

Wednesday, 7th March, 1945

COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

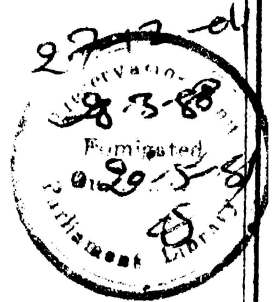
VOLUME I, 1945

(15th February to 14th April, 1945)

EIGHTEENTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1945



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COUNCIL OF STATE

Wednesday, 7th March, 1945

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

QUESTIONS AND ANSWERS

PRICE OF PETROL IN THE BLACK MARKET.

63. THE HONOURABLE MR. G. S. MOTILAL : (a) Does "black market" in motor spirit still continue ?

(b) What are the rates at which petrol is sold in the black markets at Bombay, Calcutta, Madras, Delhi and Lahore ?

(c) What steps have Government taken to stop it ?

(d) Who are the people that are getting large and enough quantities of petrol to sell in the black market ?

THE HONOURABLE SIR SATYENDRA NATH ROY : (a) Yes, but it is believed to a diminishing extent.

(b) Government have no precise information on this point. The rate naturally varies from time to time and between places. The price of illicit petrol in Delhi is reported to be five or six rupees per gallon at present.

(c) The Honourable Member is referred to the answer given to parts (e) and (f) of question No. 94 which was answered in this House on the 24th February, 1944.

(d) I am unable to answer this question and am not prepared to speculate without proof as to who these people are.

THE HONOURABLE MR. G. S. MOTILAL : Have they taken any further step after the reply given some time back and referred to just now by the Honourable Member ?

THE HONOURABLE SIR SATYENDRA NATH ROY : The attention of the Provincial Governments was drawn to it again and that is all the step that the Central Government are competent to take in this matter.

THE HONOURABLE MR. THIRUMALA ROW : Have Government got any proof that there is definitely a black market in petrol ?

THE HONOURABLE SIR SATYENDRA NATH ROY : It is generally assumed that there is a black market in petrol in various places and the inquiries which I have made, as I said, show that in Delhi there are reports that black market petrol is selling at Rs. 5 or Rs. 6 per gallon.

THE HONOURABLE MR. THIRUMALA ROW : Can't they get at the people who are dealing in black market petrol ?

THE HONOURABLE SIR SATYENDRA NATH ROY : Sometimes they are traced and prosecutions are launched. There have been many prosecutions.

THE HONOURABLE MR. HOSSAIN IMAM : Has Government tried the expedient of increasing supply in the white market—

THE HONOURABLE THE PRESIDENT : There are 40 questions today and it is a very crowded day. The more supplementary questions you ask the less time you will have to make speeches.

THE HONOURABLE MR. HOSSAIN IMAM : Many of the questions will be passed without comment. Will the Honourable Member try the expedient of increasing supply to those who need it ?

THE HONOURABLE SIR SATYENDRA NATH ROY : Yes, Sir. The question has been considered again and again, but I am afraid I cannot hold out any hope of a better supply at present.

THE HONOURABLE MR. HOSSAIN IMAM : Is it a fact that only 2½ per cent. of the petrol imported is given for civil consumers ?

THE HONOURABLE SIR SATYENDRA NATH ROY : I must ask for notice of that question.

THE HONOURABLE MR. G. S. MOTILAL : What proportion of the petrol which is imported is given to the civilian population ?

THE HONOURABLE SIR SATYENDRA NATH ROY : I have asked for notice of that question.

DIFFERENT RULES FOR EUROPEANS AND INDIANS DEALING WITH THE RESERVE BANK OF INDIA

64. THE HONOURABLE MR. G. S. MOTILAL : (a) Has Government's attention been drawn to the letter published in the *Free Press Journal* of the 15th December, 1944, with the caption "Two Sets of Rules" over the *nom de plume* "One Who Knows" ?

(b) If so, have Government inquired into the allegations mentioned in the letter, and what is the result of the inquiry ?

(c) Is there any truth in the statement that, in practice, there are different sets of rules for Europeans and Indians who have dealings with the Reserve Bank of India ?

THE HONOURABLE SIR CYRIL JONES : (a) Yes.

(b) and (c) Government have made no inquiry as the internal management of the Reserve Bank is entirely the responsibility of the Central Board of that Bank.

HAWKERS AT RAILWAY STATIONS

65. THE HONOURABLE MR. G. S. MOTILAL : Are Government aware that shouting by hawkers at railway stations during night still continues unabated ? What steps have Government taken and further propose to take to prevent this ?

THE HONOURABLE SIR SATYENDRA NATH ROY : Instructions are in force on Railways prohibiting vendors from shouting their trade calls on platforms at stations during the night, and it is believed that these orders are enforced as far as possible. The matter will, however, again be brought to the notice of Railways.

LACK OF COURTESY ON THE PART OF STAFF ON RAILWAY STATIONS

66. THE HONOURABLE MR. G. S. MOTILAL : Are Government aware that Railway authorities, particularly station staff, show scant courtesy and indifferent attention to the requests of Indian travellers ? Will Government issue instructions through the proper channel to the members of the staff of all stations where Mail and Express trains stop not to disregard the requests of Indian travellers but to pay due and proper attention to such requests ?

THE HONOURABLE SIR SATYENDRA NATH ROY : No. All staff on Railways including those having dealings with passengers are required by standing instructions which are constantly repeated to be helpful, courteous and civil ; and I am sure that Railway Administrations will take adequate action if specific cases of discourtesy or indifference are brought to their notice.

DIFFICULTY EXPERIENCED BY MEMBERS OF THE CENTRAL LEGISLATURE IN SECURING RESERVATIONS ON TRAINS.

67. THE HONOURABLE MR. G. S. MOTILAL : (a) Are Government aware that the members of the Central Legislature are now put to much inconvenience and difficulty in getting the necessary accommodation reserved for themselves while proceeding to attend the meetings of the Legislature and while returning to their permanent places of residence ?

(b) Will Government make some arrangement by which the members of the Central Legislature can get the required accommodation reserved without difficulty ?

THE HONOURABLE SIR SATYENDRA NATH ROY : (a) Complaints to this effect have been made from time to time by Members of the Central Legislature.

(b) Government have already made arrangements whereby Honourable Members can purchase their tickets in advance of the commencement of the journey earlier than is admissible to the general public, and so secure reserved accommodation

with the minimum difficulty. If Honourable Members will take advantage of this facility, there should normally be no difficulty in securing accommodation.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: Certain officials are allowed to reserve a whole compartment. Will the Railway authorities extend the same privilege to the Members of the Central Legislature especially when they are travelling with their families, to those who desire, of reserving a compartment, provided they pay the fares for the number of berths in the compartment.

THE HONOURABLE SIR SATYENDRA NATH ROY: I believe a question of this kind was asked before. I shall make inquiries as to what the position is and let the Honourable Member know.

PRIORITY FOR THE IMPORTATION OF PLANT FOR NEW INDUSTRIES

68. THE HONOURABLE MR. G. S. MOTILAL: Will Government state whether in giving priorities for the importation of plants and for the setting up of industries, Government will give priority to those who have fewer concerns on hand than to those who have more for the time being?

THE HONOURABLE MR. H. M. PATEL: The policy in the matter is still under consideration. Each case will be dealt with on the merits.

NUMBER OF EUROPEAN AND INDIAN OFFICERS IN THE SUPERIOR SERVICES

69. THE HONOURABLE MR. G. S. MOTILAL: Will Government place on the table a statement giving the number of Indian and European officers in the superior services under the Government of India and the Provincial Governments on the 1st January, 1945, or on any other later date?

THE HONOURABLE MR. E. CONRAN-SMITH: A statement showing the number of European and Indian officers in the All-India Services and the Central Services, Class I on the 1st January, 1943, which is the latest date for which information is available, is placed on the table of the House. Information regarding the number of European and Indian officers in the Superior Provincial Services is not available with the Central Government, but the number of such European officers is not likely to be many.

Statement showing the number of European and Indian Officers in the All-India Services and the Central Services Class I on the 1st January 1943

	Europeans	Indians
I.—All-India Services—		
Indian Civil Service (including incumbents of listed posts)	550	629
Indian Police	373	203
Indian Medical Service (Civil)	64	20
Indian Agricultural Service	13	16
Indian Educational Service (Men's Branch)	11	30
Indian Educational Service (Women's Branch)	4	..
Indian Forest Service	86	78
Indian Forest Engineering Service	2	..
Indian Service of Engineers	108	172
Indian Veterinary Service	7	1
II.—Central Services Class I—		
Indian Audit and Accounts Service	4	142
Central Engineering Service (Class I)	..	30
Imperial Customs Service	5	21
Telegraph Engineering Service	12	43
Indian Posts and Telegraph Traffic Service	5	21
Geological Survey of India	8	10
Indian Meteorological Service	1	17
Mines Department	3	7
Archaeological Department	1	15
Zoological Survey of India	..	6
Survey of India	26	9
Income-tax Service	3	27
Indian Railway Service of Engineers	108	199
Indian Railway Accounts Service	14	31
Superior Revenue Establishment (Railways)	334	378

	Europeans	Indians
Mint Department	3	1
Botanical Survey of India	1	1
Military Accounts Department	11	48
India School of Mines	2	3
Central Excises and Salt Departments	1	3
Railway Inspectorate Service	2	4
Total	1,771	2,175

NUMBER OF VOTERS IN CONSTITUENCIES OF THE COUNCIL OF STATE

70. THE HONOURABLE MR. G. S. MOTILAL: Will Government place on the table a statement of (a) the number of voters in each constituency of the Council of State at the time of the last General Election; (b) the number who recorded their votes in each constituency then; and (c) the number of voters of each constituency on the latest available date?

THE HONOURABLE MR. SHAVAX A. LAL: (a) and (b). A statement giving the information required is laid on the table.

(c) I am ascertaining and will lay on the table in due course the number of electors entered on the electoral rolls for the Madras (Non-Muhammadan), Madras (Muhammadan), East Bengal (Non-Muhammadan) and Bombay Chamber of Commerce Constituencies for which fresh rolls were recently prepared. For other constituencies figures later than those shown in the statement are not available.

Place and Class of Constituency	Total No. of Electors	Total No. of Electors who voted	Percentage of Electors who voted to total No. of Electors in contested Constituencies
(1)	(2)	(3)	(4)
<i>Madras—</i>			
Non-Muhammadan	3,399	2,871	84.4
Muhammadan	201	182	91
<i>Bombay—</i>			
Non-Muhammadan	1,756	1,514	86.22
Muhammadan	172	Uncontested.	Uncontested.
Muhammadan (Sind)	525	393	74.86
Chamber of Commerce	115	Uncontested	Uncontested.
<i>Bengal—</i>			
East: Non-Muhammadan	785	545	69.8
West: Non-Muhammadan	1,266	892	70.45
East: Muhammadan	933	Uncontested	Uncontested.
West: Muhammadan	431	306	71.0
Chamber of Commerce	202	Uncontested	Uncontested.
<i>United Provinces—</i>			
Northern: Non-Muhammadan	984	466	47.35
Southern: Non-Muhammadan	1,174	Uncontested	Uncontested.
Central: Non-Muhammadan	479	335	69.93
East: Muhammadan	205	Uncontested	Uncontested.
West: Muhammadan	371	Uncontested.	Uncontested.
<i>Punjab—</i>			
Non-Muhammadan	1,172	Uncontested	Uncontested.
East: Muhammadan }	1,369	Uncontested	Uncontested.
West: Muhammadan }			
Sikh	601	487	81.03
<i>Burma—</i>			
General Constituency	18,550	Uncontested	Uncontested.
<i>Bihar—</i>			
Non-Muhammadan	1,887	1,615	85.5
Muhammadan (B. & O.)	529	430	81
<i>Central Provinces—</i>			
General	820	597	72.8
Berar (General)	760	601	79.08
<i>Assam—</i>			
Muhammadan	112	100	89.28
<i>Orissa—</i>			
Non-Muhammadan	340	281	82.6

THE HONOURABLE MR. HOSSAIN IMAM : Are the electoral rolls of the other provinces new or old rolls ?

THE HONOURABLE MR. SHAVAX A. LAL : Except for these four constituencies which I have just named, they are the old rolls.

THE HONOURABLE MR. HOSSAIN IMAM : Are they likely to be revised in the near future ?

THE HONOURABLE MR. SHAVAX A. LAL : If the Honourable Member will have a little patience, that question is coming later on.

RATIONING OF PETROL

71. THE HONOURABLE MR. G. S. MOTILAL : Will Government state:—

(a) the quantity of petrol the members of Government, their Secretaries and Deputy Secretaries get per month,

(b) the quantity which the owners of private cars, taxi-cabs, lorries, respectively and military contractors get per month,

(c) the quantity which the Officers in the Military Department get per month ?

THE HONOURABLE SIR SATYENDRA NATH ROY : With your permission Sir, I will answer parts (a), (b) and (c) of the question together. The basic ration of petrol allowed to owners of private motor cars depends upon the horse power of the car and is determined by Entry 5 of the Second Schedule to the Motor Spirit Rationing Order, 1941. Supplementary rations for private cars and rations for taxis, buses and goods lorries are regulated by the Provincial and Area Rationing Authorities in accordance with the provisions of that Order, the general principle being that only so much petrol should be used, as is necessary for the prosecution of the war and the maintenance of essential civil supplies, services and efficient administration. It is understood that Honourable Members of the Executive Council can normally draw a supplementary ration of 30 gallons a month for use in Delhi, and such additional ration as may be required for any tour by road which may be necessary. Officers of the Central Government including military officers using private cars, and military contractors, draw varying supplementary rations depending upon the circumstances of each case in accordance with the principles stated above. I regret therefore that it is not possible to make any general statement as to the precise amount drawn by the various categories of owners or officers mentioned.

THE HONOURABLE MR. THIRUMALA ROW : Is there any basic rationing allowed to the members of the Central Legislature when they are attending the sessions ?

THE HONOURABLE SIR SATYENDRA NATH ROY : Everybody gets a basic ration.

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir, you allow half a gallon when there is a meeting of the Council.

THE HONOURABLE SIR SATYENDRA NATH ROY : The Honourable Member is referring to the supplementary ration, not basic.

THE HONOURABLE MR. HOSSAIN IMAM : Do Government consider that members of the Central Legislature serve some useful purpose when they are entitled to supplementary rations. (*Laughter.*)

TOURS UNDERTAKEN BY MEMBERS OF THE EXECUTIVE COUNCIL

72. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay on the table a statement giving the following information about the tours separately of each of the Honourable Members of the Executive Council for the full calendar year 1944 or the first nine months of the current financial year : (a) total number of days spent out of Delhi ; (b) total mileage by air, railway compartment and saloons ; (c) amounts drawn as expenses of journey ; (d) how many visits paid to their respective home areas.

THE HONOURABLE MR. E. CONRAN-SMITH : The information asked for is not readily available and its collection would involve an amount of time and labour that would not be justifiable in war-time.

THE HONOURABLE MR. HOSSAIN IMAM : Do Government maintain any account of the travelling expenses of the Honourable Members ?

THE HONOURABLE MR. E. CONRAN-SMITH : The Honourable Member may be aware that Honourable Members of the Executive Council do not draw travelling allowances in the sense which the Honourable Member perhaps has in mind.

THE HONOURABLE MR. HOSSAIN IMAM : But they are allowed travelling expenses.

THE HONOURABLE MR. E. CONRAN-SMITH : That is correct, Sir.

GOLD IMPORTS

73. THE HONOURABLE MR. HOSSAIN IMAM : (a) Will Government lay on the table a statement of gold imported from U. K., U. S. A., and South Africa ? (b) Is it included in figures of lend-lease, defence requirements or private trade ?

THE HONOURABLE SIR CYRIL JONES : (a) It is not in the public interest that this information should be given.

(b) The figures for gold imports are not during war-time included in any published statistics.

THE HONOURABLE MR. HOSSAIN IMAM : How long will it not be in the public interest, Sir, to publish this information ?

THE HONOURABLE THE PRESIDENT : Order, order. You can only put questions. You must not argue.

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir, I am asking up to which date this information is to be kept secret ?

THE HONOURABLE THE PRESIDENT : You cannot make comment.

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir, it is not a comment. I am asking when will the need for keeping this information secret be removed ?

(No answer.)

MEETINGS BETWEEN HOME MEMBER AND CERTAIN LEADERS AT BOMBAY.

74. THE HONOURABLE MR. G. S. MOTILAL : (a) Is it a fact that the Honourable the Home Member of the Government of India visited Bombay on the 8th January, 1945 ? If so, did he meet Mr. Nagindas, T. Master, the President of the Bombay Provincial Congress Committee, Mr. B. G. Kher, the ex-Premier of Bombay, and Mr. S. K. Patil, the Secretary of the Bombay Provincial Congress Committee ?

(b) Did he meet them at their request or the Honourable the Home Member invited them to meet him ?

(c) Where was the meeting held and what were the subjects discussed at the meeting ?

(d) What was the final result of the meeting ?

THE HONOURABLE MR. E. CONRAN-SMITH : (a), (b) and (c). One of the objects of the Honourable the Home Member's visit to Bombay on the 17th and 18th January, not on the 8th as stated in the question, was to talk to prominent non-officials. While in Bombay the Honourable Member met the following either at Government House or at the Secretariat and discussed with them a variety of subjects :—

Sir Rustom Masani.

Sir Purshotamdas Thakur Das.

Mr. K. M. Munshi.

Mr. B. G. Kher.

Mr. Nagindas T. Master.

Mr. Ismail I. Chundrigar.

Rao Bahadur Bole.

Sir Chimanlal Setalvad.

Mr. S. K. Patil.

Mr. Bramble.

(d) The Home Member hopes that the result was mutual enlightenment.

THE HONOURABLE MR. G. S. MOTILAL : The Honourable Member has said "among other objects". Can he give us some idea of what the other objects were ?

THE HONOURABLE MR. E. CONRAN-SMITH : I am afraid I cannot add to the information I have already given.

HEALTH OF MEMBERS OF THE CONGRESS WORKING COMMITTEE.

75. THE HONOURABLE MR. G. S. MOTILAL: (a) Have Government seen a statement issued by Dr. P. C. Ghosh, a member of the Working Committee of the Congress on his release from jail and published in the Bombay newspapers on the 16th January, 1945?

(b) Is the statement made by him regarding the health of the detenus in Ahmednagar correct?

(c) What steps Government have taken or propose to take to prevent any deterioration in the health of the detenus?

THE HONOURABLE MR. E. CONRAN-SMITH: (a) Yes.

(b) It is correct that certain members of the Congress Working Committee suffer, or have suffered from the ailments mentioned by Dr. Ghosh; but the opinions expressed as to their seriousness are Dr. Ghosh's personal opinions and do not accord with those of the competent Medical Officer in charge. The general condition of these gentlemen is satisfactory except that Pandit Govind Ballabh Pant may have to undergo an operation for hernia.

(c) Government are satisfied with the arrangements made for the medical care of these detenus.

THE HONOURABLE MR. THIRUMALA ROW: Have Government made arrangements to send all these prisoners to their respective Provinces?

THE HONOURABLE MR. E. CONRAN-SMITH: The Honourable Member may be aware from an answer given yesterday in another place that arrangements are so being made.

THE HONOURABLE MR. G. S. MOTILAL: Have they been consulted about shifting?

THE HONOURABLE MR. E. CONRAN-SMITH: I have no information on that point.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: Will other detenus like Mr. Sarat Chandra Bose also be transferred to their respective Provinces?

THE HONOURABLE MR. E. CONRAN-SMITH: I do not think that arises, Sir. The Honourable Member's question related to the members of the Congress Working Committee.

PREPARATION OF ELECTORAL ROLLS OF CONSTITUENCIES OF THE COUNCIL OF STATE

76. THE HONOURABLE MR. G. S. MOTILAL: Will Government state:—

(a) whether the electoral rolls of all the constituencies which elect members to the Council of State are being prepared;

(b) if so, when will the first publication be made;

(c) whether the Electoral Rolls of the Central Legislative Assembly is also under preparation?

THE HONOURABLE MR. SHAVAX A. LAL: (a) No.

(b) Does not arise.

(c) Yes, except in Assam.

NUMBER OF DEATHS DUE TO FALLS FROM FOOTBOARDS OF TRAINS.

77. THE HONOURABLE MR. G. S. MOTILAL: (a) Will Government state the number of persons who have died as a result of accidental falls from standing on the footboard of running trains of the B.B., & C.I. and G.I.P. Railways in the Bombay City and suburban lines during the years 1943 and 1944?

(b) What steps Government have taken or propose to take to prevent such accidental casualties?

THE HONOURABLE SIR SATYENDRA NATH ROY: (a) B., B. & C. I. Railway—24 in 1943 and 23 in 1944. G. I. P. Railway—17 in 1943 and 23 in 1944.

(b) The Government of India have recently promulgated under their Notification No. 5.-DC. (80)/44, dated the 25th November, 1944, a new Defence of India Rule No. 85-C. empowering the police to remove from railway premises passengers travelling on the roof, steps or footboard of any carriage or an engine or in any other part of a train not intended for the use of passengers and prosecute such offenders. The penalty for such offence is imprisonment for a term which may extend to six months or fine or with both.

THE HONOURABLE MR. HOSSAIN IMAM: Is Government aware that this rule is not being observed?

THE HONOURABLE SIR SATYENDRA NATH ROY: Is the Honourable Member referring to this new Defence of India Rule?

THE HONOURABLE MR. HOSSAIN IMAM: Yes, Sir.

THE HONOURABLE SIR SATYENDRA NATH ROY: No, I am not aware of that.

THE HONOURABLE MR. HOSSAIN IMAM: Will Government make inquiries if it is given effect to?

THE HONOURABLE SIR SATYENDRA NATH ROY: I have no reason to suppose that it is not being enforced?

THE HONOURABLE MR. G. S. MOTILAL: Has any inquiry been made about it not being enforced?

THE HONOURABLE SIR SATYENDRA NATH ROY: If the Honourable Member will give me any facts I shall be very glad to go into them.

THE HONOURABLE MR. G. S. MOTILAL: Will not Government make an inquiry?

THE HONOURABLE MR. HOSSAIN IMAM: Or try the expedient of increasing accommodation?

(No answer.)

BIRTH CONTROL

78. THE HONOURABLE MR. G. S. MOTILAL: Will Government state:—

(a) whether any planning committee of Government is considering the problem of birth control and, if so, what committee?

(b) whether any research or experiment of the various methods employed and of effectiveness and after effects on the health of the persons employing birth control methods has been, or will be, made and

(c) whether expert medical opinion has been or is proposed to be consulted?

THE HONOURABLE SIR JOGENDRA SINGH: (a) No.

(b) and (c). No such research or experiment is at present contemplated.

NINETEENTH ANNUAL SESSION OF THE ALL-INDIA POSTAL AND R. M. S. CONFERENCE

79. THE HONOURABLE MR. G. S. MOTILAL: (a) Are Government aware that the 19th Annual Session of the All-India Postal and R.M.S. Conference was held in Bombay in December, 1944?

(b) Have Government received a copy of the Resolutions passed at this Conference?

(c) If so, what action Government have taken, or propose to take on the resolutions?

THE HONOURABLE SIR MAHOMED USMAN: (a) and (b). Yes.

(c) The resolutions are under the consideration of Government who are awaiting the report of the Committee of Inquiry recently appointed to investigate into the present conditions of service of the postmen and lower grade staff in Bombay.

THE HONOURABLE MR. HOSSAIN IMAM: Why only "in Bombay" because it is an All-India Conference?

THE HONOURABLE SIR MAHOMED USMAN : The Government issued a Press communique on the whole subject. The postmen and lower grade staff in Bombay wanted to go on strike and we appointed a Committee of Inquiry to investigate into the present conditions of service and said that their report will receive all-India consideration.

