into very carefully. It is a very important thing. While the war was on it was really the capitalist who made money out of it but now it should not be allowed that when the war is over that those very things which they supplied should benefit them and them alone. I have heard of the desire of the Government that the disposal should be in such a way that the articles of use should reach the general public. What steps are they taking towards that end? I am afraid, the policy of disposal, the method of disposal, is anything but satisfactory. I am prepared to say that the Government are encouraging the black market, by having a black market of their own at the auctions. At Cawnpore the motor cars and other articles which were once controlled were sold for a far more price than the price they could possibly fetch under the control system. If the Government by this method would encourage black marketing I am quite certain it would be useless to blame others. The articles which are being sold in Government auction, are of great value, but these would not come in possession of the general public if the Government does not look out and try to make profit in the black market of their own. This will be a very sad thing. I would like the Government to consider very seriously. It ought to appoint a strong committee of officials and non-officials to watch the method of the disposal—the auction—the kind of property, the ways and means that it should reach the general public for their uses and should not remain merely in the hands of a few capitalists. The Government ought to accept and form a committee for this purpose but it should not be a committee like the Railway committee or some other committees which meet once during the session but it should be a committee which should meet at least once in a month, and it will be only then that all this huge stock which has accumulated with the Government will be disposed of properly.

I do not want to take much time, Sir, but I should draw the attention of the Finance Department to the pay of the lowest servants, namely, orderlies and chap-rasis. There is no doubt that the pay which they are getting now is not enough for them to maintain themselves and their families. There may of course be some who are better placed, but not in every department; many of them are in such positions that they are not even able to receive little tips, much less become partners in corruption.

THE HON. SIR N. GOPALASWAMI AYYANGAR (Madras : Non-Muhammadan: Mr. Chairman, I do not wish at this stage, of a somewhat longish day of debate for this House, to follow the example of the two speakers who have immediately preceded me and try to devote a portion of the observations I may have to make to, and to talk at, the Cabinet Mission that has arrived in this country. I would rather confine myself to the relevancies of the debate on a Finance Bill, and I hope, Sir, I shall be able to confine my remarks on this occasion to matters which I hope it will be agreed will be strictly relevant to the subject of the Motion that is now before us. That Motion is that we take this Indian Finance Bill, 1946, into consideration.

I think the Hon. the Finance Member has reason to congratulate himself on the success that has attended his efforts in enabling him to get this Finance Bill through the other House. That is perhaps an event of striking importance if we look back at the history of the last few years. We have now before us this Indian Finance Bill, 1946, and, for the first time during the three years that I have been in this House. I am glad to find that we are asked to consider it on its merits, to propose amendments or improvements in it, so that, if possible, and if we are able to persuade those who are responsible for this Bill to agree with us, this Bill might be improved and made more satisfactory from the standpoint of the people of this country.

Now, Sir, my attitude to a Finance Bill of this description, I think, I have made pretty clear in the speeches which I have made on similar occasions during the two previous years. With all the background of my experience that I believe that administration in a country must be carried on. It is true that that carrying on has to be in the hands of a particular Government in office at the time. For carrying on that administration that Government requires funds, and the question is posed before us whether we should vote the supplies which are necessary to enable them to function in that way. My view is that there could be justification for a total refusal of supplies to a Government in office at a particular time only when by so doing it is possible for us to turn that Government out of office and instal another Government

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in its place to whom we could entrust the supplies that we are willing to vote. That state of things has not existed up to date in this country. I am therefore not interested in taking up the position that, for reasons extraneous to the financial needs of the Government, we should refuse to vote supplies.

