

Thursday, 29th 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**  
*Thursday, the 29th 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.

**SHORT NOTICE QUESTION AND ANSWER**

278. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state:—  
(a) Whether certain defalcations and serious irregularities have occurred in the Telegraph organisation of stores at Calcutta?

(b) Who are responsible for this and what steps have been taken by Government to bring the culprits to book?

(c) What steps are proposed to be taken to prevent a recurrence of such things?

**THE HONOURABLE SIR MAHOMED USMAN:** Sir, certain irregularities have come to notice. An official investigation is in progress. The matter is receiving my personal attention.

**THE HONOURABLE MR. HOSSAIN IMAM:** I hope, Sir, that the matter will be put into the hands of the police as soon as possible, or, have the Government already put it into their hands?

**THE HONOURABLE SIR MAHOMED USMAN:** All that I can say at present is that the Honourable Member can trust me to do the right thing.

**THE HONOURABLE MR. HOSSAIN IMAM:** And not that it should be white-washed!

**THE HONOURABLE THE PRESIDENT:** Order, order.

**THE HONOURABLE SIR MAHOMED USMAN:** When I have said that the Honourable Member can trust me to do the right thing, I do not think that inference is justifiable.

**THE HONOURABLE THE PRESIDENT:** Certainly not.

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

**THE HONOURABLE MR. H. M. PA EL** (Industries and Civil Supplies Secretary): Sir, I lay on the table the information promised in reply to question No. 149, asked on the 21st March, 1945.

*List of members of panels which the Honourable Mr. H. M. Patel promised to lay on the table of House in reply to Q. No. 149 on 21st March, 1945.*

**1. Iron & Steel (Major):**

- (i) Sir Padamji Ginwala (Chairman) Director and Adviser, The Steel Corporation of Bengal.
- (ii) Sir J. J. Ghandy, General Manager, The Tata Iron and Steel Co.
- (iii) Mr. S. M. Bashir, Director, Juggilal Kamalapat Iron & Steel Company Ltd.
- (iv) Mr. Hain, Managing Director, Braithwaite & Company.
- (v) Mr. Frank Parr, Steel Commissioner to the Govt. of India.

**2. Iron & Steel (Minor):**

- (i) Rai Bahadur Aftab Rai (Chairman) Materials Economy Officer, Supply Department.
- (ii) Mr. Chiswell Jones, Metal Box Company, Hide Road, Kidderpore, Calcutta.
- (iii) Mr. N. N. Rakshit, National Iron & Steel Company, 4, Dalhousie Square, Calcutta.
- (iv) Mr. B. Viswanath, Lately of Mysore Iron & Steel Co., Ltd., Govt. of Mysore.
- (v) Mr. Baijnath Bajoria, M. L. A., 1-B, Halwasiya Road, Calcutta.
- (vi) Mr. S. M. Bashir, Director, Juggilal Kamalapat Iron & Steel Co. Ltd., Cawnpore.
- (vii) Mr. Ajaib Singh, Indian Steel and Wire Products, Tatanagar.
- (viii) Mr. Rafi Butt. (Not yet accepted).
- (ix) Dr. Venkat Rao (Not yet accepted).
- (x) Lt. Col. D. M. Reid. (Not yet accepted).

**3. Heavy Chemical Industries:**

- (i) Sir Shri Ram (Chairman) Banker and Mill-owner, 22, Curzon Road, New Delhi.
- (ii) Mr. Kapilram Wakil Director, Tata Chemicals Ltd., Mithapur, Kathiawad.
- (iii) Dr. M. S. Patel, O. S. D. I. & C. S. Department.

- (iv) Mr. Seehaseyoo, Director, The Mettur Chemical and Industrial Corporation, Ltd. Mettur Dam.
- (v) Mr. S. G. Shastry, Retd., Dir. of Industries Mysore, Sir Krishna Rao Road, Basavangudy Bangalore City.
- (vi) Mr. P. R. Crerar, Director of Chemicals, D. G. S.

4. *Paper Pulp, Wood Pulp, Chemicals, Cotton, etc. :*

- (i) Mr. M. L. Narasimha Iyengar (Chairman) Director of Industries, Mysore, Incharge of paper.
- (ii) Dr. E. Schoenberg, General Manager, Upper Indian Couper Paper Mills, Lucknow.
- (iii) Mr. G. P. Birla, Orient Paper Mills, Calcutta.
- (iv) Mr. Jagraj, Technical Director, Straw-Board Manufacturing Co. Ltd. Saharanpur.
- (v) Mr. Bhargava, Pulp Section, Forest Research Institute, Dehra Dun.
- (vi) Mr. Laiq Ali, Sirpur Paper Mills Ltd., Hyderabad (Deccan).

5. *Sugar, Alcohol and Food Yeast :*

- (i) Sir Shri Ram (Chairman) Banker and Mill-owner, Delhi.
- (ii) Mr. R. C. Srivastava, Indian Central Sugar Committee.
- (iii) Mr. Lalohand Hirachand, President, Indian Sugar Mills Association.
- (iv) Mr. M. B. Amin, Alembic Chemical Works.
- (v) Mr. Viahnu Sahay, I. C. S., Sugar Controller to the Government of India.
- (vi) Mr. S. M. Dhar, Development Commissioner, Bihar.
- (vii) Dr. B. C. Guha, Chief Technical Adviser, Food Department.
- (viii) Mr. W. H. A. Webb, Sugar Expert of the Aluminium Plant and Vessel Co., Ltd., United Kingdom.

6. *Refractories and Ceramics :*

- (i) Mr. N. G. Bhagat (Chairman), Bengal Potteries.
- (ii) Mr. K. B. Sen, Chief Chemist, Bird & Co.,
- (iii) Dr. H. K. Mitra, Refractories Engineer, Tata Iron & Steel Company.
- (iv) Mr. C. P. Shah, Bombay Pottery & Tile Works.
- (v) Dr. Atmaram, Council of Scientific and Industrial Research.
- (vi) Mr. Krishen Singh, Ceramics Engineer, Delhi.

7. *Soaps and Oils :*

- (i) Mr. P. A. Narielwala (Chairman), Tata Oil Mills Ltd. (Not yet accepted).
- (ii) Mr. S. G. Shastri, Retd. Director of Industries and Commerce, Govt. of Mysore.
- (iii) Mr. A. K. Menon, Retd. Superintendent Kerala Soap Institute, Calicut.
- (iv) Mr. Shiv Dayal Kapoor, Krishna Kapoor and Co., Amritsar.
- (v) Dr. S. S. Solatore, Lakshminarayan Institute, Nagpur.

8. *Paints and Varnishes :*

- (i) Mr. T. T. Krishnamachari, M. L. A. (Chairman), Businessman, Madras.
- (ii) Mr. P. C. Chanda, President, Indian Paint Manufacturers Association.
- (iii) Mr. Hampson, Director, Paints & Gases, Directorate General of Supply.
- (iv) Mr. B. D. Gupta, The Sun Colour & Paints Manufacturing Co. Ltd., Jamnagar.
- (v) Mr. F. H. Kemple, Director, Goodlas Mall (India) Ltd.
- (vi) Dr. R. Bhattacharya, Deputy Director, Paints and Gases Directorate, Supply Department. (Not yet accepted).

9. *Electro-Chemical Industries :*

- (i) Sir J. C. Ghosh (Chairman) Director, Indian Institute of Science, Bangalore.
- (ii) Dr. D. K. Ram Prasad, Hydro-electric Engineer, Grid Scheme, Government of Bombay.
- (iii) Mr. Kenneth Hall, General Manager, Indian Aluminium Co., Ltd.; 5, Council House St., Calcutta.
- (iv) Dr. M. S. Patel, O. S. D. I. & C. S. Department.
- (v) Mr. Kpil Ram Vakil, Tata Chemicals, Ltd. Mithapur, Kathiawad.
- (vi) Mr. Parker, Alkali and Chemical Corporation, c/o. I. C. I. (India) Ltd., Queensway, New Delhi.

10. *Silk :*

- (i) Mr. N. Rama Rao (Chairman) Mysore Silk Filatures Ltd., T. Narasipur, Bangalore
- (ii) Mr. S. Psychad, General Manager, Government Silk Filatures Kollegal.
- (iii) Mr. H. Pullman, Manager, Mysore Spun Silk Mills, Chennappatna (Mysore State).
- (iv) Mr. Rutnam, D. F. A., Supply.
- (v) Mr. Bose, Special Officer, Silk, Government of Bengal.

11. *Coir, Rope & Cordage :*

- (i) Mr. Karunakarau (Chairman), Managing Director, Alleppey Cr., Ltd., Alleppey.
- (ii) Mr. W. G. Grant, M. L. A., Messrs. Aspinwall & Co., Cochin (Malabar Coast).
- (iii) Mr. Rutnam, D. F. A., Supply.

12. *Hosiery* :

- (i) Mr. H. G. Misra (Chairman), Misra Hosiery Mills, Cawnpore.
- (ii) Mr. H. R. Dande, Swadeshi Manufacturing Syndicate, Ltd., Ludhiana.
- (iii) Mr. A. K. Chowdhury, Bengal Hosiery Manufacturers' Association, 81, Talpukur Road, Betiaghata, Calcutta.
- (iv) Mr. Fakhruddin, Messrs. Vallibhoy Kamruddin & Sons, 101, Abdul Rahman St., Bombay-3.
- (v) Mr. Firth, Kesoram Cotton Mills Ltd., 5, Royal Exchange Place, Calcutta.
- (vi) Mr. A. W. Tatlow, Cawnpore Woolen Mills, Cawnpore.

13. *Readymade Clothing* :

- (i) Mr. S. Jajodia, Associated Agencies, 9, Mount Road, Madras.
- (ii) Mr. Khandke, Bhawoo Kashinath & Co., 63, Bhaudin St., Bombay No. 4.
- (iii) Mr. Wachel Molla, Wachel Molla and Sons, Dharrumtolla St., Calcutta.
- (iv) Mr. Narendra Singh, Controller of Clothing, Factories, Lahore (Under D.G.S.).