QUALIFICATIONS REQUIRED FOR APPOINTMENT AS INCOME-TAX OFFICERS

80. THE HONOURABLE MR. G. S. MOTILAL : Will Government state :—

- (a) the qualifications required of persons appointed as Income-tax Officers in Bombay and other Provinces ?
- (b) whether tests of their knowledge of Income-Tax Law and of other branches of Law and of Accounts are held before appointment ?
- (c) their starting salaries and grades in Bombay and other Provinces ;
- (d) the grades and salaries of other higher Income Tax officials and the qualifications and tests they have to satisfy.

THE HONOURABLE SIR CYRIL JONES : (a) Recruitment to the grades of Income-tax Officer has so far mostly been made by promotion of suitable men from the lower grades in the Income-tax Department. The minimum qualification for direct recruitment to the grades of Income-tax Officer has, however, been a degree and those with higher qualifications, particularly in accounts, were preferred. For the future, however, under the reorganisation recently carried out, all direct recruitment will be made through the medium of competitive examinations to be held by the Federal Public Service Commission, and the minimum qualification will be a degree.

(b) No ; such tests are held before confirmation.

(c) I place a statement on the table of the House.

(d) Commissioners of Income-tax and Assistant Commissioners of Income-tax are the two higher grades of Income-tax Officials. Their scales of pay will be found in the statement placed on the table. The appointment to these grades is made by "selection" of suitable officers from lower grades and by appointment of officers from the "Finance and Commerce Departments Cadre."

Statement

Before reorganisation ordered on the 1st October, 1944.

Commissioners of Income-tax
 Rs. 2,000—100—2,500 (Old.)
 Rs. 2,000 for Commissioners of Income-tax in Bombay and Bengal and Rs. 1,600 for Commissioners in other Provinces.

(Revised)

In addition to the basic pay an overseas pay of £13-6-8 will be admissible to officers of non-Asiatic domicile.

For incumbents who are borne on the Finance and Commerce Departments cadre, pay is regulated by the Finance Department Resolution, No. F-28 (6)-Ex. II/38, dated the 2nd February, 1939.

Assistant Commissioners of Income-tax :

Rs. 1,000—100—1,500 (Old)
 Rs. 1,000 (revised)

For incumbents who are borne on the Finance and Commerce Departments cadre, pay is regulated by the Finance Department Resolution, No. F-28 (6)-Ex. II/38, dated the 2nd February, 1939.

Income-tax Officers : (Class II service.)

Grade I : Rs. 250—275 (Probation) 300—50/2—500 (Revised).

Old scales.

Bombay { Rs. 750—50—900
 { Rs. 300—50—600—50/2—700.
 Bengal Rs. 500—50/2—900
 Madras Rs. 300—40—500—50—900

In the reorganised Income-tax Service.
 No change.

The scale for new entrant has been further revised to Rs. 1,000—50—1,150 ; the other items remain unchanged.

Income-tax Officers, Class I service.

Grade I : Rs. 400—25—600—35—950.
 Grade II : Rs. 250—275 (Probation)—300—25—750.

Punjab, Rs. 250—275—300—25—350—380—40—820

—850.

United Rs. 350—30—800—25—900.

Provinces.

Central Rs. 300—25—550—580—30—700—40—900

Provinces.

Bihar & Rs. 400—50/2—900

Orissa.

Assam Rs. 300—50/2—900.

Income-tax Officers, Grade II : (Class II Service)

Income-tax Officers, Class II service.

Rs. 250—25—350 (Old) in Bombay City only

Rs. 250—275 (Probation)—300 (revised)

Grade III : The same as for Income-tax Officers Grade II before reorganisation pending further orders.

Officers promoted from the grade of Examiners or Inspectors in Bombay City.

Rs. 250—25—350—25/2—500 (Old)

Rs. 250—275—300—10—400 (revised)

Officers promoted from the grade of Examiner of Accounts on old scale in the Income-tax Department, Bengal :

Rs. 250—275—300—25/2—425 (revised)

Rs. 250—275—300—25/2—450 (Old) and to those holding selection grade posts is Rs. 500.

SALE OF GOLD AND SILVER BY THE RESERVE BANK OF INDIA

81. THE HONOURABLE MR. G. S. MOTILAL : (a) Are Government aware that the Reserve Bank of India has been selling gold and silver for sometime past ?

(b) Do Government receive regular information from the Bank in this matter and if so, when and in what manner ?

(c) Does the Bank consult Government in this matter ?

(d) How much gold and silver have been sold by the Reserve Bank during the three years 1942, 1943 and 1944, in quantity and of value, and what was the average rate for each year ?

THE HONOURABLE SIR CYRIL JONES : (a) Yes.

(b) Yes ; by confidential periodical returns.

(c) Silver is sold by the Bank in consultation with the Government. Sales of gold are made on the instructions of the Bank of England.

(d) It is not in the public interest to disclose this information.

THE HONOURABLE MR. THIRUMALA ROW : Whose gold is the Reserve Bank selling under instructions from the Bank of England ?

THE HONOURABLE SIR CYRIL JONES : On behalf of the Government of the United Kingdom and the United States Government.

THE HONOURABLE MR. THIRUMALA ROW : Is the bank of England acting as agent on behalf of the two Governments ?

THE HONOURABLE SIR CYRIL JONES : The Reserve Bank sells this gold in the capacity of agent.

WHEAT IMPORTS FROM AUSTRALIA

82. THE HONOURABLE MR. G. S. MOTILAL : Will Government state how much wheat was imported from Australia direct to India during each of the last three years and how much from Canada during the same period ?

THE HONOURABLE MR. B. R. SEN : A statement is laid on the table.

Wheat (including products) imported from :—

Year.	(1) Australia (2) Canada (In tons.)	
	1942 {	
January-August*	.	
September-December	26,236	Nil.
1943	225,729	5,043
1944	581,041	29,763

*Total imports during this period were 18,283 tons, according to D. C. I. and S., but the break-up according to Countries of origin is not available.

VISITS TO BOMBAY BY THE DEFENCE MEMBER

83. THE HONOURABLE MR. G. S. MOTILAL : (a) Did Sir Firoz Khan Noon, the Defence Member of Government, visit Bombay in the month of September, 1944 ? If so, how many visits did he pay and on what dates ?

(b) What was the purpose of those visits ?

THE HONOURABLE SIR FIROZ KHAN NOON : I did not go to Bombay in September, at all. If the Honourable Member has in view the press reports that I paid any secret visits to Bombay to see Mr. Jinnah, then this impression is false. To see that leader of (Moslem India) it is not necessary for me to meet him secretly.

DETENTION OF MR. B. N. BIYANI, MEMBER, COUNCIL OF STATE

84. THE HONOURABLE MR. G. S. MOTILAL : Will Government state :—

(a) where the Honourable Mr. B. N. Biyani, a member of this House, is kept in detention ?

(b) how is his health ?

(c) what did he do to call for his detention ?

(d) when will he be released ?

(e) what are the reasons for the continuance of his detention ?

THE HONOURABLE MR. E. CONRAN-SMITH : (a) In the Damoh Jail in the Central Provinces.

(b) Satisfactory.

(c), (d) & (e). He was detained in connection with the Congress movement. He will be released when the Provincial Government consider it no longer necessary to detain him.

THE HONOURABLE MR. THIRUMALA ROW : Are there any more detenus in Damoh to keep company with Mr. Biyani ?

THE HONOURABLE MR. E. CONRAN-SMITH : I have no information. If the Honourable Member will put down a question, I will let him know.

LATEST QUOTATIONS OF COAL MINE SHARES

85. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the latest quotations of coal mine shares of the companies mentioned in the statement which was laid on the table of the House in November, 1944 with their dividends declared in 1942, 1943 and 1944 ?

THE HONOURABLE SIR FIROZ KHAN NOON : (on behalf of Supply Department) : The information asked for by the Honourable Member is contained in the statement laid on the table of the House.

Quotations for the ordinary shares of certain coal companies on the Calcutta Stock Exchange as on 1st February, 1945 with their dividends (per cent. per annum) declared half-yearly from 1942 to 1944

Name of the Company	Quotation as on 1-2-45	Paid up value per share	Dividend per cent. per annum		
			1942	1943	1944
Bengal	Rs. 678	Rs. 100	April . . . 20%	20%	24%*
Burrakur . . .	41 1/8	10	October . . . 24%	24%	32%†
			June . . . 2 1/2%	8 1/2%	12 1/2%
Raneegunge . . .	50 1/2	10	December . . . 2 1/2%	10%	..
			March . . . 40%	Nil	10%
Amalgamated . . .	50 3/4	10	September . . . Nil	Nil	35%
			March . . . 17 1/2%	20%	17 1/2%
Dhemo Main . . .	27	10	September . . . 20%	20%	20%
			June . . . 2 1/2%	Nil	7 1/2%
Equitable . . .	66	10	December . . . Nil	Nil	..
			June . . . 10%	10%	30%
Bokaro Ramgar . . .	46 3/4	8	December . . . 10%	10%	..
			June . . . 10%	10%	10%
Central Kurkend . . .	31 1/2	10	December . . . 10%	10%	..
			June . . . 5%	5%	7 1/2%
New Beerbhoom . . .	371/4	10	December . . . 5%	5%	..
			April . . . 5%	7 1/2%	12 1/2%
			October . . . 7 1/2%	12 1/2%	15%

*Includes a bonus of 4% .

†Includes a bonus of 12% .

PURCHASE OF YARN.

86. THE HONOURABLE MR. HOSSAIN IMAM: Was more yarn bought by the Supply Department in the year 1944 than in 1942; if not, what was the actual purchase in each of the above years?

THE HONOURABLE SIR FIROZ KHAN NOON (on behalf of Supply Department): So far as woollen yarn is concerned the answer is no. The following are the figures of purchases made during 1942 and 1944:—

	Quantity, Million lbs.	Approx. value, Rs. lakhs.
1942	5.4	216
1944	2.1	84

As for silk Government purchase only raw silk and not silk yarn. More silk was purchased for parachutes in 1944 than in 1942. The following figures will indicate the position:—

	Quantity Lbs.	Approx. value Rs. lakhs.
1942	317,000	111
1944	570,000	200

Information about cotton yarn is being collected and will be laid on the table of the House.

PURCHASE OF FINE CLOTHS

87. THE HONOURABLE MR. HOSSAIN IMAM: (a) Has Government taken much larger quantity of finer (higher) count cloth in 1944 than in 1942; (b) will they give the actual figures for the two periods?

THE HONOURABLE MR. H. M. PATEL: No. The total quantities ordered by Government which affected in one way or another the supply of fine counts into the civil market amounted to 111 million yards in 1942 and 118 million yards in 1944 i.e., the net position was very much the same in both years.

RATIONING IN SURPLUS AREAS

88. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state their final conclusions for 1945-46 on rationing in surplus and self-sufficient areas in view of the great fall in prices of food grains?

THE HONOURABLE MR. B. R. SEN: The Honourable Member is referred to the Resolutions on Rationing, passed by the 5th All-India Food Conference, copy of which is attached to the Memorandum on the Food Position in India already laid on the table of the House.

THE HONOURABLE MR. HOSSAIN IMAM: Has that been circulated to members?

THE HONOURABLE MR. B. R. SEN: It has been laid on the table of the House.

THE HONOURABLE MR. HOSSAIN IMAM: Will the Government circulate it to the members?

THE HONOURABLE MR. B. R. SEN: Yes.

LATEST FORECASTS FOR RICE, WHEAT AND COTTON

89. THE HONOURABLE MR. HOSSAIN IMAM: Will Government give the latest forecasts for rice, wheat and cotton?

THE HONOURABLE MR. RAM CHANDRA: The attention of the Honourable Member is invited to the forecasts on rice, wheat and cotton published in the issues of the *Indian Trade Journal*, dated 21st December, 1944; 19th October, 1944 and 18th January, 1945 respectively, copies of which are available in the Library of the House.

RECONSTRUCTION COMMITTEE'S REPORT

90. THE HONOURABLE MR. G. S. MOTILAL: Have Government come to any decisions on departmental views published in the Reconstruction Committee's Report, and if so, what are the decisions which have been arrived at?

THE HONOURABLE MR. H. M. PATEL: Tentative conclusions have been reached on certain points but they have not yet been finalised.

THE HONOURABLE MR. G. S. MOTILAL : When are they likely to be finalised ?

THE HONOURABLE MR. H. M. PATEL : Shortly.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Legislature be consulted at any stage ?

THE HONOURABLE MR. H. M. PATEL : The whole matter is still under consideration and I am not in a position to say anything.

THE HONOURABLE MR. G. S. MOTILAL : The question is : Will the Legislature be consulted before it is finalised ?

(No answer.)

ECONOMIC PLANNING

91. THE HONOURABLE MR. G. S. MOTILAL : What action Government have taken to implement the Assembly's Resolution to form a Committee of the Members of the Assembly for economic planning ?

THE HONOURABLE MR. H. M. PATEL : I presume the Honourable Member is referring to the Resolution adopted by the Legislative Assembly at its meeting held on the 17th November, 1944. After full consideration Government have decided to take no action on it.

THE HONOURABLE MR. HOSSAIN IMAM : *Is that the way in which the National Government is consulting the nation ?*

(No answer.)

NAMES OF RETIRED GOVERNMENT OFFICERS RE-EMPLOYED AS OFFICERS IN CONNECTION WITH WAR WORK

92. THE HONOURABLE MR. G. S. MOTILAL : Will Government place on the table a statement according to Provinces showing (a) the names of retired Government officers re-employed as officers in connection with war work, (b) the salary and the grade, if any, of the appointments, (c) the pension they get, and (d) the terms of appointments ?

THE HONOURABLE SIR FIROZ KHAN NOON : The information required is not readily available ; and its collection during war will involve an amount of time and labour that would not be commensurate with the results likely to be achieved. However if the Honourable Member will kindly let me know the object he has in view Government will bear that in mind.

PRICES OF ARTICLES UNDER THE HOARDING AND PROFITEERING PREVENTION ORDINANCE

93. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay on the table or place in the Library of the House the latest price list of articles controlled by the Department of Industries and Civil Supplies, under the Hoarding and Profiteering Prevention Ordinance, 1943 ?

THE HONOURABLE MR. H. M. PATEL : A set of notifications fixing prices of articles under the Hoarding and Profiteering Prevention Ordinance is placed in the Library of the House.

BORDERED MILL SAREES AND DHOTIES

94. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state :—(a) Whether it is a fact that there is almost a complete disappearance from the market of bordered mill sarees and dhoties ; (b) If so, what steps have Government taken to make up this deficiency ; (c) What was the mills production of fine (above 40^s) counts of sarees in the second half of 1942 and corresponding period in 1944 ?

THE HONOURABLE MR. H. M. PATEL : (a) Government is aware that there is a shortage of bordered mill sarees and dhoties.

(b) Necessary directions to mills are being issued to ensure in future production of dhoties and sarees in at least as large quantity as was produced in normal years.

(c) No figures relating to production of sarees are available.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member explain what he means by " normal years " ?

THE HONOURABLE MR. H. M. PATEL : Normal pre-war years.

THE HONOURABLE MR. HOSSAIN IMAM : Is it not a fact that during the pre-war days much fine count cloth used to come from outside, and that it has stopped now ?

THE HONOURABLE MR. H. M. PATEL : That is so.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY : Has the attention of the Honourable Member been drawn to the statement made by Mr. Suhrawardy, Minister of Civil Supplies in Bengal, that if rationing is introduced, hardly one pair of dhoties or sarees will be allowed to each man or each woman ?

THE HONOURABLE MR. H. M. PATEL : I have not seen that statement.

THE HONOURABLE MR. HOSSAIN IMAM : Is the Honourable Member aware that in 1943, at the time of the introduction of control, there was sufficiently large production of higher-count goods ?

THE HONOURABLE MR. H. M. PATEL : If the Honourable Member means whether the production of fine cloth has gone down since 1943, that is not correct.

THE HONOURABLE SIR SHANTIDAS ASKURAN : Do Government agree that it is all due to the present method of distribution ?

THE HONOURABLE MR. H. M. PATEL : I do not understand what the Honourable Member means by "it" in "it is all due".

THE HONOURABLE SIR SHANTIDAS ASKURAN : The present method of distribution is most faulty and therefore this is due to that. It is not scarcity, Sir, but the distribution method which is at present adopted. There is cloth but there is the black market. The method is wrong. If it is properly put, people will get sufficient cloth.

(No answer.)

THE HONOURABLE MR. HOSSAIN IMAM : Have Government tried the allotment of finer cloth goods to fair price shops ?

THE HONOURABLE MR. H. M. PATEL : Distribution within Provinces is a matter for the Provincial Governments and it is left entirely to their discretion how that is to be carried out.

THE HONOURABLE MR. HOSSAIN IMAM : Will Government try and introduce them through the fair price shops because they are a great success ?

(No answer.)

LIST OF IMPORTED ARTICLES THE PRICES OF WHICH HAVE BEEN FIXED UNDER THE HOARDING AND PROFITTEERING PREVENTION ORDINANCE

95. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government lay on the table a statement giving the list of imported articles on which more than 20 per cent. profits above the landed cost has been permitted and state the profits permitted with reasons where more than 40 per cent. has been allowed. Do they propose to revise the scale of profits in such cases ?

THE HONOURABLE MR. H. M. PATEL : A statement showing (1) imported articles of which specific prices have been fixed under section 3 of the Hoarding and Profiteering Prevention Ordinance incorporating a higher profit margin than 20 per cent. and (2) imported articles in respect of which a higher margin than 20 per cent. has specifically been allowed under section 6 of the Hoarding and Profiteering Prevention Ordinance is placed on the table. The statement also shows articles in respect of which the percentage of profit margin allowed exceeds 40 per cent. Reasons for allowing more than 40 per cent. may be one or more of the following :—

- (i) Percentage of profit allowed by the normal trade practice itself ;
- (ii) Smaller turnover due to reduced imports ;
- (iii) A higher percentage of breakages, etc.

This is not an exhaustive list in the sense that section 6 of the Ordinance allows the trade to add to the landed cost or cost of production the profit margin allowed by pre-war normal trade practice, even though it exceeds 20 per cent., unless it is varied by the Controller General, who is empowered to examine these margins and to approve their continuance or modifications.

List of imported articles the prices of which have been fixed under section 9 of the Hoarding and Profiteering Prevention Ordinance

Name of article	Margin allowed in ceiling retail price.
	Per cent.
Toilet articles	70
Fountain Pens	100
Fountain Pen Inks	33·1/3
Rolls Razor Blades	60
Razor Blades—	
Well established popular brands	15 to 50
New Brands	70
Boot Polishes	64
Thermos Flasks	200
Certain articles of tinned provisions	67½
Condensed Milk	30
Tennis Balls	60
Playing Cards	100
Radios, and radio spare parts	200
Woollen goods	28
Photographic materials	about 125
Arms and ammunition	50 to 60
Bicycles and bicycle spare parts	40
Synthetic Camphor powder	35
Wastelox Clocks	100
Sheet Glass	100
Knitting Wool	50
Plain White English Crockery	100
Dunlop Bicycle Rims	60
Incandescent lanterns, stoves and their spare parts	100
Stationery Articles	100
Pipe smoking tobacco—	
Macropolo and Co.'s bands	26

List of imported articles in respect of which specific percentages of profit margin have been allowed under section 6 of H. P. P. O.

	Per cent.
Plain White English Crockery	100
Cinema Equipment	100
Cinema Equipment spare parts	125
Omega and Tisset Watches	130
Roshopf Watches	115
Other Watches	100
Watch Materials and Tools	200 to 300
Musical Instruments	100
Spare Parts of Musical Instruments	150
Bicycles	40
Bicycle Spare Parts	40
Electro Depositing Material and Equipment	33·1/3

PRICES OF BOOKS

96. THE HONOURABLE MR. HOSSAIN IMAM: (a) Will Government state what steps they have taken to see that books are sold at controlled prices; (b) is it a fact that 6d. books are sold at 14 annas at Wheeler's and other bookstalls (Crime Club books printed in Bombay)?

THE HONOURABLE MR. H. M. PATEL: (a) Dealers in books are obliged to mark on all imported books sold by them the retail prices, fixed by the publisher expressed in terms of Indian currency, at the rate of conversion fixed by Government. They are also responsible for marking the retail prices of Indian books if not already marked by the publishers. Sale at a price higher than thus arrived at has been made punishable under the Hoarding and Profiteering Prevention Ordinance.

(b) Crime Club books printed in Bombay are Indian publications and their prices are expressed in Indian currency. The question does not therefore arise.

THE HONOURABLE MR. HOSSAIN IMAM: Are Government aware that books which were being sold for 8 annas are being sold for 14 annas today—Indian publications?

THE HONOURABLE MR. H. M. PATEL : No, Sir.

THE HONOURABLE MR. HOSSAIN IMAM : Will Government make inquiries to find out if it is a fact ?

(No answer.)

IMPORTED WOOLLEN CLOTHS

97. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state:—
(a) whether it is a fact that most of the imported woollen cloth has remained at ports and big cities and very little has gone to the Provinces; if not, will Government state the total import in yards in India and the amounts of such cloth sent to Bihar, Orissa and C. P. in the last quarter of 1944 ?

THE HONOURABLE MR. H. M. PATEL : (a) No. A fair quantity has gone to the provinces in the interior.

(b) 292,228 yards. It is not possible to give the detailed breakdown of quantities which were sent to each area in the country.

THE HONOURABLE MR. HOSSAIN IMAM : How do Government know that distribution to the Provinces has been made if they have no figures ?

THE HONOURABLE MR. H. M. PATEL : Information furnished by importers indicate that they have been sending the normal percentages to the wholesale dealers to whom they supply.

THE HONOURABLE MR. HOSSAIN IMAM : Will Government check it up because there is a great deal of scarcity upcountry ?

THE HONOURABLE MR. H. M. PATEL : Yes.

MAKING OF INDIA SELF-SUFFICIENT IN AGRICULTURE, ETC.

98. THE HONOURABLE MR. G. S. MOTILAL : Have Government come to the decision that every effort should be made to make India in matters of agriculture, industry and defence, self-sufficient as far as it lies with it ? If so, what plans have been evolved and programmes fixed ?

THE HONOURABLE MR. H. M. PATEL : I would invite the Honourable Member's attention to the chapters on agriculture and industry in the Second Report on Reconstruction Planning. As regards Defence a Committee known as the Re-organization Committee has been appointed by the Commander-in-Chief to examine amongst other matters to what extent India can provide her own defence.

THE HONOURABLE MR. G. S. MOTILAL : This Report does not contain any decision of the Government. I want to know what is the decision of the Government.

(No answer.)

THE HONOURABLE MR. G. S. MOTILAL : Can I have an answer to my supplementary question, Sir ?

THE HONOURABLE THE PRESIDENT : When a Government Member in charge does not rise immediately after your query is put, it must be presumed that he is not prepared to answer the question.

THE HONOURABLE MR. G. S. MOTILAL : But he can say that, Sir.

THE HONOURABLE THE PRESIDENT : He need not say that. Under the usual practice, if a Member in charge does not get up, you must take his silence as not willing to answer.

THE HONOURABLE MR. G. S. MOTILAL : If any supplementary question is not answered, can you not, Sir, ask him—

THE HONOURABLE THE PRESIDENT : You can give notice of a further question.

THE HONOURABLE MR. G. S. MOTILAL : The question can be answered now. It refers to the same Report.

THE HONOURABLE THE PRESIDENT : I have already answered you.

THE HONOURABLE MR. HOSSAIN IMAM : Does that Report incorporate the decisions of the Agricultural Policy Committee as well which met in June last ?

THE HONOURABLE MR. H. M. PATEL : I am not in a position to answer that questions.

IMPORTS OF MOTOR CARS

99. THE HONOURABLE MR. G. S. MOTILAL : Will Government state whether 200 Morris and 200 Standard eight-and ten-horse power or other model or of other description or make motor cars are soon to arrive in India ? If so, when and how many, at what prices they will be sold and what will be the order of priority ?

THE HONOURABLE SIR SATYENDRA NATH ROY : I have no information of the 200 Morris and 200 Standard cars referred to but it is hoped to obtain about 2,000 cars for use of essential civil users sometime this year. Most of these cars will probably be 10 H. P. Austins. I have no information yet as to what the price will be.