But it will be asked : Why, if this was my opinion, I voted against a similar Motion in 1944 and spoke against such a Motion in 1945, though I was not able to be present at the time of voting in 1945. I think on those two occasions I made my position perfectly clear. On both those occasions this Bill came to us in a certified form : that is to say, we were asked to say yes or no. If we said yes, they said "Well and good, we will assent to what you have consented to. If you say no, we will still ask the Governor General to put his signature to the Bill and it becomes law". In those circumstances, I considered that a debate and a voting in this House on a Bill brought before it in that form was absolutely unreal and served no purpose, and I refused to be a party to having that Bill taken into consideration by this House under those circumstances. This year that impediment has been removed, thanks to an imaginative Finance Member. I consider that the Hon. the Finance Member on this occasion has dealt with the Legislature in the only fashion that an irremovable executive of which he is a member should deal with such a Legislature. In this connection I should like, if I may do so to read what I said on this subject in 1944 in my speech on the Finance Bill :—

"But there is one side to this picture, perhaps a minor side, to which I think I should draw attention if only for the purpose of demonstrating that the present executive of the Government of India have failed to react in a reasonable manner to the criticisms of the representatives of the public in the Legislature, and that they have displayed neither constitutional wisdom nor political imagination in tackling the situation created by these proposals. The Government of India are an irremovable executive appointed for a term. The present constitution throws upon them the duty of carrying proposals for expenditure and for raising revenues through the legislature. — . . . . . An Executive irremovable for a term, when it has to deal with a democratic Legislature, must, if possible, try and behave in a manner consistent with democratic principles, in so far as the truncated constitution under which that democratic Legislature is constituted and functions permits. Where the Legislature does not agree with the Executive, it is the duty of the Executive to see whether by negotiation and compromise it is not possible to meet the wishes of the Legislature in such a fashion as to prevent its refusing supplies altogether.

The mere prestige of the Executive should not stand in the way of acceding to popular opinion if that opinion certainly is neither wrong-headed nor deserves to be brushed aside as being crooked or unreasonable".

I consider that the Hon. the Finance Member took the only proper course for a member of an irremovable executive to do in a situation of this sort. When he heard the Budget debate in the other House he was impressed with the arguments that were adduced by his critics and with an imagination that is deserving of all praise he announced in his reply to the debate that he was willing to have his tax proposals re-examined in such a way that he might find it possible to agree to some of the proposals that had been made during that debate. He has done so. The Hon. the Principal Secretary for Finance has told us in what directions changes have been carried out in the original proposals. They are satisfactory so far as they go. Now, it would be wrong, I think, even for the Finance Member to run away with the idea that the success which attended his efforts at negotiation and compromise were entirely a compliment to his sweet reasonableness. We cannot rule out from the list of causes which contributed to this result the existence of political differences between the two major parties in the Assembly. That he was able to mobilise the strength of voting that he was able to do in the other House is due as much to the cause I have last mentioned as to the reasonableness of his own attempt at compromise, because, whether this kind of mobilised voting behind him will come to his support in all circumstances and under all conditions it would be difficult for any one to prophesy. But what I am particular in pointing out on this occasion is that that is just the thing that should have been done.

Now, Sir, it is rather late in the day but I will mention only one or two matters of some moment which will indicate the directions in which my mind is moving in considering the provisions of this particular Bill. I shall take up a somewhat minor point first, on which I should like to seek some enlightenment from the Finance Department. I gather, Sir, that there is a difference in the way in which "Salaries and interest on securities" on the one hand and "Income from other sources"

on the other hand are finally assessed. I wish to emphasise those words 'finally assessed'. Let us for example take 1945-46 as what is technically known as the accounting year. I am taking it as a mere illustration. Let us assume that the final assessment is to be based upon the income ascertained for that particular year, 1945-46. That assessment will have to be made in 1946-47. Let us assume again that a person gets an income of Rs. 10,000 from "Salaries and interest on securities" and gets another Rs. 10,000 as income from "Other sources". Under section 18 of the Income-tax Act, the tax is collected on account during the year 1945-46 at the rates prescribed for assessments in that year, usually at the average rate of the estimated total income under that particular source, namely, "Salaries". With regard to income from "Other sources", it is the same, that is to say the 1945-46 rate which is applied in ascertaining the payments on account under section 18A. When the final assessments come to be made in 1946-47, I gather that the present practice is to apply the 1945-46 rate to "Salaries and interest on securities" and to apply the 1946-47 rate to the income from "Other sources". I have been trying to find out why this difference should be made in regard to the rates to be applied to two different parts of the same income for the same year and I gather that the authority under which this is done is a clause which is repeated in the annual Finance Bill year after year. I have verified that that clause appears in all the Finance Bills since 1942. In the present Bill I would invite reference to sub-clause (3) of clause 11 where specifically it is mentioned that where the total income of a man includes income from "Salaries and interest on securities" the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable, under the operation of the Indian Finance Act, 1945, on his total income the same proportion as the amount of such inclusions bears to his total income. But for this specific clause I take it that income ascertained for 1945-46 would have been taxable at the 1946-47 rates. I should like to have some information as to why this distinction is made between the two kinds of income.