14. *Non-Ferrous Metal Industries* :

- (i) Dr. A. H. Pandya (Chairman), D. G. M. P., Supply Department.
- (ii) Mr. A. Schwartz, Indian Smelting and Refining Co., Ltd., Bombay.
- (iii) Mr. R. H. Kamani, Kamani Metal Refinery and Metal Industries, Calcutta.
- (iv) Dr. Malhotra, Metallurgist, B. B. & C. I. Railway.
- (v) Mr. Motichand Saha, Motichand & Co., Bombay.

15. *Leather & Leather Goods* :

- (i) Rai Bahadur B. M. Dass (Chairman), Superintendent, Bengal Tanning Institute, Tangra, P. O., Calcutta.
- (ii) Sir M. Balasundaram Naidu, Hide and Skin Merchant, Ritherdon Road, Vipery, Madras.
- (iii) Mr. A. C. Inskip, General Manager, Cooper Allen & Co., Cawnpore.
- (iv) Mr. Kaiser Ahmad, Hides & Skins Merchant, Sahle Buildings, Hornby Rd. Bombay.
- (v) Mr. Bhool Chand, Dayalbagh Industries, Dayalbagh, Agra.
- (vi) Capt. P. S. Chowdhury, Directorate General of Supply.

16. *Scientific Instruments* :

- (i) Dr. Meghnad Saha (Chairman), Calcutta University.
- (ii) Prof. G. R. Paranjpe, Royal Institute of Science, Bombay. (Not yet accepted).
- (iii) Dr. Venkat Rao, Messrs. Powells Ltd., Bombay.
- (iv) Mr. Rafi Butt, Messrs. Ghulam Nabi & Sons, Lahore.
- (v) Mr. A. Lacamp, Mathematical Instruments Office, D. G. M. P. (Not yet accepted).
- (vi) Lt.-Col. D. M. Reid, Asst. Director of Armaments, War Department. (Not yet accepted).
- (vii) Dr. P. N. Ghosh, University College of Science, Calcutta.

17. *Light Chemical Industries* :

- (i) Col. Sir R. N. Chopra (Chairman), Director, Drug Research Laboratory, Kashmir.
- (ii) Dr. Hameed, Managing Director, Chemical, Industrial and Pharmaceutical Laboratory, Ltd., Bombay.
- (iii) Dr. J. N. Ray, Director of Drugs and Dressings, Directorate General of Supply.
- (iv) Mr. M. B. Amin, Alembic Chemical Works, Baroda.
- (v) Mr. Adhikari, Bengal Chemical and Pharmaceutical Works, Calcutta. (Not yet accepted).
- (vi) Dr. Habib Hasan, Industrial Chemist, Hyderabad, State. (Not yet accepted).
- (vii) Mr. Fielder, Shalimar Tar Products, Bombay.
- (viii) Col. S. S. Sokhey, Director of Haffkine Institute, Parel, Bombay. (Not yet accepted).
- (ix) Dr. Mukherji, Biochemical Standardization Laboratory, Calcutta. (Not yet accepted).

18. *Glass* :

- (i) Mr. I. D. Varshney (Chairman), U. P. Glass Works, Bahjoi.
- (ii) Mr. D. N. Sen, New India Glass Works, Calcutta.
- (iii) Mr. P. Ogale of Ogale Glass Works. (Not yet accepted).
- (iv) Mr. Sridhar, Messrs. Bishamber Dyal Srinivas, Bangle Manufacturers, Firozabad.
- (v) Mr. R. D. Chandorkar, Vijay Glass Works, Mozgaon.
- (vi) Dr. Atmaram, (D. S. I. R.).
- (vii) Dr. A. Nadel, O. S. D., Glass. (D. G. S.).

19. *Wool* :

- (i) The Hon'ble Lala Ramsaran Das (Chairman), Member, Council of State. (Not yet accepted).
- (ii) Mr. Jiwandas Bhagwandas, Indian Woollen Mills, Bombay.
- (iii) Mr. W. R. Watt, Director British India Corporation.
- (iv) Mr. S. Ratnam, D. F. A. (Supply).
- (v) Mr. J. O. Lal, Director, Wool, I. & C. S. Department. (Not yet accepted).
- (vi) Mr. A. K. Watal, Shree Karam Singh Woollen, Mills Ltd., Srinagar, Kashmir.

**20. Ship-Building and Marine Engineering :**

- (i) Sir B. Rama Rao (Chairman), Chairman, Port Trust, Bombay.
- (ii) Mr. M. A. Master, Scindia Steam Navigation Company, Bombay.
- (iii) Mr. Henderson (D.G.S.R.) Supply Department. (not yet accepted).
- (iv) Mr. Taylor, Garden Reach Workshops Ltd., Calcutta.
- (v) Sir Abdul Halim Ghaznavi, M. L. A.
- (vi) Mr. Shivrattan Mohatta, Messrs. Hermann and Mohatta, Lahore.

**21. Industrial Plant and Machinery :**

- (i) Mr. G. L. Mehta (Chairman), Scindia Steam Navigation Co., Ltd., Calcutta.
- (ii) Mr. K. K. Birla Birla Bros., Ltd., Calcutta.
- (iii) Mr. S. L. Kirloskar, Kirloskar Bros. Ltd., Kirloskarwadi.
- (iv) Brig. Cox, D. D. G. Armaments Production, Supply Deptt.
- (v) Mr. Mulgaokar, Associated Cement Co., Ltd..
- (vi) Mr. P. F. S. Warren, Jessop and Co., Ltd. (Not yet accepted).
- (vii) Mr. Barraclough, Chief Mining Engineer, Andrew Yule and Co., Ltd. (Not yet accepted.)

**22. Machine Tools :**

- (i) Sir Lakshmipathi Misra (Chairman) Member, Railway Board,
- (ii) Sir Dhunijishah Cooper, Cooper Engineering Works, Satara.
- (iii) Mr. S. L. Kirloskar, Messrs. Kirloskar Bros., Ltd. (Not yet accepted).
- (iv) Mr. J. Hodgkinson, Dy. M. T. C., Directorate General of Munitions Production.
- (v) Dr. Seth, India Sewing Machine Co., Lahore.
- (vi) Mr. Latif, Batala Engineering Co., Batala, Punjab.
- (vii) K. B. A. G. Khan, Dy. C. G. I., M. G. O. Branch, War Department.

**23. Rayon and Artificial Silk :**

- (i) Dr. Nazir Ahmad (Chairman) Director, Technical Laboratory, Indian Central Cotton Committee. (Not yet accepted).
- (ii) Mr. M. Subba Rao, Technical Director, M/S Poddar & Sons. (Not yet accepted).
- (iii) Mr. P. N. Sinha, Messrs. Birla Bros. (Not yet accepted).
- (iv) Mr. M. P. Bhargava, Forest Research Institute, Dehra Dun. (Not yet accepted).
- (v) Mr. Gautam Sarabhai, Messrs. Ambalal Sarabhai & Sons. (Not yet accepted).

**24. Plastics and Celluloid**

- (i) Dr. John Mathai (Chairman) Director, Messrs. Tata Sons Ltd. (Not yet accepted).
- (ii) Dr. S. Siddiqui, Acting Director, Chemical Laboratories, Council of Scientific and Industrial Research, Delhi. (Not yet accepted).
- (iii) Mr. Akbar Fazalbhoy, Messrs. Fazalbhoy Ltd., (Not yet accepted).
- (iv) Dr. M. S. Patel, Officer on Special Duty, I. & C. S. Department. (Not yet accepted).
- (v) Dr. S. K. Sen, Director of Industries, Government of Bihar (Not yet accepted).

**25. Light Engineering Industries :**

- (i) Mr. B. M. Birla (Chairman) Messrs. Hindustan Motor Ltd.
- (ii) Mr. P. H. Krishna Rao, Deputy Controller General of Civil Supplies. (Not yet accepted).
- (iii) Mr. Kishan Chand, Kaye & Co., Ltd., Lahore. (Not yet accepted).
- (iv) Dr. Wahid, Messrs. Feroz Sons Ltd., Lahore. (Not yet accepted).
- (v) Mr. G. D. Naidu, Autoservices, Coimbatore. (Not yet accepted).
- (vi) Mr. Sabai, Hindustan Bicycle Co., Ltd., Patna. (Not yet accepted).
- (vii) Mr. Bishandas Basil, Ragho Engineering Works Ltd., Delhi. (Not yet accepted).
- (viii) Col. R. C. Lyons, M. C., Chief Inspector of Armaments, Calcutta. (Not yet accepted).
- (ix) Mr. S. L. Kirloskar, Messrs. Kirloskar Bros., Ltd. (Not yet accepted).

**FINANCE BILL—contd.**

THE HONOURABLE SIR JOGENDRA SINGH (Education, Health and Lands Member) : Sir, I listened to the moving peroration of my friend the Honourable Mr. Sapru. I am one with him as to the need of a national Government, but a national Government can only come into being if all communities decide to work together for a national Government. I heard the Deputy Leader of the Muslim League in the other House expressing in winged words his love for freedom and I felt like saying in the words of an old song which says "I want to be happy but I cannot be happy unless I make you happy too".

THE HONOURABLE MR. HOSSAIN IMAM : Remember it !

THE HONOURABLE SIR JOGENDRA SINGH : They who want to be free they cannot be free unless they make others free too. If all communities could work together and make the first article of their faith "India first" and the second article the maintaining and defending the integrity of India, they would then be nearer to



the realisation of a national spirit and with it reap its fruit, national Government. How can a national Government function without a nation behind it ?