THE HONOURABLE MR. THIRUMALA ROW : Wherefrom are these cars coming? Are they from Great Britain only ?

THE HONOURABLE SIR SATYENDRA NATH ROY : From Great Britain.

THE HONOURABLE MR. HOSSAIN IMAM : Are these new cars or second-hand cars ?

THE HONOURABLE SIR SATYENDRA NATH ROY : We hope, when we get them, they will be new cars.

THE HONOURABLE MR. HOSSAIN IMAM : Will Government explain what is meant by essential civil users ? Is it confined to Government officials, or are non-officials also eligible ?

THE HONOURABLE SIR SATYENDRA NATH ROY : We have made it clear that essential civil users will not be restricted to Government servants only but will extend to members of other professions, legislators and so on.

THE HONOURABLE MR. THIRUMALA ROW : Have Government also decided to help the indigenous companies in India that have started the manufacture of motor cars ?

THE HONOURABLE SIR SATYENDRA NATH ROY : I am afraid that does not arise out of this question, Sir, and I am not prepared to answer it.

FAIR PRICE SHOPS

100. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give a statement on the following points about fair price shops opened in India:—(a) number sanctioned in each city ; (b) the dates of opening ; (c) the special facilities given to them to get their requirements ; (d) whether any restrictions are proposed or imposed on the kinds of goods to be sold ?

THE HONOURABLE MR. H. M. PATEL : (a) and (b) A statement which gives the required information is laid on the table ;

(c) (i) Assistance in transport of goods to the shops by rail ;

(ii) Disposal instructions under the Consumer Goods (Control of Distribution) Order to importers and producers of scheduled articles to send such articles to these shops direct ;

(iii) Informal arrangement by which producers of certain well-known manufacturers of indigenous articles have agreed to meet the reasonable requirements to such shops in respect of the articles manufactured by them ;

(d) None for the present.

Appointed by the Controller General of Civil Supplies, Government of India.

Name of City.	Number of shops sanctioned.	REMARKS. Dates of opening of newly started shops.
Delhi	2	
New Delhi	2	6th January 1945.
Lahore	3	End of January 1945.
Amritsar	1	
Peshawar	1	
Calcutta	8	6 of these not yet open.
Cawnpore	1	
Muttra	1	
Lucknow	1	
Bombay	5	6th November 1944 and 11th November 1944.
Poona	1	
Nagpur	1	
Ajmer	1	
Rajkot	1	
Madras	2	
Bangalore	1	
Secunderabad	1	

NOTE.—No particular number has been fixed for any city. Dates of opening are not shown against Fair Price Shop dealers who were already in business.

MARKET QUOTATIONS OF REPRESENTATIVE TEXTILE MILL SHARES

101. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement giving the market quotations at the end of June and December 1942, 1943 and 1944 of representative Textile Mill Shares of each centre?

THE HONOURABLE MR. RAM CHANDRA: I regret that the information asked for is not readily available. It is, however, contained in commercial journals, copies of which are available in the Library of the House.

THE HONOURABLE MR. HOSSAIN IMAM: If they are available so easily, why could not Government give the information?

THE HONOURABLE THE PRESIDENT: You are not putting the question in the proper form. You are not to urge any argument.

THE HONOURABLE MR. HOSSAIN IMAM: I shall put the question in the proper form. Is the Government aware that the prices of coal shares were laid on the table of the House and why can't the prices of textile mill shares be also laid on the table of the House?

(No answer.)

CHANGE IN SPECIFICATION OF TENTAGE

102. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state whether they have changed the specifications of tentage so as to exclude the use of cotton yarns for cordage and newars; if not, what steps have they taken to release cotton yarns for handlooms?

THE HONOURABLE MR. H. M. PATEL: Government have not changed the specification of tentage so as to exclude the use of cotton yarn for cordage.

Jute cordage is permitted as a substitute for cotton cordage only in certain parts of tents. Jute cordage is being used to the full extent permitted in fabrication of tentage by all Northern Indian fabricators. This will save four million lbs. of yarn in 1945.

Authority has recently been given for the unrestricted use of jute cordage provided the jute cordage is rot proofed. Rot proofing of jute cordage cannot at present be arranged owing to absence of rot proofing chemicals. The procurement of these chemicals is being actively pursued. If we are successful in obtaining the required quantities it will increase the saving of yarn to six million lbs.

In addition, it has been found possible to manufacture tents for certain purposes entirely of jute. This will result in a saving in 1945 of 15 million lbs. of yarn. It is

not possible to substitute jute more extensively because it is heavier and does not stand up so well to heavy monsoon condition.

THE HONOURABLE MR. HOSSAINIMAM: What steps are Government taking to procure chemicals ?

THE HONOURABLE MR. H. M. PATEL: They have taken active steps in the sense of placing orders with their suppliers.

THE HONOURABLE MR. HOSSAIN IMAM: Has the U. S. A. been tried, Sir ?

THE HONOURABLE MR. H. M. PATEL: Yes.

THE HONOURABLE MR. HOSSAIN IMAM: Are they unable to give us anything ?

THE HONOURABLE MR. H. M. PATEL: Only certain chemicals, not these particular chemicals.

INFORMATION PROMISED IN REPLY TO QUESTIONS LAID ON THE TABLE.

THE HONOURABLE SIR CYRIL JONES (Finance Secretary): Sir, I lay on the table the information promised in reply to question No. 74, asked by the Honourable Raja Yuveraj Dutta Singh on the 15th November, 1944.

LEASE LEND AGREEMENT BETWEEN CANADA AND INDIA.

7. GEORGE VI.

CHAPTER 17.

An Act for granting to His Majesty aid for the purpose of making available Canadian War Supplies to the United Nations.

(Assented to 20th May, 1943.)

Preamble.—WHEREAS Canada, in association with other nations, is at war with Germany, Italy, Japan and their associates; and whereas it is essential to the defence and security of Canada and to the cause of world freedom that Canada should make the utmost contribution to the victory of the United Nations; and whereas it is necessary that the products of Canadian war industry be made available not only for use by Canadian forces, but also to other United Nations, in accordance with strategic needs, in such manner as to contribute most effectively to the winning of the war; and whereas it is expedient that the conditions upon which Canadian war supplies are made available to other United Nations should not be such as to burden post-war Commerce or lead to the imposition of trade restrictions or otherwise prejudice a just and enduring peace: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. *Short Title.*—This Act may be cited as The War Appropriation (United Nations Mutual Aid) Act, 1943.

2. *Definitions.*—In this Act and in any regulation made thereunder unless the context otherwise requires:

(a) "Board."—"Board" means the Canadian Mutual Aid Board constituted by section three of this Act;

(b) "Regulation."—"Regulation" means a regulation made under the authority of section six of this Act.

(c) "United Nations."—"United Nations" means the signatories to the Declaration by United Nations, done at Washington on the first day of January, one thousand nine hundred and forty two, and includes any other nation or authority which may be designated by the Governor in Council as being associated with Canada in the prosecution of the present war;

(d) "War Supplies."—"War supplies" means—

(i) any weapon, munition, aircraft or ship;

(ii) any machinery, facility, tool, material or supply necessary for the manufacture, production and processing repair, servicing or operation of any article described in this paragraph;

(iii) any component material or part of or equipment for any article described in this paragraph;

(iv) any agricultural product; and

(v) such other commodities, articles or services as may from time to time be designated by the Governor in Council as essential to the conduct of the war or to the relief and maintenance of any United Nation.

3. (1) *Canadian Mutual Aid Board.*—There shall be a Board to be called the Canadian Mutual Aid Board consisting of the Minister of Munitions and Supply, the Minister of National Defence, the Minister of Finance, the Minister of Agriculture and the Minister of Justice, acting as a committee of the King's Privy Council for Canada, which shall be charged with the administration of this Act.

(2) *Chairman.*—The Minister of Munitions and Supply shall be the chairman of the Board.

(3) *Officers, Clerks and employees.*—The Board, with the approval of the Governor in Council, may appoint and fix the remuneration of such officers, clerks and other employees as are necessary for the proper conduct of its business and for that purpose may require the services of any department or agency, or of any officer or employee of any department or agency, of the Government of Canada.

4. (1) *Board may make war supplies available to the United Nations.*—The Board may on behalf of His Majesty, in accordance with the strategic needs of the war, contribute, exchange, deliver, transfer title to or possession of or otherwise make available war supplies to any of the United Nations other than Canada and for that purpose or as incidental thereto may cause to be purchased or otherwise acquired or procured war supplies in Canada through the agency of the Minister of Munitions and Supply or any other agency of His Majesty and, subject to the provisions of section five of this Act, may provide or make available the funds required to pay expenditures incurred in carrying out the purposes described herein.

(2) *Consideration, terms and conditions to be approved by the Governor in Council.*—It shall be good and sufficient consideration for making war supplies available to any of the United Nations hereunder that the said war supplies are to be used in the joint and effective prosecution of the war, but no war supplies shall be so made available to any of the United Nations except upon terms and conditions approved by the Governor in Council or by regulations, and the Governor in Council may require, in respect of specific classes of supplies or any specific transfer of supplies under subsection one of this section, such payment or repayment in kind or property or such reciprocal action or provision of supplies or such other direct or indirect benefit as the Governor in Council deems appropriate.

5. *\$1,000,000,000 may be paid out of the C.R.F.*—There may be paid out of the Consolidated Revenue Fund, for the purposes of this Act, a sum or sums not exceeding one thousand million dollars (\$1,000,000,000), exclusive of any sums paid for war supplies for which payment shall be made in cash by any of the United Nations to which such supplies shall be made available hereunder.

6. *Regulations.*—The Governor in Council may on the recommendation of the Board, making regulations for the purposes of carrying out the objects of this Act, according to its true intent and purpose, and, in particular, but without limiting the generality of the foregoing, may make regulations:

(a) prescribing the terms and conditions under which war supplies may be made available to any of the United Nations:

(b) prescribing the procedure to be followed by the Board in carrying out its duties under this Act;

(c) prescribing rules to determine the value of war supplies;

7. *Loan authorised 1931, c. 27.*—(1) The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorised by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of the *Consolidated Revenue and Audit Act 1931*, by the issue and sale or pledge of securities of Canada in such form for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money, not exceeding in the aggregate the sum of one thousand million dollars (\$1,000,000,000) as may be required for the purposes of this Act.

(2) *Charge upon Consolidated Revenue Fund.*—The principal raised by way of loan under this Act and the interest thereon shall be charged upon and payable out of the Consolidated Revenue Fund.

8. *Annual report to Parliament Proviso.*—As soon as practicable after the close of each fiscal year, the Board shall prepare and lay before Parliament a report shall not contain any information the disclosure of which would in the opinion of the Governor in Council, be prejudicial to the security of Canada or of any other United Nation.

AGREEMENT BETWEEN THE GOVERNMENT OF INDIA AND CANADA ON THE PRINCIPLES APPLYING TO THE PROVISION BY CANADA OF CANADIAN WAR SUPPLIES TO INDIA UNDER THE WAR APPROPRIATION (UNITED NATIONS MUTUAL AID) ACTS OF CANADA, 1943 AND 1944.

Whereas India and Canada are associated in the present war, and

Whereas it is desirable that war supplies should be distributed among the United Nations in accordance with strategic needs of the war and in such manner as to contribute most effectively to the winning of the war and the establishment of peace, and

Whereas it is expedient that the conditions upon which such war supplies are made available by one United Nation to another should not be such as to burden post-war commerce, or lead to the imposition of trade restrictions or otherwise prejudice a just and enduring peace, and

Whereas the Governments of India and Canada are mutually desirous of concluding an agreement in regard to the conditions upon which Canadian war supplies will be made available to India,

The undersigned being duly authorized by their respective Governments for this purpose, have agreed as follows:—

Article I.

The Government of Canada will make available under the war Appropriation (United Nations Mutual Aid) Acts of Canada, 1943 and 1944, to the Government of India such war supplies as the Government of Canada shall authorize from time to time to be provided.

Article II.

The Government of India will continue to contribute to the defence of Canada and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply and as may from time to time be determined by common agreement in the light of the development of the war.

Article III.

The Government of India will, in support of any applications to the Government of Canada for the provision of war supplies under this agreement furnish the Government of Canada with such relevant information as the Government of Canada may require for the purpose of deciding upon the applications and for executing the purposes of this agreement.

Article IV.

The Government of India agrees to use any war supplies delivered to it under this agreement in the joint and effective prosecution of the war.

Article V.

The Government of India will not without the consent of the Government of Canada sell to any other Government or to persons in other countries war supplies delivered to it under this agreement.

Article VI.

The Government of Canada will not require the Government of India to re-deliver to the Government of Canada any war supplies delivered under this agreement except as specifically provided in Articles VII and VIII and subject to any special agreement which may be concluded in the circumstances contemplated in Article IX.

Article VII.

Title to any cargo ships delivered under this agreement will remain with the Government of Canada and the ships shall be chartered to the Government of India on terms providing for their re-delivery.

Article VIII.

Upon the cessation of hostilities in any major theatre of war, any war supplies which have been transferred to the Government of India under this agreement and are still in Canada or in ocean transit shall revert to Canadian ownership, except those supplies destined for a theatre of war in which hostilities have not ceased or supplies made available for relief purposes or such other supplies as the Government of Canada may specify.

Article IX.

The Government of Canada reserves the right to request :

(a) the delivery, after the cessation of hostilities in any theatre of war, for relief and rehabilitation purposes, to another United Nation or to an international organisation of automotive equipment supplied under this agreement,

(b) the transfer to Canadian forces serving outside Canada after the cessation of hostilities of vehicles, aircraft, ordnance or Military equipment supplied under this agreement to the Government of India if such war supplies are required for the use of such Canadian forces and are not required by the Government of India for Military operations, and

(c) the return to Canada after the war, if required in Canada for Canadian purposes, of aircraft and automotive equipment supplied under this agreement which may still be serviceable due regard being had to the degree of wastage likely to have been suffered by these articles, provided that when the identity of such Canadian equipment has been lost as a result of pooling arrangements or for other reasons, the Government of India may substitute equipment of a similar type.

The Government of India agrees to use its best endeavours to meet any such requests on such reasonable terms and conditions as shall be settled in consultation with the Government of Canada.

Article X.

The Governments of India and Canada re-affirm their desire to promote mutually advantageous economic relations between their countries and throughout the world. They declare that their guiding purposes include the adoption of measures designed to promote employment, the production and consumption of goods, and the expansion of commerce through appropriate international agreements on commercial policy, with the object of contributing to the attainment of all the economic objectives set forth in the Declaration of August 14th, 1941, known as the Atlantic Charter.

Article XI.

This agreement will take effect from this day's date. It shall apply to war supplies furnished to the Government of India by the Government of Canada under the authority of the War Appropriation (United Nations Mutual Aid) Acts of Canada, 1943 and 1944, or substituted Act.

(2) The following tea estate in North India which are believed to be owned by Europeans did not contract with the Ministry of Food in 1944 :—

Lopchu Tea Estate	Steinthal Tea Estate	
Eden Vale Tea Estate	Glendarnel Lodge Tea Estate	
Singell Tea Estate	Dumsong Tea Estate	
Dolla Tea Estate	Benital Tea Estate	
Alubari Tea Estate	Ansellgunge Tea Estate	
Arcadia Tea Estate	Dumsong Tea Estate	- Regd. No. 1995
Hurbunswalla Tea Estate	Dumsong Tea Estate	" 1996
East Hopetown Tea Estate	Dumsong Tea Estate	" 1997
Herbertpore Tea Estate	Dumsong Tea Estate	" 1998
Udhhyabagh Tea Estate		

(3) The following estates in South India which are believed to be owned by Europeans did not contract with the Ministry of Food in 1944 :—

Chellote Tea Estate	Inkerman Tea Estate
Goomankhan Tea Estate	Niton Tea Estate
Birrucci Tea Estate	Richmond Park Tea Estate
Cairnhill Tea Estate	Bowers land Tea Estate
Deepdate Tea Estate	Bitherookadu Tea Estate
Dunlem Tea Estate	Burnside Tea Estate
Fairview Tea Estate	Sarasa Tea Estate
Garswood Tea Estate	Linewood Tea Estate
Goodwill Tea Estate	Olivers Tea Estate
Halashanda Tea Estate	Foresthill Tea Estate
Highfield Tea Estate	

and a further eleven small estates registered amongst the small growers.

STATEMENTS, ETC., LAID ON THE TABLE.

THE HONOURABLE SIR SATYENDRA NATH ROY (War Transport Secretary Sir, I lay on the table copies of Notification issued by the Chief Commissioner of Coorg No. 2/R.F.-243/44, dated the 3rd January, 1945, amending the Coorg Motor Vehicles Rules, 1940.

THE CHIEF COMMISSIONER OF COORG NOTIFICATION.

No. 2/R. F. 243/44, dated the 3rd January 1945.—In exercise of the powers conferred by section 41 of the Motor Vehicles Act, 1939 (IV of 1939) and the notification of the Government of India, Department of Communication No. R.-60, dated the 28th June 1939, the Chief Commissioner is hereby pleased to make the following amendments to the Coorg Motor Vehicles Rules, 1940, issued with his notification No. R. F. 43/121-39, dated the 26th March, 1940 ;—

Amendment.

- (1) In Rule 30 (a) after the words " Provincial Government " add the following :—
" A certificate of fitness issued by a competent authority in the Province of Madras shall be deemed to be a certificate of fitness granted under this Rule."
 - (2) In Rule 30 (g) delete the words "Either" and "Madras or".
2. The amendment hereby made shall be deemed to have been made and to have come into force on and from the 1st January 1945.

STANDING COMMITTEE FOR THE DEPARTMENT OF INFORMATION AND BROADCASTING.

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House) : Sir, I beg to move ;—

" That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official members to serve on the Standing Committee to advise on subjects in the Department of Information and Broadcasting."

The Motion was adopted.

STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE MR. R. N. BANERJEE (Commonwealth Relations Secretary) : Sir, I beg to move ;—

" That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official members to serve on the Standing Committee on Emigration during 1945-46."

The Motion was adopted.

STANDING COMMITTEE FOR THE CIVIL DEFENCE BRANCH OF THE DEFENCE DEPARTMENT

THE HONOURABLE SIF FIROZ KHAN NOON (Defence Member): Sir, I beg to move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in which the Civil Defence Branch of the Defence Department is concerned, during the financial year 1945-46."

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): How many times did this Committee meet in the last year?

THE HONOURABLE SIF FIROZ KHAN NOON: The Committee had two meetings, one in October last and one in February last and I can assure you that this is one of the most useful and busy committees that any Legislature has. With regard to the future committee, I would suggest to the House that if they can nominate members from either Bengal, Assam, Orissa or Madras to this Committee it will be useful to me, because those are the only red areas where there is danger of air raids. If there are members from those provinces, they will be useful in bringing to the notice of Government some of the difficulties of those provinces.

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the three Motions which have just been adopted by the Council, I have to announce that nominations to the Committees will be received by the Secretary upto 11 A.M., on Wednesday, 14th March, 1945 and the date of election, if necessary, will be announced later.

GENERAL DISCUSSION OF THE GENERAL BUDGET, 1945-46

THE HONOURABLE THE PRESIDENT: Honourable Members, we will now proceed with the discussion of the General Budget. I may inform the House that we have decided to fix a time limit of 20 minutes for all members. But I must point out to Honourable Members that they should be as brief as possible today, because we understand that at 5 P.M., in the evening there is a meeting of the Viceroy's Executive Council and the Leader of the House and the Government Members will have to go.

THE HONOURABLE SIF MAHOMED USMAN (Leader of the House): The meeting is at 6 P.M. But there is a meeting of the Sub-Committee of the Executive Council at 5 P.M.

THE HONOURABLE THE PRESIDENT: So, you want to close the discussion at 5 P.M.?

THE HONOURABLE SIF MAHOMED USMAN: Yes, Sir.

THE HONOURABLE THE PRESIDENT: I may point out that I have arranged with the Leader of the House that you will have two days for the discussion of the Finance Bill and you will then have ample opportunity of expressing your views on the subject.

THE HONOURABLE SIF SHANTIDAS ASKURAN (Bombay : Non-Muhammadan): Mr. President, this is the last Budget of the Honourable Sir Jeremy Raisman who has for the last six years held the stewardship of the finances of this country. It has been a period of extraordinary stress and difficulty, calling for far-sighted statesmanship and vigilance. At the same time, Sir, it provided also a chance to make good lost opportunities and enable this country to face the future particularly in the immediate post-war years with confidence. Sir, the Honourable the Finance Minister's speech leaves me disappointed. I do not want to refer to political issues but speaking as a business-man I cannot help feeling that the Government's financial policy has only increased our apprehensions. I feel, Sir, that if the present policy of heaping huge burdens on the one side and on the other, of hesitation, of delay, of neglect in carrying out urgent economic measures and in properly safeguarding the interests of this country on the other is pursued it may tear up the entire economic fabric of this country and leave us helpless in post-war years. That, Sir, is the danger. And I appeal to the Government of India to take the people into their

confidence at least now and help to reconstruct the economy of the country' in the light of war experience and post-war needs.

Happily the war situation has improved so vastly that final victory may be expected any moment. Internally there has also been improvement in the food situation, in the procurement and distribution of supplies and similar matters. Free as they are from the anxieties which stood in their way formerly, the time has come for the Government to take a broader view of the general economic situation and decide on comprehensive and well considered policies for raising the standard of the people and helping them to take their proper place in the post-war world. In the speech of the Honourable the Finance Member, however, there is not much indication that the Government of India have begun to approach this task in this spirit. In this connection, Sir, may I add my tribute to the services rendered by His Excellency the Viceroy during this short period of a year and a half. As soon as His Excellency took charge, the first question which he took up was the food question and he immediately secured Army assistance for food distribution arrangements in Bengal. It is largely due to His Excellency's personal efforts that the Food Department has been able to turn the corner.

Let me now deal with the Defence Budget. The colossal sum of war expenditure which is debited to India under the plea that it is incurred for the local defence of India and is in consonance with the financial settlement oppresses us with grave anxiety as we go through the Budget. It also overwhelms us with a feeling of deep humiliation when we realise that Indians have no place in the organisation of this vast machinery for the defence of their country, have no voice in laying down the policy of India's defence and no say whatsoever in controlling, directing or diminishing even a single pie of this huge expenditure. The war bill has been rising rapidly to giddy heights year after year. From the figure of about Rs. 45 crores in the year just before the war, it has reached the stupendous figure of over 450 crores of rupees during the current year. India is thus made to pay ten times the sum which she was incurring in the pre-war period. More than Rs. 1,700 crores will be debited to India as war expenditure before the end of the next financial year. Sir Jeremy calls this a small price, but is it too much to ask that this Legislature should be satisfied that no undue burdens are cast on this country? That there has been proper financial control, that in the name of war India has not been made a victim of waste, extravagance and maladministration? To anyone reading the last Report of the Public Accounts Committee these fears will not appear fanciful. We in this Legislature have been demanding some machinery for properly scrutinising Budget Expenditure before it is brought to this House, but the Honourable Sir Jeremy Raisman has made no attempt to satisfy us. We are asked to accept decisions taken behind our backs and commit ourselves blindfold to hundreds of crores of expenditure.