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I have discovered that this matter, so far as the income to be assessed is concerned, was considered by the Joint Select Committee which sat on the 1922 Bill. And they said :

"We have considered the suggestion that a distinction should be drawn between business or professional profits and fixed receipts, such as salaries and interest on securities, by taxing income from the former source on the basis of the income of the preceding year and income from the latter source on the basis of the income of the current year. We are satisfied that very little difficulty is likely to be experienced in connection with the system proposed in the Bill and that considerable confusion would be created if for income-tax purposes a part of a man's income was taken to be the current year's income and another part to be the income of another year. We therefore make no change".

They left the thing without any change in the Income-tax Act itself. If they thought that confusion would be created by taking the two parts of a man's income as relating to two different years, the same confusion will be created if the rates of two different years are applied to the two parts of man's income. There is also this trouble. Supposing, for instance, you take a man earning a salary in 1946-47. It is quite possible that the rate that was applied to his income during 1945-46 at the the 1945-46 rates might be heavier, as under some of the proposals in this particular Bill it would be, than if the 1946-47 rates were applied to the same income. There a man earning a salary stands to lose: the contrary also might happen. What really is the justification for this distinction in rates between one part of a man's income and another ?

The next point I should like to refer to is the duty on betel nuts. My views on this question have been before the House previously. I do not wish on this occasion to elaborate those objections of mine to this duty. Personally I think the duty ought to have been removed altogether, and this could have been done without much inconvenience to the budgetary requirements of the coming year. After all, the reduction which the Hon. the Finance Member has agreed to, reinforced as it was by two lady members of the other House, means a drop of something like 80 lakhs from this source of revenue. What remains out of the duty in the coming year will only be about 80 lakhs: and, in a tax system such as that of the

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Government of India, an excise which is calculated to produce only these small amounts—it is a matter for very careful consideration whether that tax system should carry these petty items of revenue. As reductions have been made, a reduction of half an anna and then an additional reduction of another half anna and the Finance Member, at the end of a long debate, made it clear that he was unwilling to consider any further reduction in the rate of this duty. I do not propose to pursue this matter further.

The only other point I wish to refer to is the salt duty. I have given notice of an amendment in this connection. But I think it is as well that at this stage. I give an outline of the considerations which have weighed with me in asking for this further relief in favour of the poor man. When I was speaking during the General Debate on this Budget, I welcomed the Hon. the Finance Member's undertaking in the other House that he would subject the whole field of indirect taxation to a thorough scrutiny and see what reliefs could be afforded to the poor man and welcoming that as I did, I drew his attention to the fact that the first duty that he should address himself to in this connection was the salt duty. Now, the history of the salt duty is a very old one. It would be unnecessary for me to go into it at very great length. The matter has been discussed threadbare in the Central Legislature on many occasions. The salt duty brings in a revenue of somewhere between 8 and 9 crores, and I suggested in the course of my remarks during the General Budget discussion that the Hon. the Finance Member might well consider the desirability of reducing the rate of this tax from Rs. 1-9-0 to 12 annas. In the course of his reply to my remarks the Hon. the Principal Secretary for Finance drew attention to the usual objections against tinkering with the salt duty, the main point being that the burden when spread over the whole population did not mean more than 3 annas per head. I think it is somewhat heavier than 3 annas at present. It is probably nearer 4½ annas. I think 3 annas was the figure which the Taxation Enquiry Committee of 1925 arrived at. But even taking that as indicating a very small burden on the shoulders of the poor man, we have got to recognise that it is not the smallness of this burden alone that should weigh with us in considering whether we should give relief to the taxpayer in respect of this particular duty. Salt is a necessity of life. No human being can go without salt and in a sense, as the Taxation Enquiry Committee pointed out, it works as a poll tax. The great bulk of the tax is paid by the poorest of the poor, by those who are least able to make any contribution to the expenditure of the State. It is not merely required for human beings, it is required for cattle, it is required for use in industry and agriculture. On the other hand, it has to be recognised that this tax is a very old one and has prevailed in very many countries. I believe in this country it is more than a century old. It has existed in some form or other practically throughout the country.