**THE HONOURABLE MR. HOSSAIN IMAM :** Two Nations.

**THE HONOURABLE SIR JOGENDRA SINGH :** We the present members of the Government of India are told that we do not enjoy the confidence of either the Muslim League or the Congress. But there behind the Muslim League and the Congress are millions of men who have given their lives and who, I am sure, would not disown the present Government or its programme. We have been called the drummer boys of the Government. It is often the drummer boys who lead the advancing forces forward and it may be that we may prove to be the harbingers of a new India.

**THE HONOURABLE MR. HOSSAIN IMAM :** Let us hope for that.

**THE HONOURABLE SIR JOGENDRA SINGH :** I have always been an optimist and I have reason for my optimism. I have seen changes which I never anticipated 50 years ago. I have seen the beginning of representative institutions. The correspondence between Lords Minto and Morley which led to the appointment of Lord Sinha reveals the endeavour these two statesmen had to make to secure the admission of a single Indian to the Viceroy's Cabinet. Then came Dyarchy and marked another step in advancing India towards its goal. Now we have the 1935 Government of India Act which provides for a federated India and provincial autonomy. What could Lord Linlithgow do when the Congress and the Muslim League and the Princes refused to work the federal part of the Act. He could have followed the example of the provinces and administered India by the help of official Advisers, but he took a wiser course and gave a majority of seats in his Cabinet to us to share in the Government in the most difficult days of the war. It is true that I and my colleagues do not enjoy the franchise of any constituency, but it would be difficult to deny that most of us would have secured an election if we had been called upon to do so. It may be that on political grounds our friends refuse to recognise our representative character, but they cannot disown the programme which we have initiated.

My own Department has worked out a programme for national education. The programme for national health is under preparation and to which my friend the Honourable Mr. Sapru is making a valuable contribution. The programme of agriculture is already under way.

The Honourable Mr. Sapru drew pointed attention to the progress in increasing production that has been made in England but he knows that while England had grasslands which can be put under the plough, we have to add to our area sunbaked lands that thirst for water. In England, the area which is under cultivation is a fraction of the area that is under grasslands. Here, we have almost the entire areas that could be cultivated under the plough and it was not possible to add a larger area under the plough unless we could provide the necessary facilities of irrigation. Then again, if I may dwell for a moment on agricultural conditions, what we need here is organisation to make our lands more productive by intensive agriculture. There are only five means of doing so : preparing a seed bed by good ploughing ; providing good seed, which is not available at present in the country to meet all our requirements of seed ; to provide manure ; and to provide irrigation. Above all, we need men who are healthy and strong, with a healthy, strong, bullock-power, to get the best out of our land.

**THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY (West Bengal ; Non-Muhammadan) :** you must give them sufficient food.

**THE HONOURABLE SIR JOGENDRA SINGH :** If we provide all these facilities, we can increase our production from the land already under cultivation by about 50 per cent.

The Honourable Mr. Sapru referred to the programme of development which the industrial panels are planning, and he said that the personnel of these panels was not really representative. But my Honourable friend will admit that, if he was building a house, he would consult the best architects that are available. In the matter of industrial development you have to rely on the experts who are familiar with the industry about which they are called upon to give advice.

**THE HONOURABLE MR. HOSSAIN IMAM :** But not interested persons, Sir.

**THE HONOURABLE SIR JOGENDRA SINGH :** Interested persons have knowledge and experience of these things. It is necessary to get their advice. And when these plans and programmes are ready, I am sure it will be given to this Honourable House to see that they are carried out.

Our great need is organisation, and providing full-time employment for our population.

Reference was made to the famine in cloth in Bengal and all over India. It is true that there is scarcity of cloth at the present moment. But you cannot say that the millowners have not played their part. I may mention in this connection that I do not hold a single share in any mill or industry whatsoever. My interest is in the development of industries and of agriculture. Our mills have produced more than 4,800 million yards of cloth, in place of 3,700 yards which they used to produce before. They have given millions of yards of yarn for handloom weaving. Therefore, the millowners have done their best, and it is in helping the millowners to produce more cloth that our cloth needs can be met. Their machines are getting worn out. They want new machines, new power-looms, to produce more cloth. But so far as the production of cloth is concerned, with their present means, I may say that the mill-owners have done their best.

It is on the cottage industries side that we have done very little to develop them. We have all talked of cottage industries for years, but in my life-time I have seen no progress being made in the development of cottage industries. Take hand-spinning. In the Punjab, when I was young, hand-spinning was most popular; every evening, in one house or other, womenfolk gathered and spun. The great Punjabi poet Wares-Shah Jang talks of these meetings, and describes how girls of all classes and communities met to have spinning matches. There they spun yarn of which they were proud, and which was woven into garments which their husbands and sons wore. Even today, in the Punjab, I know that when the cotton picking season is on, thousands of women are busy for three months picking cotton. These thousands of women could be employed in spinning also if facilities for it were available. Each loom, I am told, can consume a quarter-bale of yarn per month, working ten hours. There are about two lakhs looms working in the Punjab. That means, they can consume 52,000 bales of cotton a month. The need is for organising hand-spinning and pit-loom weaving. I feel that we can promote this on a co-operative basis by setting up spinning sheds where women could go and spin and earn a cash wage. The Honourable Mr. Patel the other day gave you the information that 11/16 staple cotton cost about Rs. 400 per bale, clean cotton cost about 10 annas a pound, and cloth made from it cost about Rs. 1-3-0 a pound. There is a margin of 9 annas a lb. between the cotton and the cotton cloths. Therefore, there ought to be sufficient margin available for the hand-spinners to attract them to this most profitable and useful business.

In the matter of agriculture, education and health, the Central Government has not a free hand. It depends largely on the co-operation of the Provinces. All that we can do from the Centre is to stimulate interest, to set up a target, to show the way how that target can be attained, and ultimately provide funds for carrying out the scheme. I do not agree with the Honourable Mr. Gibbons that for the duration of the war we should concentrate in spending all we can in winning the war. It is now time to develop all our industries, so that when war ends and the depression comes we are able to provide employment for the labour that is going to be demobilised.

But, Sir, the future of India depends on the communities coming together. Our problem of the future is more economic than political. We have got to build up a better standard of living. We have got to provide full-time employment for all our population. We have got to carry out our programme of national education and national health. It is essential that there should be constitutional stability so that the programme can be carried out without any delay, so that at the end of the war there may be no depression but an era of prosperity. If I may hazard a personal opinion, the time has come when all parties should join and work the 1935 Act for

the transitional period till all communities can come together and produce an agreed constitution.

There is one more matter I should like to dwell on for a moment. You know, Sir, that when our men go to other countries the one great objection that is raised to their entry is that they lower the standard of the wages of those countries—which means that our wage standard is so low that other people are afraid that if we infiltrate we shall only be the cause of making their own standard lower. It is, therefore, necessary to raise the wage structure and to maintain and improve the present position of the agricultural producer. The price of agricultural produce has played a part in improving the position of the agricultural producer and I cannot conceal my conviction that India's development both in the field of agriculture and industry depends on making the agricultural labour more productive and in fixing in money value the prices of agricultural labour at a standard in parity with other countries. Even from the political point of view it would be an advantage. Other countries are refusing us admission, because our labour is so cheap.

On the economic side, if we all join together in business—Hindus, Muslims, Sikhs and British business men—we can establish links which would strengthen the spirit of partnership and unity. I feel the European Group in the Legislature has a part to play, not to occupy a position of interested isolation, watching their own interests, but serving as centres for bringing the various parties and communities together in the true interests of India and the Empire.

We agriculturists are used to prepare the seed bed for sowing the seed and waiting till the crops gets ready to be harvested. In the political field too, it is not by merely asking or desiring that the results can be achieved, but by working for them. We must work for transforming our communal loyalties into national loyalties and make the best use of opportunities given to us to reach step by step the pinnacles of power. It is in this hope that I and my colleagues consented to take up our present positions to serve our country to the best of our power and to make the way smooth for those who follow us.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR** (Madras : Non-Muham-madan) : Mr. President, I do not propose to make any long speech in the course of the debate on the Finance Bill. I should like to confine myself only to two or three points which seem to me to deserve consideration in judging the merits of the Finance Bill which is now before the House. I do not wish to enter into a discussion of questions of a general nature as to the right or the competence of those who are in seats of authority today to be there. That is at present a thankless task for us to engage in. What I would confine myself to are only two or three points which arise on the Bill as it is and the financial circumstances which have given rise to the placing of this Bill before the House for consideration.

Sir, when I was speaking during the general discussion on the Budget, I raised one or two points on which I feel that I have not yet had a satisfactory answer. The first thing I tried to make out was that the deficit on the revenue side had been exaggerated and in trying to prove that statement of mine I referred to two very important matters. One was that relating to the collections of income-tax on the "pay-as-you-earn" principle. The second was the crediting to general revenues of recoveries from Commercial Departments in respect of goods which are obtained on the lend-lease basis. With regard to the first of these two points, my honourable friend Sir Cyril Jones gave certain answers in the course of his reply. I think he attempted to establish the position that the collections on the "pay-as-you-earn" principle were in the nature of advance recoveries of tax which would become really due on assessments made in the following year and that they are therefore being rightly placed under the head "Deposits" on the Ways and Means side of the Budget. I have to join issue with him on this matter. With regard to this point I wish to point out two circumstances. One is that I believe collections made on the same basis in England are treated as tax recoveries in the year in which the collections are made. The second is that we have in our own income-tax system an analogous collection which is treated as recovery of the tax in the year in which the collection is made. What I refer to is the tax that is deducted at the source on salaries and

[Sir Gopalaswami Ayyangar.]

ertain other items. Though, of course, these collections are adjusted when final assessments are made in the following year, they are treated as collections in the year in which the recoveries are made, and it is difficult for me to see any distinction between these collections and the collections on the "pay-as-you-earn" principle. If we look at section 18A of the Income-tax Act, under which this new system was introduced, we shall find, Sir, in sub-section (1) (a) it is stated that :

"the Income-tax Officer may require an assessee to pay quarterly to the credit of the Central Government an amount equal to one-fourth of the income-tax and super-tax payable on so much of such income, etc."