We have been hearing a good deal about the so called Financial Settlement. It is said that the ways of Providence are mysterious and inscrutable. They do not seem to be as mysterious and as inscrutable as the terms of the Financial Settlement which the Finance Member wants us to believe is India's sheet-anchor—though we have no voice in their interpretation or application. It was at the end of February, 1944 that the Finance Member told us that according to the revised estimates India's war bill for the year 1943-44 would be about Rs. 300 crores. Only a month thereafter we find that it exceeded by more than Rs. 96 crores. It is difficult to understand how the Finance Member and his Department could not have foreseen such a colossal increase of nearly Rs. 96 crores to be expended within the course of 30 days. Again, the revised estimates for the current year show that the war bill as budgetted has gone up by over Rs. 156 crores. We are told that the major cause of such tremendous increase was the fight of the Army on the Indian soil to repel the invasion of the Japanese Army. It takes away one's breath when he is told that if a shot is fired by a soldier standing on the Indian soil, the war expenditure is to be debited to India, if it is fired from another place, possibly only a few miles away, it may not be debited to this country. India, as every one knows, has become the most vital base for the Allies in carrying on their military operations against the Axis Powers. Whether, therefore, the operations are carried on on the Indian soil or whether they take place beyond the Indian frontiers, this huge expenditure is incurred for the benefit of the United Nations. India is fully prepared to play her part and take her due share of

{Sir Shantidas Askuran.]

burden, but there are certain fundamental considerations which are overlooked in her case. Is any regard being paid to India's capacity to bear the huge burden which is being thrown on her without her consent, and sometimes even without her knowledge? Has not the time come to put a ceiling on India's war expenditure in view of the fact that owing to the very nature of the war it is impossible to define local defence or joint measures in the extensive war operations of the United Nations as a whole with this country as the main base. No data are given in the Budget speech as to what expenditure has been incurred by India on the troops which were retained in India and augmented by fresh arrivals during the war. There is no information which can make us understand what portion of the war bill is on account of British and foreign troops stationed in this country and the various amounts which are debited to India by way of increase in their pay or the grant of a number of allowances which are sanctioned for them by the British Government. There are a number of such questions which arise, but I cannot go into them here.

We are told, Sir, that the defence bill for the year 1945-46 will be as stupendous as that for the year 1944-45. This means that India will be debited with a war bill, apart from the amount of capital expenditure, to the extent of nearly Rs. 400 crores in each of these years. We are all now aware that the Japanese are receding farther and farther away from the Indian soil. We are told that victory in Europe is in sight and the defeat of the Japanese in the East will follow, and yet there is no diminution whatsoever in the stupendous defence bill debited to this country. Is this the spirit in which the Government propose to interpret and work the financial arrangement about which India and Indians have no knowledge.

When Lease-Lend arrangements were made by the United States for helping the common effort of the war by all countries for the benefit of the United Nations, President Roosevelt had assured that the contributions which different nations would have to make towards the defence bill in their mutual interest would be measured justly and equitably in terms of the capacity of each country to bear it. And yet, it is a matter of deep regret that nearly Rs. 124 crores have been debited to India as her part of the Reverse Lend-Lease aid to the United States in the present war up to the end of 1944-45. And this is not the end of the story. India is expected to make a further contribution of over Rs. 70 crores towards such aid in the coming year. No one knows the terms of the Lend-Lease arrangements. No information is given to India as to how these vast sums of money are to be allocated to India and on what basis these colossal sums of money are debited to this country. It passes one's understanding as to why there is such Sphinx-like silence on the part of the Finance Member in a matter which so gravely and vitally affects the interests of this country. Principles on which either the Lend-Lease goods are sent to this country or the terms on which reciprocal aid is to be given by India to the United States cannot be hidden and should not be hidden from the people of this country any longer. While the Finance Member told the House in his speech last year that while India's share of the Lend-Lease goods and services estimated last year to amount to about Rs. 350 crores at the end of 1944-45 will not be less than one-third, the rest being contributed by His Majesty's Government, he has not said anything about the share to be contributed by His Majesty's Government in the amount of Lend-Lease goods and services now estimated for the same period at Rs. 515 crores. Nor has the Finance Member offered any explanation as to how the estimates of such goods and services have now gone up by Rs. 165 crores over the figure mentioned in his speech last year. Is there any justification for such inexplicable silence on the part of the Finance Member in a matter of such grave importance to this country? There are various other items in the war bill of the Finance Member such as the agreement arrived at in regard to the non-effective charges, etc., which call for further elucidation. Under the circumstances, this country cannot be expected to agree to these proposals in the Defence Budget without being told how the money is to be spent.

Sir Jeremy Raisman has told us, Sir, that the Hydari Mission will have a wholesome educative effect on opinion in the United Kingdom and will produce a better appreciation in that country of the magnitude and nature of India's war effort. India does not need to send a Mission to England to tell those who dictate India's war expenditure about India's contributions to the war bill. The Finance Member has

further waxed eloquent on the ability of the Hydari Mission to secure the largest quantity of available supplies of goods from the United Kingdom required for public consumption in this country. He has not assured India that in doing so every possible effort would be made to see that the goods to be imported will not be dumped against the indigenous products and the policy that may be adopted in importing such goods will not militate against the development of industries that have already been started or may be started in the near future for the production of similar goods in this country. It is difficult, Sir, to share the optimism of the Finance Member. The estimated receipts under the head of Customs reveal a significant pointer and unfold an unrecorded tale in the Finance Member's speech in connection with the real object for which the Mission is sent. While Customs receipts amounted to Rs. 26 crores in 1943-44, they are estimated to yield over Rs. 55 crores in 1945-46. Even after deducting the receipts under this head which are likely to accrue from the import of engines and wagons, it will be obvious that the rise of over Rs. 20 crores of rupees in the Customs revenue will be due to the import of the consumer goods in the coming year in this country. No Indian can, therefore, help entertaining the gravest apprehensions as regards the Hydari Mission to the United Kingdom and can any one have any doubt that the figures shown in the Customs receipts give away the case built up by the Finance Member that the Hydari Mission has gone really for making arrangements for the import of only such consumer goods as are immediately required without in any way affecting the economic structure or the industrial development of the country either now or in the future. The Government of India treated Indian opinion with scant courtesy in not associating non-official Indian leaders with the Hydari Mission. An assurance should now at least be given before any decisions are taken and before any arrangements are made for large scale imports, this legislature and commercial bodies in this country will be consulted. We have to be assured that in the name of importing consumer goods, nothing would be done to prejudice the growth of Indian industries—those already started or about to be started.

The Finance Member has given some idea as to what happened at the Bretton Woods Conference. He has promised that the Report of the Indian Delegation in this connection will be placed before the House in due course, and I shall not, therefore, deal today with the important issues raised by that Conference affecting the vital interests of this country. I cannot accept, Sir, his statement that negotiations in regard to the repayment of the Sterling balances cannot be usefully entered upon until after the end of the war with Germany. These balances really constitute the current account of India with Great Britain. India has a right to call for the re-payment of the balance to the credit of her current account when she deems it necessary in her own interests. We cannot share the optimism of the Finance Member that delay in the settlement of this question will not be prejudicial to India's interests. It is also to be deeply deplored that the Government of India neither come out with their own development programme nor allow the people in the country to start new industries, particularly key industries but use these very grounds as excuses for allowing the question of the repayment of the Sterling balances to remain undetermined till the end of the war. Such an attitude on the part of the Government and such treatment on the part of His Majesty's Government to this country have no parallel in the relations of England with any other country in the world. It is some satisfaction that in response to the repeated demand in the country the Finance Member has announced that 20 million Dollars for the year 1944 and a similar amount for the year 1945 will be ear-marked for India's post-war development. We cannot understand why only such a small amount should be ear-marked for India's requirements. Why should England refuse to tell India what the amount to the credit of the Dollar Pool is and what amounts stand to the credit of India in that Pool? England has appointed herself as the dictator of that Pool, but no one can justify her present regrettable attitude, not to tell her partners in the Pool about the amount which stands to their credit in the common fund. There is one sentence in the Finance Member's speech in connection with this matter to which I would like to invite the serious attention of this House. He has stated 'that the relevant figures will be under periodic review and the House may rest assured that at no stage will India's direct interests be subordinated to interests other than those in which she herself has a greater although indirect interest.' The plain meaning of this ambiguous phraseology is that

[Sir Shintid as Askuran.]

India will be compelled to discharge her obligations for the preservation of what is called the "Sterling Area" but will not be allowed to enjoy the freedom of arriving at such arrangements as India may consider necessary in her interest with countries which lie outside that area. The sooner, therefore, the Empire Dollar Pool is dissolved and the sooner the amounts standing to the credit of India are handed over to her and the sooner it is decided that every Dollar that will accrue to India, either as a result of trade or in any other way, will be given to her for her own benefit, the better it will be in the real interests of India which Sir Jeremy Raisman professes will not be subordinated to any other interests in this matter.

I have no time today, Sir, to refer to the various complicated issues which the Finance Member has raised on the subject of post-war planning or in connection with the various proposals which he has put forward in regard to the scheme of taxation that may be adopted in the future. I shall deal with them in my speech on the Finance Bill. One sentence in this part of his speech I cannot allow to go unchallenged: He has remarked that—

"So long as the financial and currency system of the country is overstrained in the maintenance of the war effort or in securing the early stages of transition from war to peace, heavy new expenditure on national development schemes would be dangerous in the extreme. In other words, post-war development must mean and must continue to mean post-war development and by no magic or optimism can it be made to mean war-time development".

It is a singular misfortune, Sir, of this country that while war has enabled countries like Canada and Australia to develop schemes of national development and to start national industries essential for the defence of their countries such as aircraft, automobile, shipbuilding, heavy chemicals, etc., the Government of India have unfortunately set their foot down against the inauguration of all such nation-building activities, unmindful of the great economic strain that would befall this country in the absence of such development. It is, therefore, a pity that their own failure to discharge their trust and responsibility towards the people of this country should be advanced in justification of postponing the starting of such nation-building activities till an indefinite period after the end of the war.

There is one other observation made by the Finance Member which deserves careful consideration. He has recommended State ownership of industries as a source of additional revenue. We thought that nationalisation of industries was not advocated either on the ground of the profit motive or on the plea of additional revenue. Nationalisation was sought to be justified on broader consideration, namely, the entire interests of the nation. The manner and the context in which the suggestion of State ownership has been made by the Finance Member is bound to create considerable misapprehension in the country as regards the attitude of the Government in connection with the role which the State should play in the industrialisation of India in the future. The suggestion also ignores the wisdom which experience has brought to other countries as a result of the industries owned and run by the State. I, therefore, consider it quite imperative for the Government of India to announce their definite policy in this matter in unequivocal language so that private enterprise which has built up industries in this country may know where it would stand in the future development of industries in this land. It is quite obligatory on the Government to do so when large plans for the industrialisation of India are under the active consideration both of the Government as well as the people of India.

Industrialisation of India now and in the post-war period has become, Sir, one of the supreme questions of the hour. While one can, therefore, understand the Government of India taking shelter behind the existing constitution in indicating their helplessness to assist Indian Industries against internal competition and external aggression from non-Indian vested interests, there can be no justification for not removing the grave burdens and disabilities which the existing policy of taxation has imposed on the development of Indian industries. While, therefore, I welcome the grant of special initial depreciation allowances in respect of new

buildings erected and new plant and machinery installed after the 31st March 1945 announced by the Finance Member, I cannot share his view that the—

“Scheme of war-time taxation has throughout been so devised as not to deplete and on the contrary to strengthen the reserves at the disposal of industry for meeting the calls which will be made upon them in the post-war period”.

Not only does the existing policy of taxation take away the entire extra profits, but in many cases it makes an additional inroad on the standard profits of the industries. It should not be forgotten that the Finance Member has not only roped in the extra profits made during the war by enacting the Excess Profits Tax Act, but he also increased the rate of income-tax and corporation tax by enhancing the scale of surcharge levied on them from time to time. Industries have, therefore, to pay not only 25% of extra taxation on their standard profits but even on the balance of the extra profits left after the E. P. T. has been paid, has to bear this additional increase both in the income-tax and the corporation tax. The result of all this taxation is that no reserves, at any rate no adequate reserves, are left to the industries either for the restoration or the expansion of their machinery of production. The real test, Sir, is to find out whether the gap between the replacement cost of the machinery of production which, as we all know, has gone up in many cases by 400 to 500 per cent and the amount that stands to the credit of the machinery in the Depreciation Fund can be bridged by such reserves, if any, that may be left to the industries under the present policy of taxation. It cannot be denied that the gap cannot be covered by the reserves that may be left and consequently the industries, if they want to exist, will have either to increase their capital or borrow fresh money from the market. I was examining some time back the balance sheet of a flourishing mill, run under responsible and capable management and I find that after taking into consideration the amount standing to the credit of the Depreciation Fund and after adding the amount of the deposit placed with the Government as a result of the E. P. T. and the amount that may be returned by the Government along with that compulsory deposit, the amount which the Mill would require for the rehabilitation of its spindles and looms up to modern standard would necessitate its borrowing a fresh amount to the tune of at least Rs. 60 lakhs. Where is the mill to find this large sum of money? Sir Jeremy Raisman's policy of taxation does not leave the mill with such reserves as he imagines. He may complain that he has shown more foresight than what he is given credit for, but facts speak for themselves. They cannot be ignored and unless, therefore, the existing policy of taxation is radically revised, Indian industries will find it extremely difficult to rehabilitate and re-equip their assets out of their own savings not to say anything about the expansion of their assets so necessary for their economic working in the future. It is surprising, Sir, that while the Finance Member acquiesces in the doctrine of allowing depreciation on the replacement cost of the assets so far as the Railways are concerned and while he goes even further than that and allows the Railways to write off the extra cost of the rehabilitation and restoration of their units to working expenses, he speaks with sense of self-satisfaction that his policy of taxation with depreciation calculated only on the written down value would leave the industries with such reserves as would enable them to bridge the gap between the replacement cost and the original cost of the assets. The issues involved are so grave for the future of the industries that they necessitate a radical revision of the present policy of taxing industries and I would most strongly urge upon this House to insist upon the Government of India that such a revision should be made forthwith and such a scheme of liberal allowance should be devised as would enable the industries to finance their rehabilitation and restoration programmes without being compelled to raise fresh capital or borrow money from the market. This is the least that the Government can do if their profession for the industrial development of India is sincere and they can take action forthwith in connection with this vital matter as they do not involve any constitutional difficulty which is adjudged by the Government in connection with other matters.

THE HONOURABLE MR. G. S. MOTILAL (Bombay: Non-Muhammādan):—
Sir, as I rise, it may be noted that the time is 12-17—

THE HONOURABLE THE PRESIDENT: It is not at all necessary for you to mention the time. It is for the President to decide when to give an additional few

[The President.]

minutes. If he feels that the House is prepared to hear a Member especially, he takes that into consideration and gives some more time.

THE HONOURABLE MR. G. S. MOTILAL: I do not propose to take a much longer time. I shall try to compress my remarks within the 20 minutes that have been allotted to me.

Sir, I cannot help saying that we have read the long and tedious speech of the Finance Member which conceals a great deal of information which the representatives of the people require and it dilates a great deal on unimportant points. The increases in the estimates of expenditure and revenue on items which are relevant to the civil administration are given at a greater length but there is complete silence—it seems the Finance Member has taken a vow of silence—on matters on which the House and the country require a great deal of information. The Defence expenditure has increased to a colossal figure and it has exceeded the Government's own estimates which were placed before us last year. Circumstances may arise when such a situation may happen but when it does arise, the Government explanation should not be just a few cryptic lines but it should enlighten the Members and the country as to the situation which has inflicted a heavier expenditure than was estimated for by the Government. We are told by the Finance Member that the Defence expenditure exceeded estimates by about Rs. 96 crores; He said:—

“ This was due partly to the fact that much of the fighting against the Japanese took place within, instead of wholly outside, India's frontiers and partly to an unexpectedly heavy adjustment in the accounts of the year in respect of vehicles utilised for the initial equipment and maintenance of India's local defence forces.”

There is an agreement which has been referred to as the financial arrangement for allocation of Defence Expenditure between India and the United Kingdom or the United Nations. We want that agreement should be interpreted strictly and correctly. The Finance Member does claim that that agreement has been interpreted strictly and that India's interests have not been sacrificed or subordinated. But, Sir, his word alone does not satisfy the country. Why can't they come before the Legislature and lay down all the particulars and facts which will dissipate any misgivings which such a situation will create in the minds of the people. He is only prepared to say that this has happened because the Japanese attacked the country. I can well understand if the borders of India had been attacked the expenditure relating to the defence of India would be debited to Indian account. This is the arrangement. Part of this 96 crores is due to the defence of India and part of it is due to the vehicles utilised for the initial equipment and maintenance of India's local defence forces. Particulars of these should be given. We have been given particulars of the increases in expenditure in other services than defence. Defence service is more or less a hush-hush affair. I do understand the reasons for so much secrecy. Who does not know now that the strength of the Indian Army is 2 millions? That has been proclaimed from the house tops day in and day out. Everyone knows it—including our enemies. I think it is good that they know that the strength of the Indian Army now is 2 millions. (An Honourable Member: More than that). Or more than that. The figures that are given and the statements made by Government are not always consistent. Therefore some members have read the statements which give 2½ millions and some members have read the statements which give it as 2 millions. This 2½ million army is a great force. But are we not entitled to know what is the relative strength of the Indians in the Officers corps? Formerly we used to get a statement of that kind. Now to deny that, under the cloak of the war, to the Legislators is not fair. The representatives of the people have been very anxious to see how India has developed and what progress has been made in regard to the Indianisation of the officers. It has been an outstanding and a standing grievance of this side of the House, that the Indianisation of the officers has been delayed very long. Even in the 1935 Act, which is 10 years old, it was envisaged that Defence shall be in the progressive charge of Indians and it shall constitute an Indian responsibility in a growing degree. But 10 years have gone by; and if anything the war must have spurred the increase of Indian officers. If we know the strength

of the army itself, one does not understand why the strength of the Indian officers cannot be given. We want to know what is the relative strength of the officers in the General Headquarters, and in the fighting ranks. When will a son of India rise to the highest position which he should hold in that service in this country ?

Sir, as I said, his speech conceals much more than it reveals. I was reading some 4 months back the speech of the Chancellor of the British Exchequer which gave certain information and it is that kind of information that we now want. The information which is now given is not sufficient ; is not as much to the point ; is not all that is necessary to have. May I therefore, Sir, now read that statement from the Parliamentary Debates ? This is what the Chancellor said :

" As the Committee knows, it has been a feature of our recent war Budgets to examine how far the sources from which we have borrowed have been satisfactory and, for that purpose, we take our guidance from the White Paper on national income which will shortly be in the hands of Members."

Members of the Government of India on the Treasury Benches are not unaware of this statement of the Chancellor of the Exchequer. He further said :

" For the purpose of a policy of full employment it will be necessary, year by year, to bring under review the income and expenditure not only of the Exchequer, but of the country as a whole and not only its income but its capital expenditure and its savings. The Committee will be able to see from this paper how closely related are the figures in it to the figures and explanations that I have at the opening of this statement. Similarly, as the somewhat novel technique of this Paper "

I want these words particularly to be noted—

" Similarly, as the somewhat novel technique of this Paper is developed, I should hope that the Budget would increasingly be an occasion when the financial and economic health of the country as a whole can be reviewed, with a diagnosis of the causes of any unfavourable symptoms and a prognosis of the future, to explain the medicine or the tonic— or perhaps even the rest cure— which the Chancellor of the Exchequer in the future may be able to prescribe. I shall revert to this metaphor before I finish."

I say, Sir, that we now want a statement of that kind, a picture of the national income and expenditure. If you only give us a statement of the income and expenditure of the Government, it does not carry us very far. We do not know how much the people can afford, how much they are squeezed and therefore it is necessary that a similar statement should be produced.

The Chancellor of the Exchequer started this since 1942 and we are now in 1945. A similar statement has not yet been forthcoming in this House. Last year I came across Horabin's Atlas and he has drawn a very vivid graph of the national income, national expenditure ; what has been the growth in the national income and what has been the Government expenditure. It is something which is very interesting and it is a statement of that kind which is required.

Sir, Hydari Mission has gone, as we have been told, to lighten the load on India's economic resources. The statement as it stands is harmless because everybody wants that the load on India's resources should be lightened but whether it is lightened or not will have to be judged by the results that are achieved. We also know, Sir, that there is a great deal of concern and anxiety and preparation going on in England for export of their goods to India. What India wants is first of all consumer goods only to such an extent or for such period as they cannot be produced here but we also want that capital goods, machinery and things like that will be imported so that India's requirements can be produced within as short a time as is possible. This will be the test which will be applied to the Hydari Mission. How far that test the Hydari Mission will be able to stand only future will tell. But let us note that there is a general feeling that the Hydari Mission has gone to bring more consumer goods in which England is interested.

Well, Sir, as regards the economic policy we are now near the end of the war and I set a question as to what decisions Government have taken with regard to agriculture, with regard to industrial policy and this morning the answer was that Government have not yet taken any decision. They are still considering it. They may consider it, I do not know how long. Last year also the question was put and we were promised an early decision. That early decision we have not yet seen but

[Mr. G. S. Motilal.]

I have come across a pamphlet which is known as *Blue Print* for Burma and it makes me ask what might be its effect on India's agricultural and industrial policy. This *Blue Print* for Burma is printed by six Conservative M. Ps. of England and one name, which is familiar to us, among them is of Sir Stanley Reed, who was the editor of the *Times of India*. This *Blue Print* says :—

"Little authentic news of conditions in Burma has leaked through since the Japanese occupation. But so far as information is available it indicates that the Japanese have exploited with no little skill the prevailing militant nationalism. They have declared the 'independence' of Burma, and that heady word has exercised a profound effect. They have established a Burman Army under a Burman Commander-in-Chief, Aung San. They have placed at the head of the Government a Burman Dictator, Dr. Ba Maw, under the title of the Adipadi, with a Council of twelve Ministers

Then, Sir, at page 11 it proceeds to say :—

"In the past Burma rice has met with sharp competition from Siam, America, Spain and Italy. The country suffered, like all other primary producers, from the catastrophic fall in prices during the post-war period.

In the three years 1928-29 to 1930-31 the value of the export was Rs. 36 crores 91 lakhs but in 1938 these values had fallen to Rs. 19 crores 14 lakhs. So far as the position can be gauged in the light of known conditions, the future of Burma rice exports should be assured."

This is what they lay stress upon :—

"Of the exports of over three million tons, on the average one-half was taken by India, the quantity rising and falling with the out-turn of rice in India itself. India, owing to the tremendous increase in the population, is a deficit country; on the lowest computation it will need an import of a million tons a year, and the probable figure is much higher. The demand for rice will be large, if not insatiable."

Sir, if this programme comes into effect it will mean that India should again become an importer of Burma rice and the policy of self-sufficiency in agricultural production is to be jettisoned. I want that Government should resist any such attempt when Burma rice is available. One can apprehend that when rice is needed in India, there will be a demand for Burma rice in India; people will also ask for it and Government will also say that rice is needed and therefore imports may be allowed but that will hamper the production of rice in India. Therefore, Government should now make and declare their policy, take a decision as to what their policy is to be and guard against such policy being dictated by people outside India.

Sir, the Honourable the Finance Member has introduced a new feature in the taxation policy as regards income-tax and that new feature, I say, is welcome. That feature relates to unearned incomes, that is, those incomes which are not earned incomes. Unearned incomes will have to pay at a higher rate. Now, Sir, I think that this relief to earned incomes should also apply to businessmen. I am not referring to house-rent because house-rent is not earned income; I think it should apply in a case where for instance a businessman is carrying on his business through agencies, etc., and his income arises from that business. I hope the instructions of Government will not come in the way of the income-tax officers allowing that earned income relief to business income. The Income-tax Act also requires amendment particularly with regard to business losses. The position at present is this. Carry-forward of losses has been allowed for six years. Now, the carry-forward of losses is narrowly interpreted, and the Act itself is defective in this respect. The result is that against the total income of an individual the loss for the first year is allowed to be set off, but the loss in the subsequent years is not allowed to be set off unless it arises from business in the same commodity. May I explain how it works, Sir?

THE HONOURABLE THE PRESIDENT : The Honourable Member should bring his remarks to a close now. He will have another opportunity on the Finance Bill.

THE HONOURABLE MR. G. S. MOTILAL : One more word. The amendment of the Income-tax Act as now proposed will work very harshly, and Government themselves will find that it requires further amendment.