The quantity consumed by the individual is small and the tax he pays perhaps may be small, but he has the feeling that he also makes a contribution to the expenditure of the State. As I said the other day, I am not amongst those who want to see this tax abolished altogether. I think it should remain, but I also at the same time think that we should reduce it to a figure which will be appreciated by those for whom it is intended. Take the present proposals of the Hon. the Finance Member. Each of the concessions he has agreed to is in itself trivial, if one may say so, but he recognised the need from a purely psychological and, if I may add, a political point of view that reliefs in a budget of this sort should go not merely to the rich and the moderately rich but to the poor also, and that is the reason why he has agreed to all the concessions he has made in respect of post-cards, matches, kerosene, betelnuts.

Now none of these different commodities can compare with salt as regards the universality of the burden thrown upon the whole population. There are whole sections, large sections, of the poor who hardly buy kerosene, who hardly get a post-card or send one, but if you take a thing like salt everybody does contribute something to the State in an indirect form and if really your objective is to give relief to the poor the first thing that I think the Hon. the Finance Member should tackle is the salt tax. Now, it may be asked whether supposing we did reduce the tax, the benefit would be passed on to the consumer? Well, all that I can say is

that there is a certain minimum quantity of salt which even the poorest of the poor do require. So far as that quantity is concerned, he will buy it at a high price as much as he will buy it at a low price. But if the concession that we offer to him is substantial, if it is not a question of merely one or two annas this way or that but it is something really substantial, I think it would get passed on to the consumer and perhaps the consumer would consume more salt than he would do with the prices at their present level. That is one reason why in proposing the reduction I have asked for a reduction of 13 annas—slightly more than 50 per cent. of the existing rate of duty. It would perhaps have been easier for Government, if they are inclined to do so, to accept a reduction to Rs. 1/4/0 which ruled for so many years, but I think a reduction of merely 5 annas is not going to be of very substantial benefit to the person for whom we intend it.

I was rather interested to notice what happened in the other House over this matter. I gather that a Motion to delete the duty altogether was lost. I wonder if it was voted on as on an amendment or the vote was taken merely on the Motion that the particular clause do stand part of the Bill. I have not been able to verify it but that Motion was defeated. There were a number of other Motions on the agenda which gave notice of amendments for reductions of this duty to various figures but none of these were moved after the original Motion was lost. I have not been able to find what was at the back of the minds of the Members who had given notice of these amendments but who refrained from moving them after that first Motion was defeated.

Now, in reply to the debate on the Motion proposing the deletion of the clause, the Hon. the Finance Member mentioned a few arguments which perhaps it is worth traversing in this connection. He thought that his agreeing to the Motion would have been evidence of a certain amount of irresponsibility to his successor, and he was careful to add "or successors"! He also seemed to be of the opinion that the Taxation Enquiry Committee was not persuaded in the direction of the views which had been put before the House by the critics there and that what did not persuade the Taxation Enquiry Committee could hardly be expected to persuade the Hon. the Finance Member in that House. Now, these two positions, I take as representing what he thought could be stated against a total abolition of the duty. I can understand the argument about irresponsibility if he was doing away with the tax altogether and his successor when he came into office found that a salt duty was not an item in the tax system which he could manipulate in the directions he would prefer; but it cannot apply to proposals for a mere reduction of the duty. The Finance Member took pride in the fact that it had been given to him to restore the half anna post-card but proceeded to say that the glamour which would attend his agreeing to the abolition of the salt duty would certainly have been much greater, but he resisted the temptation because of this fear of a charge of irresponsibility.