I refer to that as indicating that the Legislature meant it as a tax. Then, Sir, in sub-section (10) (b), reference is made to this recovery as the recovery of a tax. It says :—

"If any assessee has sent under sub-section (2) or sub-section (3) an estimate or a revised estimate of the tax payable by him, but does not pay any instalment in accordance therewith on the date or dates specified in sub-section (1), he shall be deemed to be an assessee in default in respect of such instalment or instalments."

Then, Sir, in sub-section (11), we have practically the same language used in section 18A as is used in respect of deductions at source in section 18. It says :—

"Any sum other than a penalty or interest paid by or recovered from an assessee in pursuance of the provisions of this section shall be treated as a payment of tax in respect of the income of the period which would be the previous year for an assessment for the financial year next following, etc."

That is exactly the same language as is used in section 18. My point is that if the Legislature has treated it as a tax, we cannot by a mere account device treat it as a deposit. What is after all a deposit? A deposit is something which is refundable. I do not think it is ever contemplated that the tax that has been recovered in the current year on this principle is going to be refunded. The amount of it may be adjusted when final assessments come to be made. I think, Sir, it was wrong to have placed these collections under deposits. They ought to have been taken to revenue.

**THE HONOURABLE SIR CYRIL JONES :** May I ask if the Honourable Member draws a distinction between a refund and an adjustment against a liability?

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** Yes, I do. When you put a deposit in a particular place and you expect that it should be paid back, it is something different from your paying something and saying that when final accounts are made up any small difference might be adjusted either way. There is certainly a very essential difference between the two.

As regards the lend-lease matter, the Honourable Sir Cyril Jones referred me to an item of receipts under the Defence estimates. But we have no details of what that item includes. It is possible that some of the recoveries made from Railways on account of locomotives and wagons have been taken as credit in the Defence estimates. But I am not sure, Sir, whether the whole of that has been taken credit for. Apart from that, I believe there are recoveries from other commercial departments. I am only anxious to have information as to how much of such recoveries have been made from commercial departments and where all in the general revenue accounts those amounts have been credited. I only wish to be sure that no portion has been taken over to the non-revenue side of the Budget.

**THE HONOURABLE SIR CYRIL JONES :** I think that might well be left to the Auditor General.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** It may be left, but I think as a member of this House I am entitled to ask for information from the Honourable the Finance Secretary.

**THE HONOURABLE SIR CYRIL JONES :** The whole of the receipts are taken to the receipts on the Defence side and the Auditor General sees that is done.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** That may be. At least we must have the assurance that all those receipts from commercial departments have been credited on the revenue side. That is my point.

**THE HONOURABLE SIR CYRIL JONES :** They have been.

THE HONOURABLE SIB GOPALASWAMI AYYANGAR: Then, Sir, this Finance Bill proposes to continue certain items of taxation which have been there for some time and also proposes to make a few modifications and additions. I am not anxious to dispute the merits of some of these items. For instance, I do not propose to say anything on the increase that is proposed in the excise and customs duties on tobacco. But there are other things which on the merits I think, are not above criticism and if only on this occasion we had had an opportunity of modifying them it is possible that we might be able to persuade Government to drop some of them. I would first refer to the three pies additional surcharge on income-tax on incomes of slabs above Rs. 15,000. The total that is expected to be realised by this surcharge is 4 crores. And against that we are losing about 2½ crores. On the proposal which is made I believe in the Income-tax Bill, where a distinction is proposed to be made between earned and unearned income. The net increase in income-tax is going to be about 1.25 crores. Under Posts and Telegraphs, sundry items, increase of rates on parcels and telephones and telegraphs, we expect another 1.35. Apart from these, there are those somewhat extraordinary excises which were introduced last year. They are not in this Finance Bill, but I think it is necessary for me to refer to them. I refer to the tax on betel nut. I believe the original estimate of receipts under this item was about 2.10 crores. The revised estimate is about 1 crore and I do not know if the whole of this crore is going to be realised. The excise on coffee is expected to bring in only about 25 lakhs against an estimate of 30 lakhs and the excise on tea, I think, brings in about 2 crores. These small bits of taxation are justified on several grounds. With regard to the income-tax surcharge it is said that it is proposed as a compensation for loss on the introduction of the earned and unearned income principle of taxation. Is it necessary that this increase should be put on and this small loss should be compensated? If for instance the credit of the extra income-tax collected on the "pay-as-you-earn" system is properly credited to revenue in the current year, it will reduce your deficit by about 50 crores at least after making allowance for payments to provinces. The other reason that is advocated as a justification is that these little items are broadening the basis of taxation in this country. I am afraid, Sir, that the contention that the receipt of something like 30 lakhs from coffee, 2 crores from tea and perhaps half or three-quarter crore from betel nut, will broaden the basis of our taxation will hardly deceive a baby.

My position with regard to the Finance Bill is fairly clear and I tried to put it to the House last year. This Bill has come to us certified. What we are told is "Here is this Bill which I have recommended. If you pass it as it stands, I shall be gracious enough to assent to it and it will become an Act. If you don't pass it, I will put my signature to it and it becomes an Act". That is what is placed before us today. I am not interested in denying supplies to the Government as a whole. I recognise the fact that there must be a Government and that Government should carry on and they must be given supplies so long as that Government has got to function.

But certainly, Sir, when a Finance Bill is brought before us and we are as a Legislative Chamber asked to debate it and consider it, we should be given an opportunity of improving it and removing defects which may exist in it and so on, but what we are told is "Well, you pass it, or, if you don't pass it, it will all the same become law". Now, I would suggest to the Government two alternative courses of action if we are to be given the consideration which as a House of the Central Legislature we are entitled to. The first is that, when the Motion for Consideration of the Finance Bill was rejected in the other House and the Governor General decided that it should be put before the Legislature in a recommended form, it is open to the Government, I think, to ask for leave to introduce the recommended Bill in this House. It could according to the Rules be introduced in either House. Why was it not put before us and why were we not given the opportunity to discuss it on the merits without this bogey of certification hanging over our heads. That is one alternative which the Government could have adopted. The second is that a number of demands were rejected by the other House and it was certainly open to the Governor General to declare that the grants that had been applied for and had been rejected are necessary for the discharge of his responsibilities and then the Governor General in Council could act as if the demands had been assented to. Well,

[Sir Gopaldaswami Ayyangar.]

I do not know if the declaration has yet been made but I presume that the Finance Bill is supposed to provide the funds necessary for the supplies that the Government requires ; that it has been put before us on the footing that all the schemes on the expenditure side of the Budget are to be gone through in all their detail as originally proposed. Now, Sir, that having been done, it is open to the Government, instead of putting this House in this very awkward position, to enact whatever additional taxation they wanted by means of an Ordinance and to be done with it once and for all. Why let us debate this Bill in this House ? We are unable to do anything with the financial aspects of this Bill. People have to indulge in speeches roving over the whole field of administration. If you want us to consider the Finance Bill on its financial merits then you ought to give us the opportunity of proposing amendments to the Bill. That opportunity has been denied to us, Sir.

**THE HONOURABLE THE PRESIDENT :** Am I to understand that you suggest that first leave should be obtained in this House to put in the Finance Bill in a recommended form and when that leave is given and the Bill is passed it should then go back to the other House ? Is that your contention ?

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** I do not follow you Sir.

**THE HONOURABLE THE PRESIDENT :** I understood you to say that leave should first be asked for introducing the Finance Bill in a recommended form in this House. Do you further contend that whether that leave is refused or whether this leave is granted members here will modify the Finance Bill and then it should go in a recommended form to the other House ?

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** Well, Sir, it depend upon what this House does with a Bill when leave for introducing it has been given I think, Sir, it is within the experience of Government that it is not likely that this House is going to refuse leave to introduce this Bill. If that happens, they should adopt with reference to the other House the same procedure that has been adopted towards this House on account of leave being refused in the other House. That procedure is open to them.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I have the point clarified whether a recommended Bill can be amended.

**THE HONOURABLE THE PRESIDENT :** It cannot be amended.

**THE HONOURABLE MR. HOSSAIN IMAM :** The position is the same in regard both to the certified and recommended forms. We are precluded from moving amendments.

**THE HONOURABLE THE PRESIDENT :** The same is the case in both the recommended as well as the certified form. They are immune from any amendment whatever under the proviso to section 67B.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** The point is this, Sir, that if we may not be able to make the Government accept any amendments that may be proposed—for instance, even that proviso, I think, contemplates that if we do make some changes and we further refuse to modify those changes in order to bring the Bill into conformity with the recommended form—then they are at liberty to take certain other action. That, I recollect, Sir, is the substance of the proviso you refer to.

Now, what I say is this. The Government goes to the other House even after the original Motion for Consideration has been rejected by it and even when it knows that leave to introduce the recommended Bill is going to be rejected by the other House. Then, with that rejection, they come to this House and tell us, "Well, you pass it as it is ; or, if you don't pass it, I shall put my signature to it". Instead of that is it not more in keeping with the prestige of the Government to bring that recommended Bill into this House and give us the opportunity to debate it—they know they can get it through this House—and when the Bill is passed by this House take it to the other House ?

**THE HONOURABLE THE PRESIDENT :** You will have to alter the Government of India Act.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** I do not know, Sir. That is my reading of section 67B and the Rules of Business.

**THE HONOURABLE MR. P. N. SAPRU :** I think, leave having been refused by the other House, it was open to the Government to introduce the Finance Bill in this House.

**THE HONOURABLE MR. HOSSAIN IMAM :** No, Sir. The Finance Bill cannot be introduced in the upper Chamber.

**THE HONOURABLE THE PRESIDENT :** This is an academic question and we need not decide this question in view of the proviso to section 67B.