THE HONOURABLE MR. M. N. DALAL (Bombay; Non-Muhammadan) : Mr. President, this sixth war Budget of the Government of India, though of a very

novel and unorthodox type, has been well received in this country. Contrary to general expectation and to the relief of many there has not been a very heavy burden of taxation, although the deficit has been the largest on record so far. Another feature which distinguishes this Budget from its predecessors is the welcome provision made for enabling industrial units in the country to restore and expand their plant and machinery. The depreciation allowance permitted for buildings is 10 per cent. and that for plant and machinery is 20 per cent. This is again not a very novel feature of the Budget. The United Kingdom has been giving such allowances for depreciation to its industries. Government may not agree to the suggestion made in certain business quarters in this country that the depreciation allowance for plant and machinery at least should be increased to 50 per cent. But I would request the Honourable the Finance Secretary to raise the percentage to at least 25 for plant and Machinery. According to latest report from London, that is the allowance given by the United Kingdom to its industries.

The additional taxation resorted to by the Honourable the Finance Member is Rs. 8.60 crores, which is about 5 per cent. of the total deficit. The balance of 95 per cent. is to be made up by borrowing. I am in entire agreement with this principle. War finance cannot be met by taxation, and it should be met entirely by borrowing.

THE HONOURABLE MR. G. S. MOTILAL : Entirely ?

THE HONOURABLE MR. M. N. DALAL : At present we are borrowing 95 per cent. of the deficit. This principle may be criticised by some on the ground that we are leaving a very large proportion of our deficit to posterity. But I must remind those critics that our national industries at the moment are taxed to the very hilt, and any further burdening of our industries by means of increased taxation would completely wipe them off, so that there would be nothing left to posterity whose cause some of us profess to champion. This special feature of the Budget and the pronouncement of the Honourable the Finance Member on the subject of post-war economic development have shown, I think, a certain amount of skill and sagacity which distinguishes this Budget from its predecessors.

Coming to direct taxes, there is no change in the Excess Profits Tax and in the compulsory deposit scheme. But there is an increase of three pies in the Rupee in the surcharge on income-tax on slabs of income above Rs. 15,000, which is estimated to yield Rs. 2½ crores and which is to be used for affording relief to people with lower grades of income. I welcome this relief which is sought to be given to certain sections; it evolves a new but equitable principle differentiating between income earned by personal exertions from that not so earned—I think this is an appropriate time to introduce this welcome measure in our taxation system, although the relief given is only 10 per cent., and that too on incomes not exceeding Rs. 20,000 a year.

In the sphere of indirect taxes, I cannot give my unstinted support to the increase of duty on unmanufactured tobacco. Tobacco in this country is not a luxury but a habituated necessity for the poor.

THE HONOURABLE SIR DAVID DEVADOSS : Certainly not.

THE HONOURABLE MR. M. N. DALAL : Any increase in that duty, in my opinion, would involve an increase in the cost of living and thereby create greater hardship on the poorer classes of the people. There are three other imposts in increased taxation—telephone rentals, telephone trunks, postal parcels and telegrams. The net revenue collected from these three imposts is negligible—about 1.35 crores only. As the Honourable the Finance Member himself declared in his speech, the idea is not to augment the revenue income, but merely to put a check on the already very heavily loaded services. Such periodical increase of taxes on these particular items are bound to make them unpopular, and it might even seriously hamper Government's case for State ownership which the Honourable the Finance Member himself says his successor may have to resort to in the future for the sustenance of national well-being as a whole.

Coming to defence expenditure, it is, for the current year, Rs. 456 crores, which is about ten times the basic pre-war figure. The defence expenditure between February, 1944 and March, 1944 shows an increase of 96 crores. Such colossal jumps in

[Mr. M. N. Dalal.]

defence expenditure in so short a period require close scrutiny and careful investigation. According to the financial agreement, crores of rupees are being spent for the Indian troops fighting on their own soil whereas the same could have been to a certain extent transferred to His Majesty's Government if the same Indian troops had fought on non-Indian soil—although the difference between the two soils may be only a matter of a few miles. India has been the base of the United Nations for many a war operation.

THE HONOURABLE MR. HOSSAIN IMAM : It is not the base now.

THE HONOURABLE MR. M. N. DALAL : It will be on a very large scale when the fighting in Burma starts. Therefore, I think a wider interpretation should be given to the financial agreement and India should be given some relief from the very heavy defence expenditure now laid on this country as being in the interests of her own local defence. I would further request the Honourable the Finance Secretary, in his reply to this discussion on the Budget, to give us some idea as to the approximate cost separately of the British and Allied troops imported into this country in place of the Indian troops sent overseas.

We are grateful to the Honourable the Finance Member for securing for us for the year 1944 twenty million dollars and a similar amount earmarked for the year 1945 for post-war economic reconstruction. But I would request the Honourable the Finance Member to exert his influence on H. M. G. and secure for us all our dollar credits. Government should also give a sort of guarantee to our industrialists and businessmen that the Government of India would themselves supply them the dollar credits necessary for the importation of plant and heavy machinery from abroad from any country they desire for the re-equipment and rehabilitation of their industries so as to satisfy their present and future needs for self sufficiency.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan) : Sir, I regret that I was not present to listen to the presentation of the Budget by the Honourable Sir Cyril Jones. Today, Sir, a tragic circumstance is responsible for the absence of the Honourable the Finance Member from this House. But we regret that the War Department, which is responsible for almost 80 per cent. of our total Budget expenditure is altogether unrepresented in this House. It is like playing Hamlet without the Prince of Denmark ! I am, therefore, constrained to reserve for the Finance Bill all my remarks pertaining to the Defence Department for it will be unjust to throw the burden of replying to these things on to the Honourable the Finance Secretary who is there only to pay through the nose for all the demands made by the Army Council in the shape of admissions of people and officers in India. For, after all, no one in India is superior to the Army Council. The Army Council has not only the power of veto but also the power of dictation to the highest officials, military, naval or air officials, in India.

Sir, in the papers which the Honourable the Finance Secretary has presented, the printer's devil has, as usual, crept in. On page 11 of his Explanatory Memorandum, about interest on rupee loans under the heading "Budget," the figures, instead of Rs. 62,14 lakhs are given as Rs. 42,90 lakhs and the increase, instead of 9,15 lakhs should be 10,89 lakhs.

I have also great pleasure in finding that my remarks on the last Budget that either there was an under-estimate of Customs income or no intention on the part of Government to import consumer goods have been borne out by the figures which the Honourable the Finance Secretary has presented. In the place of a net income of 28 crores envisaged in the Budget, the revised estimate is 40 crores—an appreciation of 12 crores on 28 crores. That is not a negligible margin and it does mean that there was, if not an intentional under-estimate, at least an unintentional under-estimate. Because, here, there is no dictation. You are free agents and you encouraged to import goods which you think proper and which you could get.

I also have great pleasure in finding that in his concluding remarks the Honourable the Finance Member indicated the likelihood of consideration of State ownership, not as a collective measure, or as a socialistic

measure, but as a free necessity of life. You cannot have reconstruction in the post-war period, you cannot have increased expenditure on nation-building departments, until and unless you increase the income. I would remind the House of the statement which I made that the Railways and Post Offices had contributed more to the General Revenues than industries had contributed in the shape of E. P. T. I shall deal with the subject at length on the Finance Bill.

I have only to say that another remark which I made in the last Budget on Opium income has also proved that vigilance can be increased. Instead of having a deficit of 44 lakhs which he had envisaged in his Budget statement, the revised estimate shows a deficit of only 20 lakhs. But, instead of making the information readily apparent, the Honourable the Finance Secretary, in Statement V, has really evaded the issue. We find only the income stated and the expenditure has been excluded therefrom so that people may not easily find out what are the losses or gains from the Opium head as we used to do in all the financial statements which he has presented before this one.

I should simply mention one cardinal fact which shows how little control the Government of India have on Defence expenditure. In the four years for which we have received accounts, the Government of India had budgeted for an expenditure of 453 crores, but the actual expenditure came to 749 crores, an increase of almost 70 per cent. over the Budget figures. Even on the revised figure the increase is so great that no amount of special pleading can convince any one that these actions are taken except under duress. For, how could 96 crores more expenditure be charged in 1½ months? On the 28th February, you presented to us a Budget in which you said the Defence expenditure was expected to be 262 crores. This is on page 8 of the Explanatory Memorandum of 1944. Today, we are told that the actual expenditure on this head is 358 crores. Defence Services, net, has increased from 262 crores to 358 crores. This requires some explanation. How can such a large army be at once dumped on India during the short period of one month or how could the stocks have been imported in such large quantities during one month? The Japanese invasion did not start before 28th February, 1944. Had it started, the Finance Secretary and the Finance Member would have increased the revised estimates sufficiently to cover the cost of fighting the Japanese. Further, the whole special pleading has been vitiated by the fact that now the Japanese danger has been removed so far from the Indian borders, yet the expenditure has not fallen to the limits which the Honourable Member had presented last year. I refer to the revised Budget estimates of 262 crores, for that was his estimate of expenditure for 1943-44. We are at least back in the same condition in which we were during 1943-44. But there

1 P.M. is no relief. That wonder paper, the financial settlement, can be stretched to mean anything in the world. As I said, I am not going to deal with that subject at any length. I would just refer to some small matters. Where war questions are concerned, there can be no limit to the generosity of the Finance Department, but where nation-building things are concerned, the Finance Department is the stingiest of all. Look at some of the items. Information Films of India, I ask what purpose to help the war is it doing? Do you believe seriously that by that means you are going to convert people to your view of things? That expenditure has been increased from 10.28 lakhs in the last year to 23.19 lakhs in the budget year. It is a sheer waste. It serves no useful purpose. Merely because it comes under the head Miscellaneous expenditure connected with the war it has Government's patronage. War Museum, a new head which has been created without building anything, and for the first time this thing has come in for Rs. 2,75,000. The National War Front, Sir, was supposed to have been abolished, yet budget provision has been made at an increased rate. The actual expenditure on the National War Front was 43 lakhs in the accounts year and for the budget year it is 68 lakhs. Bureau of Public Information has increased from 9 lakhs to 15. I wonder why he could not be generous where agriculturists were concerned? The "Grow More Food campaign," in spite of the promise, is receiving very scant and little help. The N. W. F. Province, not the National War Front, has been asking for increased grant. It is a deficit Province which has been living on the doles

- [Mr. Hossain Imam.]

from the Centre. The total incomes of all the Provinces have increased. You can give 60 lakhs as a subvention from the Centre to a rich Province like the United Provinces, but you cannot increase the subvention for the Frontier Province in spite of their repeated demands and special pleadings. These are some of the differences in the manner in which departments and organisations are treated by the Government. If you make the excuse of war you can spend anything you like. There is no limit. The ceiling is the sky, but for everything else the expenses must be kept down, or it will lead to inflation. This fight against inflation is costing India very dear. These loans which the Government have floated for the purpose of serving the needs of His Majesty's Government are costing India very much. I would remind the Honourable the Finance Secretary and the House of the fact that in 1940-41 the net interest payment by India was as low as 6.40 crores and in the budget year provision has been made for 30 crores. Now all this is being paid in order to finance His Majesty's Government's purchases. This plea that you are withdrawing the surplus purchasing power of the people may have been valid in other countries. But knowing the hoarding habits of India, which is as good as the lending habit (because it sterilises the money, it stops circulation and to all intents and purposes it is literally buried in the soil), why pay 30 crores? I am afraid if he succeeds in his scheme of loans to be floated next year, the result will be that in the coming year 1946-47 the order of interest will be six times what it was in 1940-41—it will be more nearly 36 crores than 30 crores which we have budgeted for.

Another point is that money left in the hands of the Government of India is a temptation for increasing the Defence expenses charged to India. Last year our Honourable colleague Sir Gopalaswami Ayyangar had severely attacked the closing balance. But perhaps it may not console him, but it may console the Finance Department to find that the closing balance is much lower than was projected in the Budget statement. And that is the use to which the Government may put all the money they collect from the people—to increase the burden, double burden, interest charges and the increased Defence charges.

Sir, I would like the Government to reconsider the policy of war risk insurance. This is a burden which is thrown on the consumer. It is he who in the last resort pays. Why carry on this? Are there any war risks left except in isolated areas in the East and in the Eastern Provinces? If you remove this war risk insurance at least from textiles, you will be doing an enormous service to the general consumers.

I also, Sir, have some objection to the utilisation of those funds for the purpose of payment of compensation for the Bombay fire, not because I do not wholeheartedly support the payment of compensation to the sufferers, but because of the fact that His Majesty's Government has the bad habit that when you once pay for a thing it is very difficult to get it out of H. M. G. I would remind him of the failures which the Finance Department had in getting anything from the Government on account of lend-lease, reciprocal aid, air fields and air fields built for purposes other than the defence of India. The Finance Member had stated the possibility that part of the costs will be shared by H. M. G. in his Budget statement of 1943-44, but facts proved otherwise. The new system of ceiling was imposed and everything was certified to be necessary for the defence of India—the defence of India is defence of our slavery. It is not the concern of England, but India that we should be paying ourselves to be slaves in our own country. This is what we are being made to pay for. It is not the imperial concern. It is the concern of nobody but India that we should remain slaves, the willing slaves, who are born slaves, who are living as slaves and who are foredoomed to die as slaves.

There is another item, Sir, which seems to have outlived its utility. I refer, Sir, to the Civil Pioneer Force. In no part of the country is there any need for this Force. A. R. P. defence measures have been abolished. We find that this Civil Pioneer Force is serving no useful purpose. They have no work to do. They simply go from place to place and they are meant just to appear to be useful, although actually they serve no useful purpose. It is time when not only the Civil Pioneer Force but the other activities of the Govern-

ment of India should be liquidated. Reversion, or I should say disposal or dispersal of the personnel of the Defence forces and the defence requirements should be thought seriously and you are always deferring the day when you will do it. Don't forget the fact that your expenditure does not cover your liability. Your liabilities are always greater than the demands made by you at the close of the year. Even if the war were to terminate today you will take at least six months to know your liabilities.

THE HONOURABLE THE PRESIDENT : Please bring your remarks to a close.

THE HONOURABLE MR. HOSSAIN IMAM : I have only one question to ask, Sir. I cannot find where the Honourable Member has tucked away the price of railway engines and other goods which were received under lend-lease for which recoveries were made from departments of the Government.

AN HONOURABLE MEMBER : It may be found in the Explanatory Memorandum.

THE HONOURABLE MR. HOSSAIN IMAM : It is not stated in so many words either in the Explanatory Memorandum or anywhere that I have been looking at.

THE HONOURABLE THE PRESIDENT : You can refer to this in your speech on the Finance Bill.

THE HONOURABLE MR. HOSSAIN IMAM : I would like Honourable Members on this side of the House to look at the figures of our expenditure on the purchase of wheat. Rs. 18 crores has been spent in this current year and 21 crores is expected to be spent in the coming year on purchases from sterling areas. Is it good, is it advisable to purchase wheat from outside when India can produce but is not producing merely because of the fact that Government will not render help. Manures are bought, Sir, and sold at a profit. Quinine substitutes are actually selling, Sir, at a black market rate. You will find that quinine substitutes are being sold at a profit by Government. Similarly in regard to manures, no help is given. This 18 crores which has been spent in England on the purchase of wheat could very easily have been retained in India but has not been retained.

Sir, the Budget presented shows how little regard there has been for India and its peoples and how much solicitude for the British interests.

THE HONOURABLE SIR CYRIL JONES : May I intervene for a moment just now instead of mentioning this matter in my reply? About the cost of railway equipment received on lend-lease and supplied to the Railways, I would invite the attention of the last speaker to page 8 of the printed Budget Speech—the second half of the first sub-paragraph after the printed statement of revised estimates of Defence expenditure for the year 1944-45.

THE HONOURABLE MR. HOSSAIN IMAM : I was referring to the Explanatory Memorandum because that is my Bible!

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official) : I congratulate the Honourable Sir Cyril Jones on the clear and informing speech with which he introduced the Budget. We are all thankful to the Honourable the Finance Member for not increasing the already heavy burden of taxation to any appreciable extent. The increase in tobacco duty will fall mainly on those who could afford to pay it and if it will be a means of stopping the pernicious and dirty habit of smoking by ordinary people and young students I shall be only too glad.

Leaving matters of high finance to Pandits like my Honourable friend Mr. Hossain Imam and Raja Motilal I will confine myself to a few points. The first is war expenditure. This has swollen to alarming proportions. The cost of repelling the Japanese invasion of India has to be borne by us but India is made the basis of operations in the East for recovery of Burma, Malaya and other British possessions from the Japanese and it is but just and proper that the cost of all such operations together with the cost of keeping the Forces in India should be borne by H. M. G. and the Governments of Burma and Malaya. The war in the East will be a long one and Col. Knox predicted four years ago that the war will last till 1948 and there does not seem to be much chance of its being over sooner. Even after Japan is defeated the mopping up of operations will take a long time. The British people who are ten thousand miles away from Japan are still under the delusion that the Japanese being an Asiatic nation could be easily swept away. The Americans have a better appreciation

[Sir David Devadoss.]

of the fighting qualities of the Japanese. President Roosevelt only the other day said that it is still a tough and long road to Tokyo. The Japanese are not only resourceful fighters but they are also fanatic and will fight to the last man. How long is India going to be the base of operations and how long are we going to bear the enormous cost of keeping and provisioning the army here? If this policy is not changed soon India will become a pauper country and will not be able to import goods from the United Kingdom to any appreciable extent. Let me say "Don't kill the goose that lays the golden egg."

Secondly, Sir, with regard to broadcasting. Under this head the expenditure is mounting up. Apart from the war propaganda it is not doing much good to the common people. I am speaking of what is being done in Madras. Most of the items of the programme during day and night are music and singing which are appreciated and enjoyed by the well to do people. The war news does not take up much time. The villager and the man in the street hardly get any benefit from the radio. Cannot the radio be the means of conveying instruction in rural economy, sanitation, the welfare of cattle, the preservation of the farmyard, manure and other matters which are essential for the well-being of the farmers and cultivators? There are one hundred and one things which a villager and cultivator ought to know. Does the radio fulfil these functions? No. Now and then in the afternoon a half humorous and half serious conversation is broadcast and that too at a time when the villager is at work. Such talks on rural economy require preparation and study and men qualified to give advice on such subjects should be asked to write short essays and they should be broadcast. The broadcasting staff want to have an easy time and the services of musicians and singers are availed of to fill up the programme. In Madras you are creating a class of professional musicians and singers who will always look to the radio for their maintenance. I strongly object to the radio being used mainly for the enjoyment of the well to do people without paying regard to the improvement and education of the peasants and rural classes. The expenses under this head ought to be cut drastically.

Sir, with regard to planning and development, I want the proposed schemes to be spread over all the provinces and not confined to the favoured provinces like the United Provinces and the Punjab. Due regard will have to be paid to the sources of power, the availability of raw materials, labour and the like. Madras gets a stepmotherly treatment in this matter. No doubt it is a far cry from Madras to Delhi and Simla. In future the Madras Presidency should have factories and other facilities for the manufacture of goods. The Madras Presidency should have a fair share of the new schemes which the Government of India is proposing to introduce.

In paragraph 29 of his speech the Finance Member said:—

"The main difficulty that still confronts us in the monetary field is that arising from the unfamiliarity of the rural classes with the various forms of investment in Government securities."

The officers high up in the Centre do not understand the customs and habits of the people and the difficulty of preserving paper securities for years. That is why the loans are not popular with the common people. Paper is easily spoilt by damp and rain; it is eaten up by white-ants; and rural houses are built of mud with thatched roofs, and fires are not uncommon. And that was why I suggested token coins last year, but my Honourable friend the Finance Secretary asked how interest was to be calculated. Is it a difficult matter? When money is paid, cannot interest be calculated up to the time payment is made? You can calculate interest by the year—so much for the year, leaving out months and days. Metal can be kept anywhere, in pots and pans, or buried in the earth. Villagers do not have iron safes with chubb locks. In this connection, I must say that there is a great deal of compulsion on villagers to subscribe to the loans. Each Tahsildar is made responsible for collecting so much, and the revenue lower officials make it their concern to collect as much as possible, otherwise they would incur the displeasure of their superiors. The so-called peaceful persuasion is a euphemism for threat and intimidation, and I want the Government to stop this soon.

Finally, Sir, as a rule I do not like to talk about communal claims. Last year I was briefed to speak about the Central Government consistently ignoring the claims of Indian Christians to appointments here. Now I am constrained to refer to the treatment by the Government of Madras of the claims of Indian Christians to high

judicial appointments. During the last few years there have been several vacancies in the High Court. Though there are several men qualified by extensive practice at the Bar, high legal attainments and sterling character, their claims have been overlooked. Quite recently a barrister from Burma was appointed to the High Court. My Honourable friend Mr. Conran-Smith will get up and say it is a provincial matter and the Central Government has nothing to do with it. To the best of my information the Madras Government did not recommend his name. He was an evacuee from Burma and was given some job by the Central Government, and now he is pitchforked into the Madras High Court. By this kind of act you are making a loyal community discontented and sullen. It is the old, old story of the prodigal son having the fatted calf killed for him. The post of Advocate General will shortly become vacant in Madras, as the present holder has been raised to the High Court. I should not be surprised if a runaway from Burma, Malaya or some other British possession is appointed to the post. India is a convenient dumping ground for all unwanted persons, and Madras specially so, as the people of Madras are law-abiding and loyal. You dare not do such a thing to Calcutta or Bombay.

THE HONOURABLE SIR SOBHA SINGH (Nominated Non-Official): Sir, this is a war budget, and I hope Honourable Members will look at it in that light. We are still in the wood. But there is a silver lining to the cloud. The Honourable Sir Jeremy Raisman, brilliant as he is, deserves the thanks of the country for the way in which he has piloted the finances of India through a difficult time. He has not only improved the Indian finances, but a lot of India's debt has been wiped out. All external obligations have been extinguished, and they have been replaced by large assets to the credit of the country. But there are still problems of great difficulty and intricacy, and I hope that although he will not be present in the country as its Finance Member, he will always remember India whom he has served so loyally and help her whenever help is needed.

There are a few items in the budget which I would particularly like to mention and to which I would like to draw the attention of the Honourable the Finance Secretary. He has struck a very depressing note in his speech regarding post-war plans. I hope the Honourable Member in charge of post-war planning, Sir Ardeshir Dalal, is wide awake to those schemes and that they will not remain only on paper. I hope that he will look ahead and see that proper finances are provided so that as soon as the war is over the plans can be put into action. I would suggest to him that he should seriously consider with the Finance Department the question of nationalization of life insurance business and of the coal industry in the first instance. If we are really to make any progress with post-war schemes, we must look ahead and see that adequate finance is provided for them.

THE HONOURABLE MR. HOSSAIN IMAM: Include banking.

THE HONOURABLE SIR SOBHA SINGH: Start first with life insurance and coal.

Another important point that I would like to bring to the notice of the Finance Member is that we are wasting a lot of money on propaganda—foreign propaganda and propaganda in the country. I request the Government of India to ban some of the anti-Indian books that are being published and distributed in India. They are doing no good to the country; on the other hand, they are harming the interests of Great Britain and India. I should class them along with some of the books which are a drain inspector's report. They should be banned immediately.

Another important point. I am sorry His Excellency the Commander-in-Chief is not present. I have some very serious misgivings about the air accidents that have taken place in the country. India has lost some of her very brilliant men in the persons of Wing Commanders Majumdar and Pratipal Singh and many young Indian Flying Officers who died in air accidents in the country. We are proud of them. India will always remain proud of them. But serious enquiry is required into the question whether the planes given to them were of a defective type or whether the ground service was not efficient. We should not keep quiet when an accident happens and I hope the War Department will take serious notice because these accidents are damping the recruitment to the Indian Air Force. I am sorry to say so, but I am saying it with great feeling.

[Sir Sobha Singh.]

Another thing is this. A lot is talked about the prosperity in the villages. I want to know where the prosperity has come from. The villages are as *kutchas* as before and the people are as poor. Their cost of living has gone up although they get a little better price for their produce. But it is all of a short stay. I hope Government will see that they are not let down after the war and the price of the produce is kept up to a certain level so that the cost of production will pay to the cultivator to stick to his fields.

Lastly, Sir, I have got a communal grouse. Sikhs are not represented in the Government of India, either here or in the different Departments. Particularly, in the new recruitments in the Customs Department, there is not a Sikh being taken although there have been nominations. This Department belongs to the Finance Secretary and I hope he will see that the minority interests are not overlooked.