**THE HON. SIR MAHOMED USMAN (Leader of the House):** May I know how long will the House be sitting?

**Mr. CHAIRMAN (the Hon. Sir David Devadoss) (to the Hon. Sir N. Gopalaswami Ayyangar):** Will you take very long?

**THE HON. SIR N. GOPALASWAMI AYYANGAR:** I will take another ten minutes. If you want I will finish tomorrow.

**Mr. CHAIRMAN (the Hon. Sir David Devadoss):** I think you had better reserve the remaining portion of your remarks for tomorrow.

**THE HON. SIR N. GOPALASWAMI AYYANGAR:** I would like to finish this particular point just now.

**Mr. CHAIRMAN (the Hon. Sir David Devadoss):** I think we can stay for another ten minutes.

**THE HON. SIR MAHOMED USMAN:** We all have engagements.

**THE HON. SIR N. GOPALASWAMI AYYANGAR:** Sir, I wish to refer to the Hon. the Finance Member's objection on the ground for political reasons. Now Sir, you will remember that I myself said the other day that I was not wedded to the abolition of this duty altogether. I have since discovered that I said something

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similar to the Taxation Inquiry Committee itself as far back as 1925. Giving evidence before it, this is what I said :—

“The question of whether in the present condition of Government of India finance it is necessary to retain the salt duty at all or to levy it at the rate of Rs. 1-4-0 a maund is one whose decision should be guided by purely budgetary considerations. The tax is at present intensely unpopular mainly for political reasons. But political objections to a tax are not factors which can be ignored in financial policy. Nevertheless from the standpoint of financial principles the salt duty is a legitimate source of revenue for the State and is a financial reserve of considerable elasticity”.

I should rather modify, in more sober language, that last part of my evidence in 1925. At that time the salt duty was somewhere about 10 to 12 per cent. of the total revenues of the Government of India ; I think today it is hardly 3 per cent. perhaps less. But all the same that was the position I took at that time. The Taxation Inquiry Committee also, I think, on the whole agreed with it. The spirit of their recommendation was that the duty in normal times should be fixed low and that when an emergency occurred you could raise it for the purpose of raising additional resources necessary for meeting the emergency.

Now, Sir, the only further point I want to make in this connection is this. The House would have noticed that the question of what the rate of salt duty should be should be a matter entirely guided by budgetary considerations. It is quite possible—Sir, that the argument would be advanced that we have got a budget in which the revenue side of the account has ended in a substantial deficit, and it might be argued further that it is undesirable that we should increase that deficit. Well, on this point I have pointed out certain considerations during the general budget debate, but I wish only to point to one method by which this reduction could be accomplished without disturbing the quantum of the revenue deficit in the budget, and that is this. I mention this today in case the Government should be inclined to consider seriously the proposal I shall be making in the amendment tomorrow. The amount of excise duty on salt manufactured locally is 741·75 lakhs ; the duty on imported salt is 152·25 lakhs. The total, roughly, is 894 lakhs. If the duty be reduced from Rs. 1-9-0 to 12 annas, the drop in receipts would amount, roughly, to 4½ crores. Now, this, if it stood by itself, would worsen the revenue deficit by 4½ crores but I do not think it is necessary to worsen the deficit at all. I would remind the Hon. the Principal Finance Secretary of what I said about the provision which his budget has made for reduction or avoidance of debt. That is shown as a debit of 5 crores on the revenue side of the budget. It goes in as a credit into the capital side of the budget. It is not required for capital expenditure, because you are raising a loan of nearly 300 crores out of which you are not going to spend even one-half, and the only thing that that credit of 5 crores to the capital side of the budget would mean is that it will go into your closing balance. I can understand a debit to revenue of 5 crores if actually that amount went into an earmarked sinking fund or if the loan funds you require for capital expenditure in the budget year can be reduced by the amount of the appropriation you make from revenue. That is not so in this case, because, as I have said, you are borrowing nearly twice as much, or more than twice as much, as you need for capital expenditure in the coming year. If the Government should be so inclined as to consider this proposal favourably, I think it is quite possible for them to accept it without inconveniencing themselves as regards the quantum of their budget deficit.

The Council then adjourned till Eleven of the Clock on Saturday, the 30th March, 1946.