**THE HONOURABLE SIR GOPALASWAMI AYYANGAR :** I am quite aware of the convention to which the Honourable Mr. Hossain Imam has referred, namely, that it is not usual to introduce the Finance Bill in the upper House. I quite realise that but we have got to consider that we are called upon to deal with an extraordinary situation and I say that in an extraordinary situation it is open to us to take our stand on the legal provisions of the Act and the rules framed under it and those legal provisions, I say, Sir, do give the Government the liberty, the discretion, to introduce a Bill, which has been rejected in the other House, in a recommended form—to ask for leave to introduce it—in this House. Then after we have passed it, and it is bound to be passed in this House, you can take it to the other House and ask them to consider it. If they reject it, let them have the ignominy of the signature being put to the Bill in spite of their rejecting it. Why should we always carry the baby? That is the position, Sir, I would put to the Government in this connection.

Sir, as a matter of fact this debate seems to me so unreal that I do not think I would occupy any more time of this House.

**THE HONOURABLE MR. G. S. MOTILAL (Bombay : Non-Muhammadden) :** Sir, I rise to oppose the Finance Bill. This again is a certified measure and this side of the House will oppose it tooth and nail, with all the vigour and with all the force that it can command. The reasons for the rejection of the Finance Bill in the other House are obvious, and those reasons are of as much application in this House as in the other. The irony of the situation is that this House, composed as it is, will attach its seal of approval to the Bill. But it can never be construed as the approval of the people of India.

Sir, only last week the External Affairs Secretary, speaking in this House, referred us to the Dominion practice. Today, I should like to ask the Government benches to act upon it here. Is there any Dominion where a Bill rejected by the Lower House would be taken to the Upper House in which sit not the representatives of the people, but officials whose duty it is not to shape policies but to carry out the policies of Government? And, in addition, we have another bloc. If the members of this bloc also were allowed freedom, if they were released from the conventional shackles which are imposed upon them, I feel that many of them would vote against the Bill. And what place have officials in voting upon money bills? This is a practice which should have been done away with long ago, and should be done away with even now by convention. For, unless the people's representatives alone decide the fate of the Bill, it will not be a Bill of the people. You are going to take money from the people. The people refuse to give you this money, because they want a change in the Government. They want a change in the system of government. Any money now taken will be money taken without constitutional propriety being observed. You may plead that it is according to the constitution—that, as the constitution stands, it provides for this particular procedure. But everybody will realise in his heart of hearts that this constitution is wrong, that it requires to be given the go-by, and the people will consider only those votes which will be cast from the elected side of the House in favour of the Bill.

**THE HONOURABLE THE PRESIDENT :** But if supplies are not given, how is the Government to be carried on?

**THE HONOURABLE MR. G. S. MOTILAL :** That is the very reason why supplies are refused.

**THE HONOURABLE THE PRESIDENT :** Then the Honourable Member contends that there should be a deadlock—no Government altogether? That the Government should cease to function?

**THE HONOURABLE MR. G. S. MOTILAL :** Yes, Sir. We definitely want that this Government should cease to function. If we are given the choice between a deadlock and an irresponsible, unpopular Government, we would prefer a deadlock. We want a responsible, popular Government.

**THE HONOURABLE THE PRESIDENT :** But what happens during the interval, till the popular Government is formed?

**THE HONOURABLE MR. G. S. MOTILAL :** As soon as the principle is accepted, those who are on the Executive Council will do as was done in England in the past. It would become them to say: "We are unable to function. We do not want to function. Therefore, a popular Government may be installed immediately". And if that popular Government cannot function, then only the question of a deadlock would arise. I say it again, Sir, that if the choice is between the present Government, backed by official votes, and a deadlock, I would prefer a deadlock.

Sir, I would divide my speech into two parts. I will first offer some remarks with regard to the financial transactions of the Government of India, and in the second part I will touch upon subjects of general interest which are relevant to the administration of the Government of India. The Honourable the Finance Member in his speech said he had the satisfaction of having done his duty to this country, and he also claimed—and I think he was advised by the leader of one of the parties in the other House—that he should look to his conscience and derive satisfaction from that. This claim is not a new claim. I have been reading the speeches of the previous Finance Members as well, and I know of no Finance Member having omitted to claim the credit and the kudos for having served India very well. And if that credit were due in spite of the displeasure that my Honourable friend Mr. Sapru might have expressed, I would not have been deterred from expressing my appreciation. But, this claim has been made, and his conscience may have been satisfied; but I would respectfully suggest that one who serves a country should think of having the certificate not only of himself but of the people of the country whom he serves. That should be the ambition, and if that ambition is not fulfilled, then he must consider himself a failure in that respect.

**THE HONOURABLE SIR CYRIL JONES :** He has had it.

**THE HONOURABLE MR. G. S. MOTILAL :** He may have had it. Satisfy yourself.

Sir, every Finance Member has more or less claimed that he has done yeoman service to India. I will take the leading features of the budget of the Finance Member. His term of office has coincided with the currency of the war; soon after he took office, the war burst out. We are now nearing the end of the war and the term of his office is also about to expire. I think he will be happier and I will also be happier if the war ends before he relinquishes his office. Let us consider the 12 months outstanding features of his financial transactions. War must be financed. There is no dispute about that proposition. How has it been financed? Has it been financed in the best interests of the country? Whether the country's interests have been taken into consideration as a Finance Member acting in his own country will do is the test to apply. Taxation has gone up. It has gone up in other countries also which are at war. The Finance Member's contention is that India was not something apart from the globe. That also is correct. I also concede that India had to pay for and to prepare for the defence of the country. Whether all this expenditure has been made in the manner as it should have been made is the point I should like to examine. The result of his financial policy is that Rs. 1,400 crores have today gone into the sterling balances. What do these Rs. 1,400 crores represent? They represent the aid in goods which this country has rendered to the United Kingdom. It has been admitted that by reason of these investments, there has been an inflation. What was the way of meeting the inflation? The Finance Member suggested that there are two ways. One is to tax the people and bring the money into Government coffers and the other is to borrow so that the money goes back again into the hands of the



Government. But I think, Sir, there is a third method, and that is the proper method. The normal position is, if a country wants to borrow money, it goes to the lender country and says, "I shall borrow money in your currency". But here the position is reversed. It is the borrower's currency in which you accept these payments. You give your goods in your currency and now you depend upon the currency of the borrower country. Supposing they take it into their head to depreciate that currency. Then, will not India suffer to the extent that that currency has depreciated? The ordinary process is that the borrower should come to India and apply for loans in the Indian currency. That is what this very Government of India, which is only a part of the British Government did. Whenever it wanted to raise loans in the United Kingdom, it raised loans in the sterling currency and not in the rupee currency. It had rupee loans and sterling loans. England, as a catholic creditor had control over its finances, and its assets. The Indian loans were not unproductive. They were productive. Yet, claim was made not only over the assets but also over the Government of this country. Sir, this is the third way which the Government ought to have followed. What is happening now? How India is losing by this is another point which must be considered by every Member of this House. When we asked what interest these Rs. 1,400 crores bore, we got no answer. Looking up the proceedings of the House I find that the Honourable Mr. Kunzru, last year, suggested that India was getting about  $1\frac{1}{2}$  per cent. or 1 per cent.

**THE HONOURABLE MR. HOSSAIN IMAM :** Less than 1 per cent.

**THE HONOURABLE MR. G. S. MOTILAL :** My Honourable friend Mr. Hossain Imam is not yet speaking for the Government and I want Government to say that. However, I am grateful to him for giving me this small piece of information which Government has been holding back all these years. More than 2 or 3 years ago I sought this information through a question in this House and I got no answer. I do not exactly remember the answer, but I was told, "What is all this *hullobulo* about? India loses interest. That is all very well. But why should there be any *hullobulo* about it?" In ordinary days, when India wanted loans, India did not get them at less than  $3\frac{1}{2}$  or 4 per cent. Those were the days when money was cheap. People wanted to invest in India. Today, in time of war, some reasonable interest India should have got. How much is India losing now? If you take only 4 per cent. which any country should be prepared to consider as reasonable, is not India losing something like Rs. 40 crores a year? That is not accounted for in any way. I want Government to state clearly what the position is. On this particular point the Finance Member will have to satisfy the people before he wants a certificate from them. The people want to know why India is losing interest on such a large sum. The war is a very convenient excuse for them to cover all sins. For any information that you want from Government they bring in the security reasons and seems to say, "Nothing can be said; your enemies will come to know; are you not our enemies also?" They do not say we are their enemies and we do not claim to be their enemies, because, after all, who is interested more than the people of this country in the defence of this country? The birds of passage are less interested in the defence of this country than the people who live and have to live in this country. But if any Member of the Legislature asks for information even on a small matter, he is pompously told that this will harm India's interests and hardly any information is afforded to this Legislature. Referring to the Dollar Pool, we asked how much amount has been taken away from India. The Indian investors in the United States have had their investment. That was commandeered and when questions were asked how much that amount came to, they said, "Do not ask that; it is all secrecy; the enemy will come to know of it". I fail to understand what could the enemy with it? Is that information a gun to the enemy? Does not the enemy know that the United States is giving all that it can, and yet that information is denied to this House. But although it is denied to this House, I find that it is stated by no less a person than Mr. Stettinus, who was the lend-lease chief of the United States. A book has been published by him. He has given a great deal of information in this book. It is no more secret information. I do not know whether it is available to the enemy or not, but it has been made available to the citizens of the United States and to the world. He has given graphical figures. He says from March, 1941 to June,

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1943 aircraft of the value of 18 million dollars have been given to the United Nations. Then foodstuffs to the value of 16 million dollars have been given in aid. Then tanks to the value of 12 million dollars have been given. Watercraft to the extent of 10 million dollars have been given to the fighting nations and metals, motor vehicles, ordnance, petroleum products machinery and so on. But this Government says that all this information must remain in a sealed book, and it could give no information to the House. The only inference is that this Government does not treat this House properly and does not want to give it the information which it could give without doing any disservice to the cause of the United Nations. If they deny it, it is because they have the power of doing so, which in any other country would be a serious affair. And yet the Finance Department wants to come before this House and claim kudos and also a certificate from the people of this country which their representatives refuse to give. Government must realise that they have given sufficient reason for so refusing.