THE HONOURABLE THE PRESIDENT: I think this will be a convenient time to adjourn the House and I adjourn the House till 2-30 P.M. I propose to call upon the Honourable Sir Cyril Jones to give his reply at about a quarter past four, because I have to adjourn the House before 5 O'Clock to suit the convenience of Members of the Executive Council.

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

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

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): Sir, the budget proposals that have been placed before the country by the Honourable the Finance Member are regarded in some quarters as the proposals of a War Lord. I prefer to call those proposals as submitted to the country by a subordinate branch of His Majesty's Government at the dictation of His Majesty's Government. I am not in a position to congratulate the Finance Member over the budget that he has presented to us. But personally I would like to congratulate him on one point, and that is the bold stand he took at the Bretton Woods Conference. I say that the Budget proposals are practically dictated by His Majesty's Government, because if we look at the staggering increase in the Defence expenditure, we find that the Defence expenditure that has mounted up during these last 4 years is not only for India's Defence but people can rightly say that the cost of reconquest of Burma is being saddled on India. You say that the Defence expenditure is governed by the financial settlement. The point that I want to make is who entered into this financial settlement. Were the parties on equal terms when they entered into this financial settlement? One party was His Majesty's Government, a Government responsible for the country. Another party which entered into this negotiation and brought about this financial settlement was a subordinate branch of His Majesty's Government. Now, Sir, those dictates have been carried into effect by the Government of India. I am not here to blame personally the Honourable the Finance Member or this Member or that Member of the Executive Council; but I certainly say, and I have a right to say, that this system which is responsible for producing this sort of budget is not at all in the interests of India, which has completely broken the economy of India and that it is not the creation of this Government, but the creation of His Majesty's Government. In these two years, we are going to incur about 879 crores of rupees over the Defence expenditure. The Indian tax-payer who pays you the money is entitled to know how you spend that money, how you follow the policy, whether you follow a particular policy which is in the interest of India, whether you are spending that money for the defence of India or for the defence not of India but for the defence of other countries like U. S. A. and U. K. Sir, complaints have been made various times that the defence expenditure should be scrutinised by the Central Legislature and we have before us the report of the Public Accounts Committee of 1942-43 that there was a lot of wasteful expenditure. Still I am surprised to find that this Government have not set up any machinery to stop this waste of public money and to satisfy the public of India that the expenditure that is incurred on defence matters is really in the interests of India, is really meant for the defence

of India. You ought to have stated in your memorandum as to how much money you have spent for recruiting Indian forces and for keeping them reserve here and how much amount you have spent for stationing British and American forces in India. Why should you feel shy of making these facts known to the public? If the public think that this defence expenditure is not in the interests of India, it is not for the defence of India but it is practically a sort of subsidy to the British Government under the pretext of war measures, I think you cannot challenge the correctness of the statement. If you lay your cards on the table and if you take the Indian taxpayer into your confidence then and then only the Indian tax-payer can reconcile himself to the position that he has to pay more and he has to suffer the strain that has been brought about by the war. You try to compare the policy that has been followed in Britain and in India but in Britain they took into consideration first the essential necessities of the citizen, for instance, food, clothing, coal and other necessities of life. You waited and waited long till the Bengal famine and then you began to adopt half-hearted measures to improve the situation caused by want of food in this country. You say, Sir, that on account of war people must suffer and they must bear the strain. The people of India will be ready to suffer provided you convince them that it is in their interest that you are laying down a particular policy. What we see here from the Budget proposals is that India is being taxed and taxed heavily not for repelling the attack of Japs but for Imperial war purposes.

Sir, I am very sorry to remark that the Budget as framed by the Honourable the Finance Member is not in the interest of India at all. I can understand the position and that is that he is a very sincere and honest gentleman but he has been forced to frame these Budget proposals because he has been dictated to do so. Sir, much has been said about industries and I think the industrialists can claim to speak authoritatively on the matter, whether the industries have flourished now during the war time and they are going to flourish after the war. I am referring only to one point that strikes me as a layman and that is these two concessions of 20 per cent. initial depreciation allowance for the re-equipment of industry by purchasing new plant and 10 per cent. about buildings. Whether with these two concessions the industries will really get an encouragement to flourish even after the war I leave that point to the industrialists to decide. It is for them to decide whether they will be satisfied by these concessions, but the point that I was making was the invidious distinction between two concerns: one is the private industry, the other the railway industry. I am specifically referring to that point because for the railways you have admitted the principle that the capital expenditure to be incurred for purchasing locomotives, wagons and all those things has to be debited to the railway revenue. If you have admitted that point—you have admitted that principle so far as the railways are concerned—why should not the private industries be given the same concession? I do not want to fight on the issue whether 20 per cent. is necessary or 25 per cent. or 50 per cent. is necessary—that has to be decided by the industrialists themselves—but this distinction, this invidious distinction must go. I know that when the Government think that they should follow a particular policy they follow that policy and argue their case strongly but when the Government wants to go against that policy they also put plausible arguments to support that policy. Sir, we know that in India during the war time the sufferings of the people, whether poor, rich or middle classes, have been so extreme that if there had been a Government responsible to the people of India, responsible to the Legislature of India, they would have found out ways and means of relieving those sufferings, but, Sir, here the Government, powerless as it is and carrying on the dictates of Whitehall, has to frame certain proposals, and we have to accept them because we have not got the power to make any changes in their proposals. The war finance policy of the Government of India has been described in a very humorous way by a writer, and I just claim the indulgence of the House to read what he says about the war finance policy regarding our resources. He says:—

"The policy in regard to our resources has been 'Beg, borrow or tax; first appropriate all to war effort and use them up for the purposes of the Allies irrespective of the fact whether we need them or not; relax a little when the camel, on the last straw nearing it, shows signs that its back is breaking; and then in the name of definite settlements whose principle or only virtue is elasticity and indefiniteness, go on regulating the burden so as to keep it just below the breaking point.'"

[Mr. V. V. Kalikar.]

Every word of this is correct. Take the lease-lend operations. We have supplied materials from India at control rates. Have the Government satisfied themselves or have they tried to satisfy the country that the goods that we get from America have been also purchased at controlled rates? Sir, there may be a few concessions here and there about earned income and unearned income. There may be a few concessions here to the industry but taking into consideration the situation that exists in India today I find, Sir, that the Budget proposals are not framed in the interests of India and therefore, Sir, the Honourable the Finance Member should not expect any congratulations from this part of the House.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR (Madras : Non-Muhammadan) : Mr. President, with much of what the Honourable the Finance Secretary said by way of a tribute to the Honourable the Finance Member I wish heartily to associate myself. He has during six years of exceptional difficulty husbanded the governmental resources of this country and has on the whole kept us above water. All the same, Sir, the Budget is that of a very tired out, weary public servant who, having husbanded the Government finances for six years of war without stumbling into any major pitfall, is on the eve of his departure content to hand over to his successor something which has stood the strains and stresses of a global conflict and has not been incapacitated for standing what remains of such strains and stresses during the remaining period during which this war might be carried on. It has been doubted in several quarters if credit should be given to Sir Jeremy Raisman for preparing the country for a satisfactory transition from war to peace economy or for equipping it with the resources necessary for the big strides in industrial development which the country must take as soon as hostilities have ceased. There are bound to be differences of opinion on this ; and I for one think, Sir, that if he has fallen short of expectations in regard to these more vital issues, he is not altogether to blame. He has had to function under a system of Government which we all hope will be superseded by a system which will be more acceptable to the people of the country on the cessation of hostilities. Indian economy then must enter a new phase which will involve radical departures in many directions—almost revolutionary departures—from the present system. The reordering of our economy must be taken in hand primarily by ourselves, and from the point of view of many of us it has perhaps not been unwelcome that a Finance Member functioning under an expiring system of government and an economic set-up which is bound to undergo revolutionary alterations did not attempt any major changes in financial policy and action during his tenure of office but contented himself with running the machinery entrusted to him without breakdown during a period of unusual difficulty.

It is, however, not just to withhold from him appreciation for such achievements as stand to his credit within the limited sphere in which he could operate. He has put up, I think, brave fights for India on many matters. With all its defects the Financial Settlement as regards allocation of military expenditure is an achievement which a man in his position ought to be given credit for. Certainly it should have been his endeavour also to take the public and the Legislature into his confidence, but in the very nature of things, he has to put up the fight in secret, and if he has not been able publicly to lean on the support of the representatives of the people for such fight as he has put up and for carrying that fight to a more satisfactory finish, he is not so much to blame as the system under which he has had to work. He, I believe, has also put up other fights and, among others, we should place in the forefront his resistance to attempts which must have been made—I am only guessing, but I think it is an approximately accurate guess—he must have resisted, and he has resisted successfully so far, attempts to extend anything like the lend-lease system as regards the transactions between Great Britain and India. The mounting up of sterling balances has raised in the minds of many people doubts as to whether these balances will be paid to India in due course. People have been apprehensive as to whether when the war is over Great Britain may not point the finger to us and say : “ You have had lend-lease arrangements with America ; you have had lend-lease arrangements with Canada ; and yet with regard to arrangements between Great Britain and India there has been nothing of that kind, and you are asking us

to pay in hard cash every pound of the credit which you have mounted against us in Great Britain". If that kind of propoganda has not succeeded so far, I think a great deal of the credit should go to Sir Jeremy Raisman.

I have advisedly said that the Finance Member has husbanded successfully our governmental finances. In the larger field of public finance his achievements perhaps have not been equally satisfactory. He has no doubt fought inflation, particularly during the last two years; but he discovered inflation rather late in his career. The controls over supply, distribution and prices have not yielded the results which they should have been expected to yield. And with regard to that part of the inflation which is the direct result of a flooding of the country with fresh currency I have on other occasions drawn the attention of the House to facts and stated that in my opinion the methods which the Government of India have pursued in this matter have left very much to be desired; I do not wish to elaborate that point on this occasion.

Turning, Sir, to the Budget, I propose to confine myself only to two or three points, and those of a financial character. I will take up first the question of the deficit in the revenue account. It has been a source of some satisfaction to me that at long last the Honourable the Finance Member has committed himself to the statement:—

"I have on a careful survey come to the conclusion that no really significant improvement could be effected by any practicable major change in the sphere of Central taxation".

That apparently has led him also to commit himself to another statement on which I placed some insistence during my speech on a similar occasion last year. He says:—

"On the assumption that the whole of this gap (i.e., the budgetary gap) were to be filled by borrowing, the pattern and proportion of our war-time Budget would seem to challenge comparison with that of any belligerent country".

I refer to these two statements of his just to make the point that, in the present state of governmental finance in this country, it is correct always to throw more of the burden of war expenditure on borrowed funds than on taxation.

Now, examining the figures of this deficit, it seems to me that the deficits have been substantially exaggerated. I use that term advisedly because I propose to place before the House certain facts and figures which would substantiate this description of mine. The deficits that have been estimated are in the current year 155.76 crores and in the coming year 155.28 crores. The reason why I say these are exaggerated figures is that certain items of receipts which ought to have been credited to the revenue account have not been credited thereto but appear on the other side, that is, the ways and means side of the Budget. I do not say that they have not been accounted for. But the manner in which these receipts have been given credit for have worsened the appearance of the revenue side of the Budget. I would refer, Sir, to two instances which I consider are glaring. The first relates to railway rolling stock, i.e., locomotives and wagons, whose cost was estimated for 1944-45 in the Railway Budget at 30 crores and for 1945-46 at 20 crores. Now, when speaking on the Railway Budget, I tried to make the point that this unorthodox way of debiting to current revenues what ought to have been debited to capital was indefensible and I expressed my surprise that the Finance Department should have agreed to such a course. No doubt, the Standing Finance Committee for Railways approved of it. But I have not been able to find anything which shows that this adjustment was placed before the Standing General Finance Committee and whether its approval was obtained to this procedure. But, whatever that may be, Sir, I stick to the position that the debit of this huge sum of 50 crores to working expenses was indefensible and I say so in spite of representatives of business interests in this House and outside demanding that the same principle should be applied to their accounts, namely, that whenever they have got to finance replacements of that character, the amount should be debited to working expenses and not taken to capital.

It is perhaps a tenable position that the fact that Government have not yet expressed themselves in favour of extending to private industry the application of the principle which they have applied to the railway industry which they own themselves is perhaps an indication that they are not sure as to the correctness of what they allowed the Railways to do. We have finished with the Railway Budget.

[Sir Gopalaswami Ayyangar.]

We are now on the General Budget and I take it that these 50 crores have been debited to working expenses under Railways. My friend the Honourable Mr. Hossain Imam asked a question. He found difficulty—I experienced the same difficulty—as to where these amounts were tucked away. I think the Honourable the Finance Secretary referred to a statement on page 8 of the Honourable the Finance Member's speech which says :—

“ The increase of Rs. 118·64 crores in item (3) (i.e., India's war measures) is due to the major developments just mentioned and to an under-estimate of the cost of air services in India. The total increase has been counter-balanced to a certain extent by an increase in the amount of receipts on account of lend-lease stores supplied to Provincial Governments, Railways, Posts and Telegraphs Department and other paying indentors”.

That is alright. The counter-balancing may be there. But what I wish to be satisfied about is whether this counter-balancing is taken credit for because it is to be found somewhere in the accounts or because it has been taken credit for in the revenue portion of the account. I have been unable to trace any credit on the revenue side. The total railway revenue (net) is given in the general abstract of the Budget, and expenditure along with interest charges deducted from it. But I cannot see that the revenue account has been credited with what has been debited to working expenses under Railways and what the General Revenues have benefited by because goods have been obtained on lend-lease arrangements and no payments have been made to the United States. I have been told, Sir, that these amounts are included in the head “ Suspense Accounts ” on the ways and means side of the Budget. If I am wrong, the Honourable the Finance Secretary will correct me. The point I wish to make is this. This kind of adjustment of amounts which General Revenues benefit by from commercial departments in lend-lease cases, especially when Government have undertaken the giving of reciprocal aid which amounts to several crores in the Army Budget—these amounts should be strictly credited to revenue and not put under a suspense head on the ways and means side of the Budget. If that is done, Sir, the deficit in the current year should be reduced by about 30 crores and the deficit for next year will get reduced by 20 crores. That is one instance, Sir, of what I call wrong accounting of monies which has presented a worse appearance so far as the revenue side is concerned.

The other thing I wish to refer to is the collections that have been made under Income-tax under the new section 18A of the Income-tax Act, under the pay-as-you-earn doctrine. Now, Sir, the collections under that section are tax collections. I can see no difference in principle between the collections made under section 18A and the collections made under section 18. In the one case it is tax on salaries and interest on securities deducted at the source; the persons who pay the amounts have to make the deductions. In the other case, the income is estimated by the assessee and he pays the tax in four equal instalments in the year. I find that the collections under this tax during the current year have also found their way into the ways and means side of the Budget under Deposits. 60 crores have been taken credit for and disbursements of 6 lakhs have been shown therein. I suppose disbursements really represent interest at 2 per cent. for six months on the 60 crores; and for next year there is a credit taken of 70 crores and disbursements to the tune of 65 crores. Now, the fact remains that in the current year assesseees have had to pay double the tax and I can see no justification why amounts which have been collected as tax should go under a deposit head. No doubt adjustments will be made when regular assessments are made. As adjustments are made in the case of taxes collected on salaries, in the same way adjustments are made in the following year. I consider, Sir, that this amount which has been taken to deposits should be really credited to revenue. I can certainly support the argument that I have been adducing by reference to the sections of the Income-tax Act itself, but I do not propose to do so on this occasion. It is perhaps too late in the current year to disturb the accounts which have been maintained, but I think the correct policy should be that the whole of this amount collected as advance payment in the current year should be written back from deposits to revenue in the budget year and from the budget year onwards these advance payments should be credited direct to revenue. In that case the deficit for the budget year which would have been lessened by the correct credit of the payment for engines and wagons of 20 crores will get further reduced

by an amount which I estimate at somewhere about 50 crores. The net deficit for the coming year will be only 80 to 90 crores against 155 which is the figure given in the Budget. I do not wish to proceed further with this and elaborate the position. I have a good deal to say about the petty taxes which have been proposed. They are altogether unnecessary in the present state of governmental finances in this country. I do not object to the rectifications of existing taxation. I am referring to the increases that have been attempted to be put on and I shall reserve my remarks on those points to the next occasion.

THE HONOURABLE MR. THIRUMALA ROW (Madras : Non-Muhammadan) : Mr. President, before proceeding with my remarks on the budget, permit me to make a reference to a very sad event that has taken place the other day in the other house, the sudden demise of my friend Mr. K. S. Gupta who has actually died in harness while discharging his duty towards the country. I am sure yourself and this House will be at one in expressing deep sympathy to the bereaved family at the tragedy.

Now, Sir, coming to the budget, it is a sickening phenomenon to go through this hardy annual of a budget over which either this House or this country has got very scanty control.

THE HONOURABLE MR. HOSSAIN IMAM : No control.

THE HONOURABLE MR. THIRUMALA ROW : My friend says there is no control. Out of 517·6 crores, 394 or nearly 400 crores, is entirely out of the purview of this House. Thanks, Sir, to the melancholy meanness of the previous Finance Member, Sir James Grigg, even the little opportunity which the Legislature has had of discussing the Defence budget by way of discussing a grant of 4 lakhs for civilian employees of the Defence Department has been denied to them. That item too has been lifted out of the control of the Legislature and since then neither this House nor the other House has had any opportunity of having a peep into the Defence expenditure of the Government of India. Sir, it is a strange irony that there are 14 Executive Councillors of whom 4 are Europeans and the rest are Indians. Mr. Amery from the house tops proclaimed that the whole of India is governed by most representative and influential Indians in the Executive Council on behalf of India. But here you see, Sir, out of 517 crores, these Indian Executive Councillors know what is happening with regard to 123 crores, the rest of the 400 crores being managed by the four European Members, namely, the Commander-in-Chief, the Home Member, the War Transport Member and the Finance Member. You see the tragedy of it. We are not let into the secrets of the Executive Council, nor is the constitutional position well known to the public, whether the whole of the Executive Council works as a homogeneous unit in dealing with this budget and whether they get an inkling into all the items of the Defence expenditure that is being incurred by the Government of India. We are merely dumb spectators of a game that is practised with shameless audacity for years together. You think you are physically strong and you can carry on with all the arrogance which is increasing every day. You want lakhs and lakhs of men for fighting the cause of imperialism. You want crores of rupees to feed the mighty war machines and this country to back you up. But under the name of the constitution you do not allow the representatives of the people who are elected on a broad franchise either in this House or the other House to have a peep into the expenditure of 400 crores of rupees. How long can you carry on? You have involved this unfortunate country in this global war. The word "we" is used in every sentence of your propaganda, in the platform and everywhere. But what becomes of this word "we" of this fraternising, all-embracing "we" when you consider the budget proposals. Where are we in this budget, Sir, I ask you. Our duty is merely to pay and die; yours is to expend and enjoy. Am I exaggerating one word when I say this, Sir, that the Indian tax-payers and their representatives have not got a say in this matter. Have you ever tabulated how far our budget discussions have had a salutary effect on your minds and hearts, how far our criticisms have been genuinely taken into consideration and to what extent in lakhs and crores of rupees our criticisms have been given effect to? Never. It has only become a hardy annual which is taken as a matter of formality and which need not be cared for.

[Mr. Thirumala Row.]

Then, Sir, as the self-appointed guardians of this country you have involved this country in war. You have taken the responsibility of the government of this country. Have you behaved like responsible Governments, who belong to this group of Allied Nations in conducting this war. With much of the preliminary remarks which my friend Sir Gopalaswami Ayyangar made with regard to the husbanding of the resources of this country most efficiently by the present Member I am sorry I cannot agree. Please judge by ordinary standards. What is the misery that is wrought by the management of the finances of this country during the last 3 or 4 years of this war? Even without a shot being fired at this country, without a uniform, 40 lakhs of people have died in anticipation of the operations of Eastern Asia Command in Bengal. Have you taken a calculation of all the casualties and dead put together? And who is responsible for Bengal's famine? The authorities have agreed that it is man-made famine. It is due to the mismanagement of economics by the Government of India and nothing else. There is plenty of food in this country, there is plenty of transport in this country; but there was no co-ordination between Food and Transport, and therefore millions of people have died for want of food.

There is artificial inflation in this country, Sir. Take, for instance, England. You see from their reports from 1939 onwards that they have had a forecast of what is going to happen. They have planned their whole economy of food, prices, control and distribution of food on that plan. They have calculated the calory content of the food or the dietary that is to be given to each member of society in their whole nation and have planned accordingly. You see from their own statistics that for an ordinary worker you require 2,500 calories of food and accordingly they have made provision for a minimum supply of food to the extent of 2,500—3,000 calories per head. In India the *per capita* number of calories of the food available is most miserable. It is between 1,000 and 1,500. For a strong man the statisticians say that you require at least 3,000 calories. England has planned all her food supply and has brought every available space of land under control and cultivation. For conserving the food available they have put effective controls over all the production. They have introduced over-all control over food and other requirements and they have maintained a standard of efficiency in their industry because they have maintained a standard of efficiency in their food problem. Could not this Government of India, which boasts to be a limb of that Government of His Imperial Majesty, have foreseen that much when they wanted to involve our country, and plan accordingly? There is no plan in this Government, there is no method, there is no foresight in this Government. I may tell you, Sir, that the previous Viceroy of India deserves to be impeached before the bar of public opinion in England for having mismanaged the affairs of this country. He was not a statesman. He involved this country for decades, if not centuries, to come in a state from which it cannot recover economically as well as physically.

Now, Sir, what have you done to see that this war is the country's war and that the nation can sacrifice its best for the sake of this war. You have put artificial currency into circulation. You have printed notes to the tune of Rs. 1,000 crores and even this figure is mounting every day. You have put money into the contractors' pocket, into the middlemen's pocket and the cost of foodstuffs has risen enormously. If you see the index of prices in England, it has not gone much above 170 or 190 per cent. What is the index of prices in India? They have gone up to 300 per cent. and 350 per cent. in certain cases because there is no possibility of control here. They have gone on merrily and now by putting into circulation a large amount of paper money you have brought behind you a large number of middle class people who have got a vested interest in the continuation of the present regime, this Government of India and this Empire. If you see the works of thoughtful writers like Aldous Huxley on the question of war, and also other writers, they have said that war is an industry which will be resorted to by dictators and autocratic Governments to avoid depressions in their country, but war has been converted into a genuine industry both in America, in Canada, in Australia and in England but not so in India. War has converted this country into a dumping ground for all the industries of the other countries.

Sir, you think that by creating this middle class people you have your followers today. You have flouted the best and most eminent people of this country. You have locked them up in jail; you have ill-treated them; you have insulted them. They are world figures before whom any day Churchills and Roosevelts pale into insignificance, but you cannot simply insult them or ignore them for long. A man like Mahatma Gandhi is acclaimed as the greatest man in the world today. He is the embodiment of that supreme moral force of non-violence which he has been proclaiming all his life. You have stifled him but you cannot ignore him for long. If you had taken his willing hand of co-operation and the co-operation of the people by giving independence to this country the position would have been much different today. The finances would not have been so miserable and would not have been in such a plight as they are in today. Gandhiji is the one man who has attained the status of the greatest without a regimented state and Government propaganda behind him.

Then, Sir, you have mismanaged the food problem. Only yesterday, while referring to the food situation in the Vizagapatam district, Mr. Gupta collapsed when saying that there was no food, there was no medicine, there were no raiments, no doctors. Those were his last words. You go to the Vizagapatam district in the Madras Presidency. I know the conditions prevailing there. People there are living on *kanji* and rice water. We are here very complacently talking about hundreds of crores, of Budgets, Defence budgets, deficits and income-taxes and all that but what have Government done to cater to the needs of the poor man, who is dying on account of famine?