Another very interesting chart I find in this book, wherein is said that aid of 800 million dollars has been given to the United Kingdom increasing from month to month and year to year. It is a very interesting chart and after I finish my speech I should like to pass it on to you or to any other member of the House who wants to have a look through it. Six hundred million dollars aid was given to the United Kingdom, earlier and the Soviet Union, Africa, the Middle East, India, China, Australia, and New Zealand also find a place. What the United States does is to give aid to these nations. But at the same time it is not ignoring and neglecting its own interests. On another page there is a very interesting graph which shows that 88 per cent. of the war production they are using on their own defence and 12 per cent. of their production is given on lend-lease aid. Then, Sir, this is very interesting:—

"The United States has put into Lend-Lease about twelve cents out of every dollar that we have spent to fight this war. By the middle of 1943—two years and four months after Lend-Lease began the total cost of our Lend-Lease aid amounted to \$12,900,000,000 \* \* \* What does \$12,900,000,000 of Lend-Lease by June 30th, 1943 actually mean in terms of fighting strength"?

Then the fighting strength is described as follows:—

"First of all, it means about thirteen thousand airplanes—a few hundred of our big four motor bombers, four thousand medium bombers, five thousand fighters, many trainers and some military transport planes. And it means also the spare parts necessary to keep these planes in the air, and many motors for airframes built in the factories of our allies. All this accounts for close to two billion dollars".

It is very interesting, but I shall not read more.

I will now refer to the question of India. A number of questions have been asked in both Houses but there has been one stereotyped reply over which we have to smile just as it is given with a smile. But we have to turn to the United States to get the information. This is what the book says about Lease-leased aid given to India.

"The manpower, many of the raw materials, and the factories were already in India. By shipping from this country special types of machine tools and a few supplementary raw materials, production could be increased greatly. Of the half a billion dollars worth of Lend-Lease goods shipped to India up to June 30th, 1943, one-fifth has been machinery, tools and metals for India's war production".

Half a billion dollars in Indian money works out to about 200 crores at Rs. 4 a dollar or at Rs. 3 a dollar it comes to 150 crores. We want to know where all this is spent. Is there any trace of it in your speeches, in your budget figures? If not, why not. Then, Sir, what has been given in return is also stated in this book.

"While this programme has not been as extensive as in the United Kingdom, Australia and New Zealand, India spent over \$50,000,000 up to June 30th, 1943, for our forces".

On another page I find another 56 million dollars were spent and given in reverse lend-lease to the United States. But all this is a sealed-book, a shrouded mystery. And yet this Government will come and tell us "We are entitled to the credit of having managed your finances as best as any man would have done". I think, Sir, Englishmen have an unlimited capacity for self-deception. Whatever job they do, they do for somebody else. They say "Whether you give me credit or not, I am satisfied and I take the credit to myself and that is enough for me".

Well, Sir, I think that every member should get the information which he wants—I mean the members of this Legislature or such of them who are not likely to give it to the enemy, I do not think anybody is likely to give it to the enemy. Government may select two, three or four persons from the Legislature and then place the information before them. That is not what this Government wants to do. Even about the so-called "Financial Settlement", we are told that there is a Financial Settlement. Where is that Financial Settlement? Those Lend-Lease Agreements between the United Kingdom the U. S. A. and the U. S. S. R.—taking all those who begin with "U"; United Kingdom, United States of America and the U. S. S. R.; all these three "U"s and S's—are also published in this book. But the Legislature which is interested and the people from whom money is asked because they will pay—not the officials sitting behind you—they, who are asked to pay and the representatives of the people are told these cannot be placed before them. Only the other day I asked in a question whether a copy of it will be placed in the Library but was told "No". I ask now 'Will it at all be placed before any selected number of members of the Legislature? You have these publications. What are Government afraid of? Why do they want to keep back this information from the people. We are committed to war; we know that war is there. We also know that it is not only for our interest but also for the interest of the democracies that we have to fight. But let us bear our share and the share that should be borne by the United Kingdom or other nations must be borne by them. Will you tell us at all, which you have not done so far, how much expenditure has been incurred by His Majesty's Government in India? My Honourable friend, Mr. Hossain Imam, says it has been stated in the other House. I think it was only stated by the Honourable the Finance Member in his last speech and I was expecting to read those figures in the papers. I thought that the Government instructions prevented the papers from reporting that or that the matter was not considered of any importance.

THE HONOURABLE SIR RAMUNNI MENON: They were reported.

THE HONOURABLE SIR DAVID DEVADOSS: In the *Statesman*.

THE HONOURABLE MR. G. S. MOTILAL: Well, if this information has been placed before the public the Government have done the right thing now. They should have given it earlier.

Sir, there are other matters to which I would like to refer very briefly. When this question of the Defence charges was discussed I pointed out the glaring instance of the mischief and abuse of the Defence of India Rules being applied by the Province of Sind in prohibiting the publication of Chapter 14 of the *Satyarth Prakash*. The reply of the Leader of the House was most disappointing and the observation of my Honourable friend, Mr. Hossain Imam, was more encouraging.

THE HONOURABLE SIR MAHOMED USMAN: It may be encouraging because Mr. Hossain Imam's body is in the Muslim League and his mind is with the Congress.

THE HONOURABLE MR. G. S. MOTILAL: Well, Sir, your mind also was with the Congress. How far it has gone away from the Congress I do not know.

THE HONOURABLE MR. HOSSAIN IMAM: Once upon a time!

THE HONOURABLE SIR MAHOMED USMAN: I was never a Congressman.

THE HONOURABLE THE PRESIDENT: Never mind please.

THE HONOURABLE MR. G. S. MOTILAL: Then, Sir, I expected a more responsible reply from the Government.

THE HONOURABLE SIR MAHOMED USMAN: When the Muslim religion is being abused, do you think that the Government will tolerate it?

THE HONOURABLE MR. G. S. MOTILAL: That is exactly the point I want to discuss.

May I draw your attention to what the late Sir Saiyad Ahmad said because Mr. Hossain Imam said the other day that he did not object to criticism. What he wanted was "rectitude", this was the word which he used. I endorse both these propositions. What he meant by rectitude I think was that the author should have been a man of very great honour. On that point I shall read some of the opinions

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expressed by very eminent man. This is what Sir Saiyad Ahmad said about him :—

“Swami Dayanand Saraswati's adherents look upon him as a devata (god) and verily he deserves to be so looked upon. He taught the worship of one Resplendent Formless God and of none else besides. We were intimate with the late Swami and always revered him extremely. He was such a learned and good man that he merited veneration at the hands of followers of all religions. He was a man whose equal is not to be found at this time in the whole of India. It is the duty of every man to lament over his death because he was a peerless man”.

Well, Sir, another eminent Muslim

THE HONOURABLE THE PRESIDENT: If you read all that stuff you will have no time for your speech on other matters.

THE HONOURABLE MR. G. S. MOTILAL: I shall only read a few of them.

THE HONOURABLE MR. HOSSAIN IMAM: They will take me some time too, Sir, to reply.

THE HONOURABLE MR. G. S. MOTILAL: Mr. Rahimzada Safavi, the Minister of Justice to the Government of Persia wrote thus about him :—

“Swami Dayanand Saraswati's valuable services in the cause of Hindu religion and uplift of his nation in the moral and social domains, are too great to be fully described in such a short article. His commentary on the Vedas is a unique work by which he has illustrated once more the value of the great scriptures of ancient India”.

THE HONOURABLE MR. P. N. SAPRU: On a point of order, Sir. Swami Dayanand's high character is not in dispute. The question is whether the Defence of India Rule was rightly used in connection with the *Satyarth Prakash* and this question could be separated from that of the high character of Swami Dayanand.

THE HONOURABLE MR. G. S. MOTILAL: Mr. Hossain Imam talked about rectitude. You were not here at the time.

THE HONOURABLE THE PRESIDENT: It was not about rectitude at all.

THE HONOURABLE MR. G. S. MOTILAL: The point was referred to and therefore I am also referring to it.

THE HONOURABLE MR. HOSSAIN IMAM: What I said was that the 14th chapter of the *Satyarth Prakash* was foul. It was anything but fair.

THE HONOURABLE MR. G. S. MOTILAL: I think Mr. Hossain Imam should admit—

THE HONOURABLE MR. HOSSAIN IMAM: If the Honourable Member wishes to make this House an arena for fights I am not going to show my back.

THE HONOURABLE MR. G. S. MOTILAL: Sir, this is what the late Maulana Muhammad Ali—

THE HONOURABLE SIR MAHOMED USMAN: It is questions of this nature that disturb the unity of India.

THE HONOURABLE THE PRESIDENT: Quite so.

THE HONOURABLE MR. G. S. MOTILAL: Well, Sir, these are questions of opinion. This is what the late Maulana Muhammad Ali said :—

“The *Satyarth Prakash* is the master-piece of Swami Dayananda who is regarded as a great guru (preceptor) of the Aryas. No man is held by Aryas in such great esteem as Swami Dayananda. They have the highest regard for him in the whole world. Similarly, they have the greatest respect for his master-piece—the *Satyarth Prakash*—and regard it as a holy scripture. No Government can proscribe it and face the disastrous consequences that would follow such an unwise step. Why should the Government turn such a powerful organisation as that of Aryas into their enemies without any just cause?

In this way by giving expression to an unreasonable and unnecessary desire the Hindu Press has been practically invited to carry on similar agitation for the proscription of the holy *Quran*.”