Now, with regard to the industrial situation. Have you helped the Indian industry? You prevented the motor industry from being started in this country. You prevented the aircraft industry from coming into existence in this country. Can you tell me with your hand on your heart that you have brought into existence one good heavy industry? Australia, Canada, all these countries have brought heavy industries into existence and you are now going to make India the slave of the Dominions also. You are placing orders for railway wagons in Canada and other Dominion countries. This is the achievement, Sir, of the Finance Department or of the Government of India through the Finance Department. Now the Finance Member wants to nationalize industry. Where is the industry, Sir? You are importing cloth also from England. I have seen recently in a paper that 600 million yards of cloth is being exported out of India. Is it not to create a market for the English cloth? The Manchester cloth has been driven out of this country by the nationalist will and power of the Congress during the last 20 years. The cloth imports in 1920 were 75 crores; today they are hardly 7 crores, the rest to the tune of 68 crores is produced in this country and consumed and spent in this country. Now, even a commodity like cloth is also sought to be imported from abroad. So, what is the industry which you can nationalize, Sir? Our friends, the Bombay planners want to nationalize land and Zamindaries. If between you both, you abolish capitalism and Zamindari system, we will work together and have a Socialist Government, where the poor man will have the Government in his hands, which will be in the best interests of the masses. This war has been fought for nothing if it is not for the spread of this idea of the rule of the poor man all over the world.

Sir, I do not want to take up the time of the House. I think I am nearing my allotted space of time. There is only one word more which I have to say. You have provided for a deficit of 155 crores; you have provided for an expenditure of 500 crores. Why do you want to rob the poor man of his luxury, which is a little quantity of tobacco? I cannot agree with the very puritanic sentiments expressed by Sir David Devadoss because while the rich and well-to-do can enjoy high class cigarettes the tobacco chewing is a habit with the poor man. That is the only luxury in which he indulges. You have taxed the betel nuts. What is the fun about it? Betel nut is a thing that is being used by everybody and even the lowest class of people can work for hours with a little betel nut and tobacco in their mouths.

THE HONOURABLE THE PRESIDENT: Will you please conclude your indictment now?

THE HONOURABLE MR. THIRUMALA ROW : I am against the tax. I want to protest against it. I want the Government not to proceed with the fresh taxation proposals. Government have put a tax on postal parcels. Nowadays, most of the cloth is transported through postal parcels, and this tax on postal parcels will hamper the cloth trade. I request the Government to consider the proposal whether you cannot put excise duties on cosmetics and lipsticks that are being manufactured in India and customs duties on such articles which are imported. You need not be afraid of your wives and daughters and their friends. It will be a good source of income. I suggest that the richman should be taxed and not the poor man.

There are one or two points—

THE HONOURABLE THE PRESIDENT : I cannot allow any new points to be brought at this stage. The Honourable Member's time is up.

THE HONOURABLE MR. THIRUMALA ROW : I request the Government to consider the desirability of increasing the number of radio stations in the Madras Presidency. Government rely on propaganda. Every Government must have an instrument of propaganda, and the radio is the most effective instrument for all Governments. In the Telugu districts there is not a single radio station. There are 13 districts, and at one time it was proposed that a radio station should be started at Rajahmundry. They had made proposals, and they had ordered equipment also, but they have suddenly stopped all activities in the direction. I understand that the Government of India feel that for purposes of their own propaganda they require another station, and I urge upon the Finance Member to make some provision for the starting of a radio station in Andhra Desa.

As regards the manufacture of fertilizers, the South must have one factory. From the papers we see that they are going to start only one factory to serve the whole of India, and that it is going to be situated in Northern India. That is not sufficient for a vast country with long distances, and I urge upon the Government that a fertilizer factory, completely manned and managed by Indians, should be started in the South.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras Muhammadan) : Sir, before making my observations on the Budget, I should like to associate myself with the expression which my Honourable friend Mr. Thirumala Row gave to the sorrow we feel at the unhappy incident which took place recently in the Legislative Assembly on the occasion of the debate on the General Budget. Though K. S. Gupta is dead, the tragic circumstances in which the death took place will always make him live in the memory of all, not only of the people from the Province from which he came, not only of his compatriots, but also in the memory of all those Indians who will come after him to take upon themselves the duty of serving the people of the country.

Now, Sir, as regards the Budget, even though I have my difference of opinion, and a very strong difference of opinion, as regards some of the proposals which are made in the Budget, I have no hesitation in saying that the Honourable the Finance Member and his able Secretary, our colleague, the Honourable Sir Cyril Jones, have really made an earnest attempt to make the burden which is laid upon this country as less irksome as possible under the limitations in which they have to function. Even though the Finance Member has to find means for helping the military authorities to defray their expenditure, he has got to do so without having any voice either in the purpose for which or in the manner in which the money is spent. And from what we hear in the country, we cannot help thinking that much of this expenditure is such as could be avoided with some little care and economy. In this connection, I would like to say that I am at one with my Honourable friend Sir David Devadas in thinking that much of the expenditure which is being undertaken on account of Defence arrangements here which are meant for the purpose of recapturing Burma, Malaya and all those far-off places which are now under enemy occupation, will have to be met by the victor, because we know that it is not for the purpose merely of defending India but mainly for the purpose of reconquering the possessions which the British Empire has lost, that India has been made the base of operations in the East, and

it is but just and proper that the bulk of the expenditure in this direction should be met by the Allied Powers.

Now, Sir, just a word about Broadcasting. I am at one with my Honourable friend Sir David Devadoss that broadcasting needs to be enlarged. As has been suggested by Sir David, Broadcasting should be made to serve the purpose of giving useful instruction in regard to many things which are very essential. This means that the expenditure on Broadcasting will have to be increased and not decreased. This is where I differ from Sir David Devadoss. If I understood him aright, he was of the opinion that much of the money that is now spent on Broadcasting need not be spent. But, as I have just observed, the matter is just the reverse: more money will have to be spent on Broadcasting, because this is the one means by which we would be in a position to bring very useful knowledge to the villager of which he is now in blissful ignorance, and which knowledge, if it is carried to him, will help him in the avocation in which he is engaged. Broadcasting is already doing something in this direction but more needs to be done and for this more money is required.

In this connection I have got to make another observation, and that is regarding the communique which was issued by the Government recently specifying the language in which broadcasts will be made hereafter. The vernacular which was decided upon by the Government represents a compromise between Hindi and Urdu. But, Sir, I am sorry to say that this compromise was purchased at a very heavy price. This compromise was arrived at between protagonists of Hindi and of Urdu after a discussion with the Honourable Member for Broadcasting. But, as I have said, this has been purchased at a very heavy cost and at great disadvantage to Urdu. According to the compromise it looks as though a number of unfamiliar words supposed to be Hindi which were never in use before even among the Hindi speaking people will be imported into the Urdu language. The language in which broadcasts were being made, even though it was supposed to be Urdu, was not really pure Urdu. But, however, it had this redeeming feature, that it was a language commonly spoken and indeed read throughout the country. But now it looks as though it is going to deteriorate further. Not only is there a risk of Sanskrit and other unfamiliar words being imported into the medium of broadcasting, but also the very grammatical construction of words is likely to be changed, and changed in a manner which will make those words not more familiar, but less familiar to the public, and almost unintelligible. As an instance, Sir, I would just state the Hindi interpretation which is given to two very familiar terms, "plaintiff" and defendant. For "plaintiff" the Hindi term which has just been coined is "*jhagadalo*" and for "defendant" it is "*jhagadapailoo*". It is extremely difficult even to pronounce these two words, much more to understand them. The Urdu language is not peculiar to any nation or any class or community in this country. Urdu language is the language of the country. The word "Urdu" connotes "Bazaar". "Bazaar" language means the language which is spoken in the market where people of all castes and creeds get together from different parts of the country. Therefore, I would earnestly request the Broadcasting Department that they should not be frightened by any agitation which may be set up in the country against the Urdu language which is being spoken in the country. As it is, pure Urdu has been spoilt and if any further attempts are made to change it, it will be altered out of all recognition and it will become a language which will be not at all intelligible to the majority of the people in this country.

Then, Sir, only recently I came to hear that there was a proposal, that Government were thinking of doing something in connection with the Jeep cars. In order to clear the matter I sent some questions with the request that the ordinary period of notice may be waived in order that some information might be disclosed which will help us to make our observations regarding these. But, Sir, Government were not pleased to grant that favour and I am, therefore, obliged to make my remarks as I understand the position to be. I understand that Jeep cars which are now in the country are going to be dismantled after the termination of hostilities. I would say that this would be sheer vandalism. Not only will this be an act of vandalism but it will be an act of sheer injustice to the people in the country. Government say, and take credit for this, that they are trying to do their best to encourage agri-

[Saiyed Mohamed Padshah.]

culture and other industries in the country. But, Sir, the way in which they have been trying to help the industries in the country does not look as if they are very keen about doing it. We find after all these years, and after all that the Government has claimed to do in the interests of agriculturists, that the lot of the agriculturists is hardly tolerable. If you really want to make your "Grow More Food" campaign successful, if you really want to encourage agriculture and industry in this country, you will have to provide facilities for them which are commensurate with their needs and one of their greatest needs is means of transport. As we know, Sir, the part of the country which is under cultivation is frequently far away from railways and there is no means of transport except the bullock cart; and we know how impossible it is for the bullock cart to help the agriculturist in moving his produce easily to the market. Even in this respect Government have hardly discharged their duty, all these years, to help the peasants to have a good pair of bullocks except the presentation of two stud bulls by Lord Linlithgow some years ago. This is the reason why I have referred to the rumour which I heard about the dismantling of Jeep cars. The Jeep cars will be very helpful to the peasants if they are made available to the public on the termination of hostilities. They have got a good clearance, they are such as to be used on any rough and rugged track in the country and it is sheer vandalism to make these cars useless and to deprive the public of the use of these cars.

There is one word more about one thing which I do not find mentioned in the speech of the Honourable the Finance Member. Last year, Government were pleased to give a grant towards meeting part of the expenses for fighting famine in Bengal, but this year we do not see any mention of it at all. It was due to the House that the Honourable the Finance Member should have at least given his reasons for depriving Bengal of this much needed relief. I am of opinion that the Finance Member should have done his best to somehow provide some sort of relief in this direction. But even if it was not possible for him to do so, it was necessary that he should have disclosed the reasons which have made it impossible for him to grant this relief.

Now, Sir, just one word about the indirect taxation. I am at one with my Honourable friend Mr. Thirumala Row in voicing my objection against increasing the excise duty on tobacco. It is not merely the class of people who use the finer stuff that are affected by this. Even the poor man in the street, the peasant, the villager, to whom this tobacco is the only luxury, will also be hit hard by this. There are reports in the newspapers, Sir, that the very next day after it was announced by the Government that there would be this increased duty on tobacco, all cigarettes at once disappeared from the market, even the cheapest stuff. Therefore, Sir, I am of opinion that the Honourable the Finance Member should have seen his way to avoid this kind of hardship on the public.

Just one thing more and I have done. The one feature which I very much appreciate in the Budget is the attempt of the Honourable the Finance Member to meet the huge deficit in the Budget by means of borrowing. I do not think there is any apology needed for this, because, the conditions in the country, the very circumstances in which we find ourselves, make it thoroughly clear that no further taxation can be imposed upon the people. The taxable limit has been reached and any attempt to increase the taxation, even in the least degree, would have gone to defeat the very purpose for which it was meant.

On the whole, Sir, I should like to conclude my remarks by saying that the Honourable the Finance Member has had indeed a very onerous task all these years. Whatever might be our differences with him as regards the means by which he has tried to adjust the finances of the country, he has on the whole been able to make the best of a bad bargain.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadian) : Mr. President, Sir, it is gratifying to find that the last Budget of my Honourable Friend, the Finance Member, is a quiet and peaceful one, if, I may say so. It makes no sensational proposals, and is couched in no extravagant tone. True, the grim spectre of the War continues to cast its sinister shadow across

the whole field of Indian Finance; but this must be recognised as inevitable. I should like to steer clear of the jugglery of figures, with which, quite naturally, the speech of the Finance Member abounds. But I should like to make one observation. Generally speaking, the policy of borrowing to cover up the revenue deficit, seems to be a sound one; and this should be resorted to, instead of throwing fresh burdens of heavy taxation upon the people, under the abnormal circumstances of the present times. The proposals adumbrated in the Finance Member's speech with regard to the duty on tobacco, and cigarettes, do not appear to be open to serious objection and we ought to reconcile ourselves to the same. The Finance Bill provides that there shall be an exemption of one tenth of earned income subject to a maximum of Rs. two thousand. The change embodied in the Finance Bill will be duly considered at the proper time, and it is no use attempting any detailed discussion at the present moment. The change relating to the postal parcels is also a minor one, and does not affect seriously the public at large. It is also intended to raise the surcharge on telephone rentals from one third to one half, and that on trunk call fees from 20 per cent. to 40 per cent. This will affect mostly the business community; but in view of the fact that huge profits have been made and are being made by the members of that community due to War, the little extra increase would be a mere flea-bite to them. The surcharge on ordinary and express telegrams which will be increased by one anna and two annas respectively, will affect a wider circle of the general public, and the commercial classes, and I wish this could have been avoided. A really serious point in the Finance Member's taxation proposals is the proposed Estate Duty Bill, popularly and grimly called the Death Duty, which he has threatened to introduce later in this session. This is an impost which I should take the earliest opportunity of opposing, in spite of the bait thrown at that its proceeds will mostly be utilised by the Provinces as the first concrete step towards the building up of a planned and expanding financial system for post-war development and reconstruction. This grandiose objective can be achieved by other means also. But it is too early for me now to enter into any detailed survey of the proposal. We must rest our souls in patience till the Finance Member lets his favourite cat out of the bag. But there is one sentence in his speech full of grim significance, which I cannot help reproducing below:—

"The projected estate duty on property other than agricultural property would be capable of restoring in due course the position as regards the aggregate contribution made by the industrial, commercial and professional classes of the community as such. It has to be remembered, however, that these form but a small proportion of the total population of the country, and it will be necessary to secure a further contribution from the remainder".

So the tale of woe will not be complete with the enactment of the Death Duty only, which will affect merely a fraction of the people. Further sources of revenue must be tapped from those, who lie outside the ambit of the Death Duty. Agricultural income-tax is also an objectionable form of taxation, and in the permanently-settled areas, it constitutes an open violation of the pledges solemnly conveyed at the time of the Permanent Settlement.

Sir, I should like to offer one word of comment on that part of the speech of the Honourable the Finance Member, in which he says that in the future the State may find it necessary to nationalise certain industries—especially those with large possibilities of expansion—in order that it may have at its disposal additional sources of income for the sustenance of national well-being as a whole. "Nationalise" and "National" are the expressions used by him. But the obvious comment is that the state must be national, before the industries can be nationalized. This manifestly does not apply to the present political condition of India. The existing foreign Government must give place to a National Government before our industries can be taken in hand by the State. It would be a contradiction of terms if a foreign Government like the present one, were to take over our indigenous key industries and call it nationalisation of industries.

Sir, the Honourable the Finance Member has referred to what he calls 'the improvement in the food situation'.

I wish I could share his optimism. Food is still scarce in Bengal and I believe in many other Provinces in India; and immediate steps should continue to be taken to provide an adequate food supply to the Indian population at a reasonably

[Kumar Nripendra Narayan Sinha]

cheap rate. The scheme of rationing leaves much to be desired, and the food released by the Military for Civil supply, is distinctly inferior, both in quality and quantity. Large stocks of *atta*, and other grains in Bengal, have been allowed to deteriorate, and rot, and have been virtually thrown on the scrap-heap, and not offered to the Public in time to save human life. Who is responsible for this callous bungling, and cruel heartlessness?

Sir, I should now like to make a passing reference to the supply of textile goods, I mean cloth, to the people, which has been alluded to by the Honourable the Finance Member, in his speech. Here also the position is hopeless; and I will refer Honourable members to the reply of the Honourable Mr. H. Suhrawardy, Minister for Civil Supplies, in the Bengal Legislative Assembly, on the 22nd February last, that, to quote his own words,

"There was a cloth famine in the Province, but that was very largely due to inadequate supply. The quota allotted to Bengal was very low. He had vigorously protested against that and if justice was not done to Bengal the Province was in for a very bad time indeed."

Further on, he says:—

"The position taken up by the Central Government regarding allocation of cloth to Bengal was indefensible."

Sir, I am afraid the situation prevailing in Bengal, is, substantially the same in most of the Provinces; and immediate effective steps are needed to remedy the present state of things in the country. Sir, when the War is approaching towards a successful termination, there ought to be an easing in the economic situation of the Country, as regards the two essentials of life, food and cloth; but strangely enough, the position seems to be tightening and deteriorating as time advances.

Sir, what relief has the Budget given to the poor man, when he is being denied even food and clothing in his own country?

4 P.M. Sir, before I close, I should like to refer to the glorious tributes paid to the bravery and exploits of the Indian troops in the different theatres of war, in course of his reply by His Excellency the Commander-in-Chief, to a question put by my Honourable friend, Raja Yuveraj Dutta Singh, in this House on the opening day of the session and also by the Finance Member in his Budget speech. It will add to their morale, the most, if the Indianisation of India's army, without any discrimination in their rank and file, specially the higher ranks, in all its branches, could have been the normal state of things and non-Indians employed only in exceptional cases. The position of trust and security should make them more useful than what they are at present. Sir, the Indian may have an extra dose of pigment in his skin, as compared to an European, or an American for the matter of that but the scarlet fluid that flows in his veins is nonetheless the same, and the essential characteristics of human nature is about the same all over. Sir, in the picture of the day, we look on one side, the atrocities, the unspeakable atrocities, perpetuated by a Christian nation, Germany, on the Jews, on the Poles, in Russia, and elsewhere in Europe almost all professing the same faith; and on the other side, look at the spectacle where the Indian, the heathen Indian, cheerfully mingling his blood, with that of Christian Englishmen on the altar of sacrifice in defence of liberty, civilisation and justice which constitute the common heritage of mankind. Look upon this picture and of that. It has got a lesson of its own indicated by itself as the writing on the wall, and he who runs may read.

Sir, with one word of expression I will like to conclude my speech—the benign expression as conveyed to the world by His Imperial Majesty, The King Emperor, in his last Christmas message—'The defeat of Germany and Japan is only the first half of our task, the second is to create a world of free men, untouched by tyranny.' The first part is coming to its successful end, and the second part is looming large on the horizon. Let us think for the day when it comes to being and in this belief and with this aspiration, I resume my seat.

BRIGADIER THE HONOURABLE SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Mr. President, I have listened with interest to the speeches from various quarters in the House, this morning, on the Budget. After going

through the very comprehensive Budget Speech and proposed taxations, I thought there will not be much room for criticism. It is a popular Budget in the broader sense that there is no fresh taxation on the poor—and that taxation scheme has met with such general approval—expressed or implied. I feel justified in offering the Honourable the Finance Member Sir Jeremy Raisman my cordial congratulations on producing the sixth War Budget. I must say that the Honourable the Finance Member is entitled to deserve our tributes for his faithful stewardship and in the final balance sheet, it must be admitted, that he has done very well.

The Honourable the Finance Member has explained how the general anti-inflationary measures adopted during the current year had succeeded. The food situation had improved and notable progress had been made "in our attempts to maintain prices generally on an even keel". The progressive total of public loans since the beginning of the war had reached the impressive total of 833 crores.

The Honourable the Finance Member has placed before us an encouraging prospect of the future course of the war. As an old experienced soldier—I can confidently endorse the Honourable Finance Member's note. The tide of war has definitely turned in our favour. The wheel of fate has turned the full circle. The Germans are learning at last the dire meaning of total war. From bridgeheads across the Oder, the Russian armies directly threaten the outskirts of Berlin. The end of the European war is in sight. The victory in Europe will portend a rapid concentration of British and United States forces against Japan whose power of resistance is already crippled and hopelessly weakened.

Our own Indian Army stands unique under the inspiring leadership of our talented Commander-in-Chief, General Sir Claude Auchinleck, who is so popular. It was a memorable ceremony to see in the Red Fort the other day, 5 of India's soldiers being decorated with the V. C. by His Excellency Field Marshal Lord Wavell, the soldier Viceroy of India, who has devoted so much energy and time for the welfare of India in all directions.

Some of the Honourable Members have raised the point that while the Japanese have been driven away far off from India, why the Defence expenditure should go on piling up. I may draw the attention of Honourable Members that until the time war is on, and peace not achieved, the Army expenditure cannot be curtailed. If the Army is cut down, the enemy will know our weakness and we will be inviting them to come back. So the Army must be maintained till peace is established.

My Honourable friend Sir Sobha Singh made a reference about two officers killed and was under the impression that defective planes were given to them. I think the duty of those officers was to see for themselves before taking off whether they were defective or not. It is really very hard to believe or even think that defective planes could be given purposely.

Sir, I may draw the attention of Honourable Members to the book "*India's part in the Fifth Year of War*", which gives the number of Indians working in the factories and having technical training, which will be a national asset after the war for post-war reconstruction schemes.

Sir, I have received a lot of complaints from my own community that they do not get their share of contracts in Government works. Sir, my community has given the largest number of men in the Army but when the question of contracts or benefit comes, it goes to the easy-chair money-makers somehow. I would request the Government to give due consideration to this matter.

Now, Sir, I will make a reference to my own Frontier Province. I need hardly say that North West Frontier Province is the Gate keeper of India. Its destinies are in the hands of a very capable and experienced Governor, Sir George Cunningham, under whose able direction the defence of the Province is placed on a very sound footing. These measures have inevitably caused considerable extra expenditure resulting in a deficit. I do hope that the Honourable the Finance Member will raise the subvention for the N. W. F. P. to enable the Province to manage its finances and implement further defence measures.

Sir, I support.

THE HONOURABLE SIR-CYRIL JONES (Finance Secretary): Sir, the discussion on this year's Budget, as usual, has ranged over a very wide field, and I personally have found it interesting in the extreme. It is always difficult, when so

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many points are raised, some of principle, some of policy, some of politics, some of detail, to select those points which within the time permissible one can reply to. For instance, I do not suppose that the Honourable Mr. Hossain Imam expects me to enter on a dissertation on slavery as applied to India, or that my Honourable friend Mr. Thirumala Row wishes me to dilate on the political, moral and spiritual characteristics of soul force. But I would like in the first place to express my appreciation of the general reception which this House has accorded to the Budget. Of criticism of the Government's proposals there has been a remarkable absence. I would like to do what I can to refer to some of the points which Honourable Members have raised during the discussion, although it will be impossible for me to cover them all.

I am grateful to the Honourable Mr. Hossain Imam for mentioning the errors and omissions which he has discovered in the Explanatory Memorandum. He was not here when the Estimates were presented, and he did not have the opportunity of hearing what I then said about the way in which the Memorandum has been expanded and improved during the last six years to form a better background to a study of the Budget and to assist Honourable Members in understanding the annual accounts. I would like to invite his attention to that portion of my speech, and to say that the desire of the Government is that this Explanatory Memorandum should increasingly be of assistance to Honourable Members and that any suggestions which any Honourable Member at any time desires to put forward for that purpose will be very favourably considered in the Finance Department.

Reference was made to the White Paper on national income with an analysis of the sources from which the public expenditure is met, which for the last two or three years has been published with the Budget in the United Kingdom. Nothing would please us better, if our statistical organisation was such as to enable us to do the same here. We have that matter under consideration. I am afraid I am not in a position to hold out any hope that we can so improve our statistical organisation as to cope with the many difficulties which stand in the way of the intractable problem of preparing a similar publication being resolved. But, as I said, we have this matter under consideration, and if it is possible to produce any information of that nature in future years, we shall certainly do so.

As Honourable Members have rightly remarked, the Budget this year, as in previous years, though to a greater extent, is dominated by Defence expenditure. The complaint has been fairly general that Defence expenditure is high. Unfortunately that is a fact. It is the general experience of countries during wars, and it has certainly proved to be the experience also of neutral countries who have had to prepare themselves against the probability, or even the possibility of aggression during the currency of the present war. There is no doubt that in the early years of this war, when the war was more remote from India, the Financial Settlement operated very much in favour of India and India benefited considerably. But as the war approached India and the threat to her integrity became more direct and more immediate, it was inevitable that expenditure should grow. The expenditure in this country, as I mentioned before, is determined by operational necessity and necessary precautionary measures to guard against threat from any possible direction; and I would submit that in the circumstances of the present time, in the circumstances of last year, in the light of the very real dangers through which this country passed, any comparison of present-day Defence expenditure with the Defence expenditure as it existed before the war is unreal in the extreme. One cannot multiply in that way.