Then, Sir, there are others. Maulana Morad Ali Ajmeri gave expression to his ideas about Swami Dayanand and the *Satyarth Prakash* in the following glowing terms :—

“Great personalities like Swami Dayananda are not born in the world again and again. Their memory will ever remain green in the hearts and books not only of the Aryas but of English men, Jews and Mahomedans alike till the day of judgment. Besides the Aryas, all national will continue to be irrigated by this fountain of benevolence (*Satyarth Prakash*) till eternity”.

I do not say that this is the view which is shared by every Muhammadan. But the Government has got to see whether their Act is being applied properly.

**THE HONOURABLE THE PRESIDENT:** Why do you defend the Mahomedans? They are quite capable of looking after themselves.

**THE HONOURABLE MR. G. S. MOTILAL:** Very well. Now, I shall read from the Instrument of Instructions to Governors to show what is the duty imposed on the Governor. This is what the Instrument of Instructions provides:—

“And generally our Governor shall do all that in him lies to maintain standards of good administration; to promote all measures making for moral, social and economic welfare and tending to fit all classes of the population to take their due share in the public life and government of the Province; and to secure amongst all classes and creeds co-operation, goodwill and mutual respect for religious beliefs and sentiments”.

By all means criticise that chapter. Rebut it. Controvert it. But in the name of war to come forward and deny liberty to any people is not right. Political liberty is based on religious liberty; it springs from religious liberty. I do not object to your criticising any book, any literature. Of course it should be, as I said, in decent language. But my Honourable friend Mr. Hossain Imam says “Foul”. I say it is nothing of that kind; it is only sarcastic. That language he (Swami Dayanand) applied to all; not only for the Muslims but to Hindus also. Much stronger language has been used in criticising the wrong beliefs and superstitions and ignorant ideas of the Hindus. It has been applied to Puranic ideas. He was not a person who was interested in denouncing any particular religion. You may controvert this book. You can reply to it. If a reader wants to understand it, you should satisfy him. If he does not want to read a book, nobody goes and puts it into his hand. Even if it is put into his hand, he may not read it. Let us have this in mind. Let us not be carried away by impossible talk. The Government of India ought to be much more serious in this matter.

I have a few more points, and if you will allow me—

**THE HONOURABLE THE PRESIDENT:** The Honourable Member has already spoken for 45 minutes.

**THE HONOURABLE MR. G. S. MOTILAL:** Then I will close my speech.

Sir, I oppose the Finance Bill.

**THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Mitham nadin):** Mr. President, what I had intended to do has been rudely upset. I had no intention, Sir, of exposing to the world the great differences which prevail between our two nations. But if my friends sitting on my right are desirous of making an exhibition of it, I for one am not going to retire from the field.

My Honourable friend brought forward a question which was not at all germane to the discussion before the House. He has done an injustice to the Muslim, to the Government, to the Hindus, to the Sikhs, and to himself. It is a well-known fact that the first edition of the *Satyarth Prakash* did not contain more than ten chapters and all the later chapters which have been included have been included only after the 1875 edition. It is a well known fact that the language of the first ten chapters and of the later chapters differs greatly. It is a well known fact that even in subsequent editions published in the Punjab these chapters have been excluded.

Sir, when we are discussing something, it is necessary that we should understand what we are discussing. Possession of that book, even with those dirty chapters, is not prohibited in Sind. The bringing into Sind of books containing those chapters is not prohibited. The only thing which has been prohibited is publication—meaning thereby the printing of certain chapters—in one corner of India. Does that mean interference with their religious liberty? (*The Honourable Mr. G. S. Motilal:* Yes.) If that is interference with religious liberty, what do you say of the cases where we have been forbidden from offering our sacrifices? In the Monghyr district of Bihar—my Honourable friend Rai Bahadur Mahtha will bear me out—section 144, which had never been used for more than 60 days, was extended to six months, and afterwards to one year, in one locality, by the Congress Ministry. Was that not interference with religion?

**THE HONOURABLE MR. G. S. MOTILAL:** I do not know what the circumstances were.

**THE HONOURABLE MR. HOSSAIN IMAM :** Mr. President, it is very easy to wax eloquent on the privileges of democracy. But democracy also implies that there must be something of decency in what we do. The rights and privileges of all must be sacred. The majority and the minority—both have a place in a democracy. *(Interruption)* Mr. President, as my Honourable friend Rai Bahadur Mahtha has pointed out, all these are petty matters, matters not germane to the discussion of the Finance Bill. *(Interruption.)*

**THE HONOURABLE THE PRESIDENT :** The Honourable Member should address the Chair.

**THE HONOURABLE MR. HOSSAIN IMAM :** I am replying to the questions which my Honourable friend put—

**THE HONOURABLE THE PRESIDENT :** Do not take notice of those questions.

**THE HONOURABLE MR. HOSSAIN IMAM :** *Sir, if the Honourable Members are anxious to perpetrate the slavery of India, they are welcome to bring forward such questions. But if they are in the least anxious to have the blessing of liberty, they should at least have sense enough to keep these petty matters in the place which they deserve.*

I should like to apologise to the Honourable the Finance Secretary for having opened my speech on the Finance Bill with this digression.

Sir, it has been my custom and habit to discuss financial matters more than to ventilate grievances. This year, however, I shall have to make a compromise. Neither shall I be able to do what I have been doing always, nor shall I be able to follow in the footsteps of my other colleagues of the two Houses and concentrate entirely on the political and economic situation; I shall say a few words on all these subjects. I had complained during the last budget as well as during this budget of the laxity of financial controls, and as an instance I wish to refer to one fact. I should have thought that in the Explanatory Memorandum,—(suggestions for improvement of which and modifications in which were invited by the Honourable the Finance Secretary when we were discussing the budget)—an expenditure of 2·87 crores in excess of the budget was an item which did call for some explanation. The Posts and Telegraphs Department of my Honourable friend the Leader of the House had exceeded its limit by Rs.2·87 crores without a word in justification or in explanation of this excess being given either by the Finance Member or by the Finance Secretary. Sir, this House has the disadvantage that it does not get the opportunities and occasions to discuss the expenditure and income of the Government which the other House gets. The other House has three opportunities—general discussion of the budget, then cut motions, then supplementary demands—when each new item of expenditure can be discussed. This House, Sir, is denied those rights. Looking at the composition which was so severely attacked by one of my Honourable friends it seems to be justified.

**THE HONOURABLE THE PRESIDENT :** You know that is the state of things all over the world in the Upper House.

**THE HONOURABLE MR. HOSSAIN IMAM :** Mr. President, there is the Upper House, for instance, in the U. S.A. where there is not a single nominated element. It is only in the British Empire that you find both extremes entirely elected membership and entirely nominated membership. The House of Lords heads the list of those who come without any sanction from the people, and as such England has always remained a citadel of conservatism and of opposition to advance.

I was also surprised that the Honourable the Finance Secretary has been rather stingy to his own Departments. The Income-tax Department was a Department which was collecting a certain amount of revenue from a certain number of persons. I am very much indebted to the Honourable the Finance Secretary for all the information which he has given us. In the year when we had the lowest income in recent times, *i.e.*, in 1937-38, we had an income from income-tax of Rs. 14,58 lakhs. We spent Rs. 75 lakhs to collect it, which gives a percentage of something like 5 per cent. The Finance Secretary has now budgeted for a collection of Rs. 167.21 lakhs and an expenditure of Rs. 1,21 lakhs, with the result that the incidence of collection charge is reduced from 5 per cent. to 7 per cent. Does that show that

there is vigilance and that everything is being done to collect all the money that it is possible to collect? They are trying to fight inflation by collecting moneys from even the small holders, the petty people. A high degree of persuasion, which is tantamount coercion is to be used for collecting money for National Savings Certificates. But a laxity and a *laissez faire* attitude is adopted where people with large incomes are concerned. I have known cases where even assessment of 1940-41 is still pending. A question was asked in this House and the Honourable the Finance Secretary replied—I have been unable to trace that question today—which did show that there were a large number of assessments in arrears. This shows that the Department is not expanding as it should. I would cite in comparison the case of Salt Revenue, just to show how the cost has risen on normal account due to payment of dearness allowance and other changes. The work of Salt Department has not increased. Yet, its expenditure has in the same comparable period, i.e., 1937-38 and 1945-46, has gone up from Rs. 106 lakhs to Rs. 131 lakhs. The income has increased only by 12 per cent. probably due to increased rate of taxation. The quantum of salt has not increased much. There is an increase of 24 per cent. in expenses due to normal operations of increased living costs or dearness allowance. Compare that with the amount you are spending on the income-tax collection.

Another instance, Sir, is regarding expenditure on Audit. The total disbursement of the Government of India in 1938-39, which was the last pre-war year, was something of the order of Rs. 80 crores. Then we were spending Rs. 99 lakhs in auditing that expenditure of Rs. 80 crores. Now we are expected to spend the magnificent sum of Rs. 1,32 lakhs to audit a turn over—you see the difference; it is not only the income but it includes the expenditure as well—of the order of about Rs. 12,00 to Rs. 13,00 crores or more. I think I am giving a conservative estimate. *So, Sir, the expenditure on audit has not kept pace, with the result that audit is not being done in the manner in which and the scale at which it ought to be carried on.* The other people who have come in for the stinginess of the Finance Department are the menial staff. Their concessions and allowances must be reduced because they would amount to such a large sum as a few lakhs !! But Departments like Broadcasting can spend anything they like because they have the excuse of the war to put forward and under that guise they can do anything they like.

I would again remind the Honourable Member of a very very small point but as I have been on it for 2 years, I would not like to leave it now. I refer to the Opium head. I am afraid, Sir, that there is some indirect help involved to England in that head. The prices which are being charged to England for our produce are not economic. I will leave it at that for him to examine whether my charge is correct or not. I find that every year a Department which was paying us a revenue of Rs. 60 to Rs. 70 lakhs is now run on a deficit. Continuously for three years there has been a deficit which is going to continue. The previous year, the current year and the Budget year are all deficit years.