Several questions of substance have been raised, however, and I would like to devote some attention to them. The first point that was made was that inadequate explanation had been given of the increase in the actuals of Defence expenditure over the revised estimate for the year 1943-44. Honourable Members pointed out that the increase over the revised estimate amounted to some Rs. 96 crores, and the question was asked how so large an increase could possibly come about during the course of one month, or, as one member was so good to say, one and a

half months. I must point out in this connection, Sir, that the revised estimate, although presented to the Assembly at the end of February, is really based on expenditure up to including the previous December, which is the latest date for which accounts are available at the time when final corrections are made in the revised estimates. Then again, the actual expenditure for the year, although it represents expenditure up to the 31st of March, is not really available until months later than the 31st of March. Many adjustments have to be made, some of them of a high order, and we really have no firm idea as to what the expenditure of the year ending on 31st March has been until the following September at the earliest. The final allocation of expenditure between His Majesty's Government and the Government of India for that year generally takes a still longer time, and it is generally impossible to determine the final figure of India's Defence expenditure for a year until about the following November. So, if Honourable Members will appreciate that the revised estimates are framed on the accounts up to December of the year in question and the actual position is not known until the following October or November, there is an ample period of time within which very substantial changes can occur. Now, in respect of this year in question, 1943-44, the sum of 96 crores was made up first of all, of the increased charge against India owing to the retention within Indian limits of large numbers of troops which it was anticipated at the time of the revised estimates would proceed beyond the boundaries of India. That, in respect of the Army, was Rs. 25 crores and in respect of the Air Forces Rs. 10 crores, so that Rs. 35 crores constitutes the excess on account of what you might call for short the "Invasion of India". Then there was the question of India's liability for imported vehicles—that means initial equipment and their maintenance—required for her local defence forces up to the end of 1943-44. Both the Budget and the revised estimates for 1943-44 were prepared on the assumption that India would escape liability for these vehicles. But later on, in 1944, it became clear that the only relief which India could get was that which would be obtained from the Canadian Mutual Aid Agreement which does not cover the bulk of the supplies and so by a late adjustment we had to debit against India for the year in question a sum of Rs. 40 crores. That accounts for Rs. 75 crores.

THE HONOURABLE MR. HOSSAIN IMAM : Where were these vehicle received from? U. S. A. or U. K.?

THE HONOURABLE SIR CYRIL JONES : U. S. A. and Canada, I think. Then there was India's liability for the Indian element, that is, mainly distribution, included in the prices paid to oil companies for petrol, oil and lubricants purchased from them in India. This was a post-revised-estimates decision and accounted for Rs. 12 crores and there was an increase in the reciprocal aid to the U. S. A. forces in India over and above what was anticipated in the revised estimates of Rs. 9 crores. Honourable Members will find that these figures total Rs. 96 crores and I would suggest to Honourable Members that full explanations of this kind, if incorporated and embodied in the Budget Speech throughout, would rather tend to throw the speech out of balance.

The next point that was raised was—again a perfectly legitimate inquiry—as to why the reduction in India's Defence expenditure in the year 1945-46 as compared with the revised estimates for 1944-45 should not be greater than what is shown in the accounts on account of the recession of the Japanese threat from India's frontiers. The reduction, capital and revenue taken together, comes to something like Rs. 45 crores but that is only the net figure. It consists of fairly large increases and fairly, large decreases. For instance war service increments and Japanese campaign pay for British troops of India Command and for the Indian Army in India would have involved an increase over the revised estimates of Rs. 13 crores. Then there was a rebate in 1943-44 allowed for in the revised estimates on account of Canadian vehicles received on mutual aid. That was Rs. 5 crores. There was a further expansion of the various administrative and ancillary services, Rs. 4 crores. That gives a total increase of Rs. 22 crores and the Budget figures for Defence expenditure for next year would have shown a substantial increase of something of that order but for the decreases which were made, mainly on account of the reduction expected as a result of Indian troops proceeding beyond the geographical boundaries of India.

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As a matter of fact, we have allowed for transfers of troops to an extent which will bring the forces retained in India not very much below the ceiling fixed by His Excellency the Commander-in-Chief. It is quite possible that there may be further deficiencies in the strength of forces employed in India for local defence purposes and, should such deficiencies occur, the result would be a saving on the Budget.

My Honourable friend, Sir Shantidas Askuran, referred to the alleged anomaly that the amount debited to Indian Defence expenditure in the event of Indian troops fighting on Indian soil would be transferred to His Majesty's Government if they were fighting just outside India's frontiers, a few miles away. I had noticed that point raised in the press statement of the Indian Merchants' Chamber, Bombay, in which they referred to it as "A cruel joke". But I would ask Honourable Members of this House, "On whom is the joke?" The decision to take the geographical boundaries of India as the criterion to decide whether activities should be classed as undertaken for the local defence of India or not is admittedly an arbitrary one. But it might well be argued—and, as a matter of fact, a considerable section of the British press and British public opinion has in fact argued—that activities in Burma generally could be classed as almost entirely in India's own interest and therefore should be chargeable to Indian revenues under the Settlement. I submit to the Honourable Members of this House that the convention adopted in this case, namely, the moment troops proceed beyond India's frontiers to carry on the war of the United Nations they will cease to be a charge on Indian revenues, surely constitutes the most practical application of the convention in a manner which is favourable to India and that the less that is said about that particular aspect of the matter, the better it will be.

Certain Honourable Members have asked for information as to what is represented by the Rs. 150 crores worth of lease-lend receipts which are debited to Indian account. This amount of Rs. 150 crores represents so much of the total lease-lend supplies received in India under the lease-lend arrangements to the end of the year 1944-45 as would otherwise have had to be paid for in cash by India and finally charged to Indian revenues. The biggest item is munitions, consisting mostly of vehicles of all kinds, fighting and commercial, i.e., tanks, lorries, locomotives and so on, which account for Rs. 89 crores out of the Rs. 150 crores; other items are metals 20 crores, machinery 7 crores, petroleum products 5 crores and various industrial products including foodstuffs 29 crores. That is the general make up of that figure, representing the financial benefit to India of supplies and services expected to be made under lease-lend arrangements up to the end of 1944-45. Certain members have asked what obligations attach to our receipt of these stores. In the strict legal sense no obligations devolve upon India in respect of this aid, since there is no direct lease-lend agreement between India and the United States of America. But the acceptance of this aid by India has been held to justify the grant of reciprocal aid to the United States of America at India's expense. That reciprocal aid to the end of 1944-45, as mentioned in the Budget Speech, comes to 124 crores. I have a breakdown of that expenditure here. The question has been asked as to what is comprised within that figure, but I think it is unnecessary for me to read out the statement* in detail to the House.

THE HONOURABLE MR. HOSSAIN IMAM: Could the Honourable Member lay it on the table as part of his speech?

THE HONOURABLE SIR CYRIL JONES: I would like first to check it up. If there is no objection, I will certainly lay it on the table.

Certain Honourable Members have raised the question of the scrutiny of India's Defence expenditure by the Legislature. That is a question, Sir, that comes up year after year and I do not know that I can add very much to what I have said before. I would invite attention to the fact that the Honourable Mr. Hossain Imam moved a Resolution in this House for the formation of a scrutinising committee of the Legislature to scrutinise and approve of the apportionment of Defence expenditure between the two Governments and on that occasion, Sir, I submitted a most

detailed and exhaustive reply explaining the manner in which the allocation was now made, the way it worked both towards the Indian Legislature and towards Parliament and various other considerations, not excluding the question of security. It is impossible to consider these complicated allocations and apportionments currently without a very wide background of most secret knowledge in all fields of the armed forces, the army, the navy and the air force. The volume of work is immense and in no country in the world is secret information of this kind broadcast. For instance, in England it would not be divulged to Members of Parliament. That position was accepted by the Honourable Mr. Hossain Imam and in fact in his reply he went so far as to say, "I must admit that the difficulties which the Honourable Mr. Jones has brought forward seem on the face of them to be insurmountable. Even that is a departure from the Government method, that it has tried to justify itself on the broad principles of reason". I cannot add to that, Sir. It is a very difficult question and the conclusion reached has been, after most careful and repeated consideration, that any arrangement of this sort would be unworkable, even apart from the security aspects. We must remember that in retrospect the Military Accounts Committee and the Public Accounts Committee scrutinise these accounts and hear witnesses, so far as they wish to, and have expressed themselves as satisfied that the methods followed in allocating expenditure are equitable and in accordance with the financial settlement. And this, I submit, is all that can really be expected, Sir.

Connected with this question are the questions of the avoidance of waste and of proper financial control over this vast field of expenditure in the interests of the taxpayer. This again, Sir, is a very big and very important question. Our biggest difficulty in this respect is the limited staff with which we have to work. If we could work with a staff anything comparable in size with that which is available for this purpose in such countries as the United Kingdom or the United States of America, we would doubtless be able to do much better. But with the staff at our disposal, by touring teams, by local inspections, and so on, we try to secure the maximum control over expenditure possible.

The question of the public interest in this matter and the association of representatives of the Legislature was discussed at length in the other House and the Honourable the Finance Member, while giving the assurance that he would be prepared to stop at nothing in order to eradicate the evils of bribery and corruption, said, that he would be happy to discuss with the Honourable Members of that House ways in which they could helpfully assist in the work of controlling expenditure without laying further burdens on his already overworked staff, and that he was prepared to give the Standing Finance Committee such material other than mere prepared schemes of departments expenditure proposals for examination. He proposed to consult them on the question of corruption and to have their practical suggestions for dealing with this situation and also with the problem of waste. He was also prepared to consider the question of consulting the Standing Finance Committee on wider questions, whether relating to votable or non-votable expenditure, not by putting before them detailed proposals, but on general aspects of undesirable features alleged to have grown up in regard to Government expenditure, whether in the War or in the Supply or Food Departments. These undertakings by the Honourable the Finance Member have been honoured. The Standing Finance Committee was addressed as early as October last and the whole position was explained to them; meetings were held in October and February and detailed memoranda were given explaining to them in full detail the measures taken by Government to check bribery and corruption, the procedure adopted to secure the economic procurement and disposal of stores and the whole scheme of expenditure control. At these meetings representative witnesses from the War Department, the Supply Department and Finance Department (Supply) were examined and the whole matter was gone into and the Honourable the Finance Member was able to ascertain the views of the members of the Standing Finance Committee as to what further, if anything, can be done beyond what the Government are doing at present. A further meeting is to be held shortly to discuss other points connected with military stores and Government assisted concerns. I do not know, Sir, that it is possible to do very much more than this. The subject bristles

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with difficulties. The Government are equally concerned with the members of the Legislature that scandal, waste and corruption should be rooted out and that the taxpayers' money should be spent economically. It is a vast problem and the Government are seeking their way to more effective action, if that be possible, by associating themselves in this matter with the Standing Finance Committee of the Legislative Assembly which would seem to be the appropriate body for that purpose.

THE HONOURABLE MR. HOSSAIN IMAM : Is this incorporated in the printed proceedings ?

THE HONOURABLE SIR CYRIL JONES : Of the Standing Finance Committee.

THE HONOURABLE MR. HOSSAIN IMAM : Yes.

THE HONOURABLE SIR CYRIL JONES : I could not say off-hand.

My Honourable friend, Sir Gopaldaswami Ayyangar, raised two points. One was about the credit to a suspense head of the proceeds of the pay-as-you-earn system of income-tax which was introduced in the last Budget. My Honourable friend suggested that these payments should be taken direct to revenue and that it was wrong to carry them to a suspense head. There, Sir, I am afraid I must join issue with him. This is a scheme which was devised to assist in the mopping up of money in pursuit of the anti-inflationary campaign. They are not final assessments. They are payments made by the assessee on his own estimate as to what his profits are from time to time and those advance payments will be adjusted in the following year when the proper assessment is made and the revenue head is credited. For what period this system will operate I am not at present in a position to say. It may be desirable to continue it in perpetuity ; it may be decided that after the war, and when conditions get easier, the system might be dropped. In that case it is obvious that unless a budgetary embarrassment of a severe nature is to be faced in one year through the loss of one year's income-tax, the path of wisdom at any rate for the present is to take the provisional payments to suspense in the year of their advance collection and finally to credit into revenue only when the final assessments are made.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : Is that the amendment of the Income-tax Act of a permanent nature so far as section 18A is concerned ?

THE HONOURABLE SIR CYRIL JONES : An Act amended once can be amended twice.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : Would the budgetary embarrassment in future be any greater than the budgetary embarrassment today ?

THE HONOURABLE SIR CYRIL JONES : That depends, Sir, on the scope, cost and pace of the scheme of national development which we hope to follow at the end of the war.

The Honourable Sir Gopaldaswami Ayyangar raised the question of credits arising out of the sale to the public and to commercial departments and Provincial Governments of lease-lend goods received from the United States of America free of cost. Lease-lend generally operates in relief of Defence expenditure and in consideration of that the entire cost of Reciprocal Aid, which is given in consideration of lease-lend, is charged to the Defence estimates ; and it follows from that, naturally, that any credits which arise from the sale of lease-lend goods should be taken to the Defence estimates which, in fact, is what is done in all cases. The particular case to which my Honourable friend referred was that of rolling stock of the Indian Railways. We are in receipt of very large quantities of railway rolling stock which has been obtained partly on lend-lease and partly on cash payment. The Railways as a commercial concern naturally bear the entire debit but, in so far as the debit is in respect of stocks received on lend-lease, a corresponding figure is taken in the revenue budget on the Defence side. My Honourable friend's suspicion or assumption that the credit is taken to suspense outside the revenue account is thus not correct.

In regard to the stock obtained on cash payment there can, of course, be no such credit. It has to be paid for by the Railways in cash and there is no credit on the ordinary revenue side of the Budget. The cash payment has in the Railway Accounts been allocated between capital, railway reserve fund and the working expenses on the railway side in accordance with the usual rules, except for the special modification which has been fully explained by the Honourable the War Transport Member when dealing with the Railway Budget that some measure of the increased cost has been taken to working expenses. In the General Budget we naturally take credit only for the net railway surplus which accrues to General Revenues, so that in respect of the special arrangement that has been made the Railways pay for the rolling stock which is suitably shared between capital, reserve and working expenses. The increased debit to working expenses will diminish the surplus which means a reduction in the contribution to General Revenues. General Revenues on the Defence side get the credit for the lease-lend rolling stock brought into the country.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : May I take it then that this sub-head Receipts in the Defence budget—

THE HONOURABLE SIR CYRIL JONES : I would rather not enter into too detailed a discussion or argument because I have only about ten minutes more.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : I am only asking for a bit of information. If you will not inform me I will drop it.

THE HONOURABLE SIR CYRIL JONES : I think it would be better at this stage. In matters like this I would much prefer to explain departmentally than during the reply to the general debate.

THE HONOURABLE MR. HOSSAIN IMAM : Can the Honourable Member give us some idea about the valuation of these aids ?

THE HONOURABLE SIR CYRIL JONES : There is one other point which has been mentioned both by the Honourable Mr. Kalikar and the Honourable Sir Gopalaswami Ayyangar, namely, whether the treatment which has been accorded by Government this year to the Railways for the allocation of the cost of re-equipment should or should not be given to private industry? I should like to make the point here, Sir, that there is really no analogy between the two cases. I see that the Indian Federation of Chambers of Commerce made the same point in their press statement, and at first sight it seems a plausible one.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : I wished to dissociate myself from that view.

THE HONOURABLE SIR CYRIL JONES : I am aware of that.

THE HONOURABLE SIR GOPALASWAMI AYYANGAR : I did not agree with that.

THE HONOURABLE SIR CYRIL JONES : Yes, I appreciate that the Honourable Member disagreed. But on the other hand the Honourable Mr. Kalikar supported it, and wished Government to accord to private industry the same treatment which they have given to Indian Railways in respect of re-equipment. But I can produce several reasons why there is really no analogy between the two. In the first place, railways and tram ways under the ordinary income-tax law and procedure are treated on an entirely different footing from private industry? They are assessed, not on what we call a depreciation basis, but on what is known as a renewals basis. Any private assessee railway company has the option to claim actual expenditure on replacements and renewals instead of the depreciation allowance, and all railway companies have in fact worked on that basis. So really even on merits there is no case.

But then, a much more important consideration is this, that the Indian Railways are a State concern, from which two consequences follow. The first is that, had the Indian State Railways been private assesseees, they would have had very much

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greater profits left with them than has actually proved the case. I have had worked out for my own satisfaction, in consultation with the Board of Revenue, the amount that would have been left with the Railways (1) had they been private assesses, and (2) had they been, as in fact they are a State concern, after allowing for the contributions made by the Railways to General Revenues; and the truth is that, had they been a private assessee, they would have had left with them many, many crores, several tens of crores, more than they have in fact retained. That, I think, is adequate justification for giving them special treatment which would not have been necessary had their contributions to General Revenues been only those which they would have had to pay by way of income-tax, super-tax, surcharge and excess profits tax had they been private assesses. The funds left with them would then have been sufficiently great.

THE HONOURABLE SIB GOPALASWAMI AYYANGAR : But the State is the owner of the Railways.

THE HONOURABLE SIB CYRIL JONES : Yes, and we have taken so much from the Railways because they are State Railways that we have left with them much less than we would have left with them had they been privately owned and taxed under the ordinary law of income-tax and excess profits tax. Had we followed that procedure in respect of our own concerns under the income-tax law and excess profits tax law, they would have had sufficient funds left with them to render unnecessary any arrangement of the type which is now being made. That, I think, is argument No. 2, which itself is conclusive against the analogy which the Honourable Mr. Kalikar put forward.

But there is yet a third consideration which I would mention, and that is this. Because the State is the owner of these Railways, arrangements such as these mean in effect putting money from one pocket to the other of Government departments and the State has more or less a free hand to do what it thinks best from time to time. The taxpayer is no sufferer, whether he is a small man or whether he is a big industrialist; if the arrangement we make is considered beneficial in the country's interests, everybody benefits. But if it is a case of private industry, it is not a question how much is going from one pocket of Government to another pocket of Government; it is a question how much is going from the industrialist's pocket into the coffers of Government. And I submit that very different considerations arise there and must arise, in the interests of the country and of the taxpayer, particularly the poor tax-payer. On all these grounds I submit that this analogy, although plausible at first sight, and possibly even clever, is no analogy at all.

I think perhaps I have time to take up one point and one point only in the few minutes that are left to me, and that is the much agitated question of the post-war dollar fund. I recognise that the comments which have been made about this very important matter are generally of an appreciative nature, but certain members definitely gave expression to their dissatisfaction at the amount that had been chosen—20 million dollars a year—and the claim was put forward that every dollar which India had earned since the war began should be returned to her for her post-war use. This, Sir, is a difficult and a delicate question. Honourable Members perhaps are aware, although I think some are apt to forget, that before lend-lease was introduced the Empire was practically cleaned out of dollars. It was not the policy of the Empire or of any part of the Empire; they certainly did not wish it. Dollar expenditure was necessary for the conduct of the war. The conduct of the war was necessary in the interests of mankind, and whatever the price, those dollars had to be spent. By agreement among the Empire countries the dollar pool was formed, by which every sterling area country pays into that pool its dollar earnings, and from that pool is paid out, first, the dollars necessary for the war, and secondly, the dollars necessary for maintaining essential services or the essential requirements of the community. Before lease-lend was introduced, it is common knowledge that that dollar pool was practically exhausted and had to start from scratch. Various circumstances led to a gradual building up of that pool, although it never got so far as it should considering that the pool contains all the foreign exchange reserves of those countries in the Empire, or rather, in the sterling area, which keep their balances

in London. It is more or less fortuitous that the effect of the war on different countries in the Empire has been different. Some have practically had to close down their exports, their dollar-earning exports in particular, such as the United Kingdom, in the interests of war production. Other members of the sterling area, such as India, have not been so fundamentally affected by the war and have been able to maintain their dollar-earning exports. But on this principle of pooling, the whole dollar receipts of the Empire go into the sterling pool. Now, the position that has been reached is this. Dollars have been scarce, and they have continued scarce, and they are still scarce; and the various countries in the sterling area have agreed to enforce a more or less uniform standard of use and economy in respect of dollars. It is true that, for the reasons I have mentioned, the contributions of different countries have varied. But it is a matter of exceeding difficulty to say what the contributions of individual countries have been. Honourable Members have doubtless looked at the figures of balance of trade between India and the United States, and they find there a net favourable balance. In 1939-40 there was a balance of 38 million dollars; in 1940-41 there was a debit on the wrong side of 3 million dollars, and so on, down to 1944-45, six months of which show a credit of 12 million dollars. But that by no means represents India's net dollar surplus or India's net contribution to the dollar pool. In the first place, the balance of trade is worked out on figures for private trade alone. Government exports and Government imports are not included. It so happens that Governmental exports to the U.S.A., such as tea, mica, gunnies, etc., are made through commercial channels and therefore enter into these balance of trade figures, whereas Governmental imports from the United States such as purchases made by the India Supply Mission do not. That obviously means that the credit figures are inflated in this statement and the debit figures are reduced. Then again this method takes no count of the usual invisible items which consist mainly of remittances of American company profits, such as General Motors' profits, film rentals and so on, which are very substantial. These do not appear in the balance of trade figures. A further correction is also required for payments on account of reciprocal aid, so that these figures by no means represent India's net contribution to the dollar pool. It is exceedingly difficult to work out anything more than a rough approximation. Out of this dollar pool the essential current requirements of India are being met, and after the war will continue to be met; and the arrangement that has now been made is that if on a rough estimation the net surplus of India's dollar earnings permits, a sum of 20 million dollars will be paid into a special fund in 1944 and a corresponding figure, if an examination of the figures suggests that this is justified, will be paid in the fund for 1945. This money is not to be spent during the war because our current requirements are being met from the pool itself, and will not have to be spent for India's current requirements after the war, but is being earmarked in the special circumstances of India and in consideration of her need for industrial development towards the cost of capital goods required from America for India's post-war development. It is a gesture on His Majesty's Government's part which has been given to no other country in the sterling area and I suggest that it is an indication of His Majesty's Government's desire to facilitate the post-war development of this great country. The Government of India, in the light of the information available with them, have considered the figure of 20 million dollars reasonable and fair and have accepted it.

Sir, my time is up. I have little more to say. I have expressed my appreciation of the reception of this Budget by the Honourable Members of this House. The Budget looks forward as well as concerning itself with the present, and when all is said and done, what will be the position of India after the war? On a broad examination of the position, India will have repatriated her external indebtedness; she will have become an international creditor nation and because of the special arrangement now sanctioned, part of her assets will take the form of a dollar fund; her internal indebtedness is moderate having regard to the preservation of her territorial integrity from Japanese occupation; in many other ways India is being prepared for the advance towards national development to which we are all looking; she has become accustomed to a scale of national finance which was never dreamt of in pre-war days; her people are being trained in the habit of thrift and saving; there have been millions of small creditors which will be a source of considerable purchasing power

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in the event of anything of the nature of a post-war storm developing, and I submit, Sir, that in spite of the heavy deficits with which we are faced and the colossal sums with which we have to deal in present-day budgets, the prospects for the future of this country and her financial strength are such that many a country in the world might envy India. (*Applause.*)

The Council then adjourned till Eleven of the Clock on Wednesday, the 14th. March, 1945.

APPENDIX.

(See page 244)

Detail of provision for Reciprocal Aid in Revised Estimates 1944-45 and Budget 1945-46

	Accounts,		Revised Estimates	Budget,
	1942-43	1943-44	1944-45	1945-46
1. Raw materials			13,75	13,00
2. Works	8,56	16,08	15,72	12,80
3. Stores and Services	3,83	17,29	42,86	41,54
4. Shipping		1,74	3,00	3,50
	<u>12,39</u>	<u>35,11</u>	<u>76,33</u>	<u>70,34</u>