I had asked a question on small savings. It is strange, Sir, that this Government, unrepresentative and unanswerable to the people as it is, should use methods which are anything but fair. I would remind you, Sir, that the amount of small savings before the war and after the war with all their coercion has not materially changed. I refer my Honourable friend to page 13 of the Explanatory Memorandum. In 1938-39 the amount of small savings deposited with the Government was 141 crores and the revised estimate for the current year is 157 crores—an increase of 16 crores only has been brought about by their coercive methods. They have on the one hand reduced the rate of interest allowed on savings bank deposit and post office cash certificates. If they really wanted money, what was there to prevent them from increasing these two rates of interest? That would have made it attractive and brought in money. If their intention was to make everyone realise the mightiness of this Government and the ability of this unrepresentative, undemocratic, Indianised Government, then it is all right. They are having a good advertisement in the countryside of the great war efforts which are being contributed by the Indian element in the Executive Council. An increase of the paltry sum of 16 crores has been brought about in all these years—it is not one year, Sir. They have made it so unattractive that there has been a great deterioration in the cash certificates deposit. It has fallen from 59 crores to 35 crores. I do not like to labour the point. I would leave it at that.

[Mr. Hossain Imam.]

Then, Sir, I have some grievances against the Finance Department for having continued to take loan money on long term at even the cheap rate of interest which prevails in India. The Honourable Member is well aware that if he were to go into the market for a 5-year bond, he could get accommodation at 66 per cent. of what he is paying now. But he does not go. The original plan was that as the loan matures we will have people purchasing sterling and thereby paying in rupees, and by that means we will be clearing our sterling blocks as well as liquidating our loans. But what is the utility of taking money at 3 per cent. and re-investing it in United Kingdom Treasury Bills at the magnificent rate of 16 shillings to £100, which is the average rate which we get from the Treasury Bills of the United Kingdom? An Honourable Member put some questions on this subject. The British Government is very clever, it pays us back every penny which it owes to us in sterling. The amount is not held over and the British Government is not indebted to the Government of India. That is a complete misunderstanding of the situation. What happens is that the Government of India receives payment in cash in sterling in England. We cannot get back that money because it is neither bullion nor gold standard money, it is a managed currency. Therefore it is no good bringing it to India. You have to re-invest it in England. We reinvest it at 16 shillings or about 14 annas per cent. per annum and we are paying 48 annas. In this transaction His Majesty's Government by refusing to take loans in India from the ordinary market, pockets this difference between the rate at which accommodation is available to us and the rate at which we make accommodation available to H. M. G. There is no compulsion to invest in sterling Treasury Bills; they would welcome if we kept it as a deposit at call or as a period deposit with the Bank of England. But in this transaction we are losing every year a sum which is not far short of 12 crores. I arrive at this 12 crores by deducting from the total interest paid by India the profits received from the Reserve Bank and normal interest payment, for after all the profit comes to us through the Reserve Bank of India.

There is one small item. I do not think it is very important; but I will just remind him of the condition. In the income under Currency and Mint in which this income from the Reserve Bank of 10 crores is included, I came across another statement, which is item 3 and if he will look at the statements for the last 3 years, he will find that there has been a continued under-estimate on this head. In the 2 years for which I have got the accounts, 1942-43 and 1943-44, I find that he had budgeted for an income of 91·81,000 and the actual realisation was 1 crore and 78 lakhs. In spite of that this year he has budgeted for an income which is of the same order as the past years, rather less than revised.

**THE HONOURABLE SIR CYRIL JONES:** I should like to explain that in the case of an institution like the Reserve Bank whose shares it is not desirable should be subject to speculative influences, we always repeat the revised estimate for one year as the anticipated profits for the next year.

**THE HONOURABLE MR. HOSSAIN IMAM:** Although you know full well that the income is likely to be increased by 25 if not by 40 per cent.?

**THE HONOURABLE SIR CYRIL JONES:** It is a convention, whether we knew that it is going to be increased or decreased.

**THE HONOURABLE MR. HOSSAIN IMAM:** It will not be wise finance to go on estimating for the income when you know that it is going to be reduced, in spite of the fact that it may cause a slump in the prices. Perhaps that is the reason why the prices are not different from what they were; they are still 135 for Rs. 100 share. The market is wiser and is not to be deluded by your facts.

**THE HONOURABLE SIR CYRIL JONES:** This is a convention in the public interest.

**THE HONOURABLE MR. HOSSAIN IMAM:** A convention that has outlived its utility.

I would also ask him as a measure of improvement in the statistics that actual figures of corporation and income-tax collections should be given in a detailed form.



We only get the lump sum in the statement of income in Statement 1. We do not get the details of the actual receipts and we have to wait till November when the accounts are published to get those figures. *It would help us if we received that information because I am certain that up to 31st March 1944 the contribution made by the Railways and the Posts and Telegraph Department was greater than*

**1 P.M.** *all the Excess Profits Taxes paid by all the industries of India.* On the one side you have the State commercial concerns and their payment of excess profits, not Excess Profits Tax. There is all the world of difference between the two. That is a contribution by the commercial Departments without increasing their charges *pro rata* to the increased charges made by the industries. For instance, the Department over which my Honourable friend, Mr. Patel, presides—the textiles. Their index number is about 300 if you take the August 1939 as the basis. Now what is the figure of rise in railway fares—nothing more than 12 to 15 per cent. The Posts and Telegraph Department, Sir, have not increased their charges by anything like 25 per cent. and yet without these burdens on the consumer the State monopoly is able to make this handsome contribution. In that light, Sir, I welcome the statement made by the Honourable the Finance Member at the conclusion of Part I of his speech, which, Sir, is worth being read and read over again and again :—

“I feel that perhaps insufficient attention has hitherto been paid to the question whether it would not be advisable to extend State ownership of industries as a source of additional revenue. It may well be 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”.

Some of my friends, Sir, were rather suspicious of this statement of the Honourable the Finance Member. My Honourable friend, Mr. Sapru, characterised it as “intriguing” and he went on to say, Sir, that the Government of India will become independent of the legislative control ; as if the Government was ever, or is even now, subject to the control or direction of the Legislature. Why dream about things ? When you have democracy you can fully trust the people whom you place on the Treasury Benches because they will be your own representatives. It is simply an idle argument to rebut a case which is otherwise irrefutable. The need, the necessity and urgency, of the State entering the industrial field as a source of revenue is undeniable and irrefutable. I had forgotten the very great head of income, I mean the very beneficial head of income, *i.e.*, irrigation. Irrigation is a source of income to the country, to the people, and to the Government. All benefit from it because it is a State monopoly, and while I am on the subject of irrigation, I regret to find that the Policy Committee on Post-war development of electricity does not contain a single representative of agriculture. It does not contain a single representative of public opinion. It is a solitary Committee which is manned almost entirely by ex-officials of the Government.

I had said, Sir, that the Government of India's finances are becoming more and more complicated. In the past, Sir, we used to have only the interest bearing liabilities of the Government of India shown in the Explanatory Memorandum. It was quite correct, because at that time that was all with which we were concerned. Now crores and crores of rupees are being held as non-interest bearing liabilities for different funds under different heads, for instance, all the recoveries under the Department presided over by my Honourable friend Mr. N. R. Pillai—War Risk Insurance. What is the liability at any given date for the funds standing to its credit. We will have to find it out. I want such items to be incorporated in the accounts and the Explanatory Memorandum should contain another statement giving non-interest bearing obligations of the Government of India.

Then, Sir, a reference was made, I think, by my Honourable friend Sir Gopalaswami Ayyangar about the lend-lease goods receipts. I also, Sir, am anxious that the sale proceeds of lend-lease goods should be shown in a prominent manner. Now they are hidden along with very many other items in reducing the Defence expenditure. Instead of it being budgeted—that we have spent Rs. 500 crores on Defence—we are told that the expenditure is Rs. 480 crores and that Rs. 20 crores have been recovered from an income collected in the Defence Services. That, Sir, is a wrong method. It fails to raise the moral credit to which we are entitled if we show up a high expenditure on the defence of the British Empire. *It is not for the safety of*

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India that the money is being spent. I think both sides should agree to call a spade a spade and there is no shame in admitting that the expenditure incurred is for the safety of the British Empire. I am not going to dilate on the subject. I just mention, Sir, the need for its being shown under the head of receipts collected for the war and not as a receipt of the War Department. It only means a book transaction whether it should be shown under one head or under another head. If you show up in the other head you will by that means increase the war expenditure and it is in order to show a smaller incidence of war costs that the Finance Department has sanctioned that method.

I, Sir, also like to refer to a question which is intimately connected with the post-war planning of the Provinces. The Provinces, Sir, have run away with the idea—and that idea has been given by the Centre itself—that they are likely to get as alms or *bakhsheesh* a sum of Rs. 500 crores in the first five years of the war. Every Province is planning on that basis. The promise was no doubt made by the Honourable the Finance Member but the words which he used—I had heard those words—were so guarded and dependent on certain eventualities the happening of which was itself problematic that it would be foolish for hopes to be built on the likelihood of a surplus of that order being available to the Central Government in post-war years. No one realises it better than the Finance Department that after the war the rate of expenditure is not bound to fall. After the war, unemployment is inevitable; after the war, the scale of profits which are now being made by the industries cannot be maintained; after the war, the expenditure on the Defence Department will not fall all of a sudden—it will take months and years to bring about an ordered demobilisation of the defence personnel. On what basis are you building up and giving false hopes to the Provinces that there is a likelihood of Rs. 500 crores being available to the Centre out of the surplus under Revenue heads to be distributed to the Provinces? I therefore wish the Finance Department would clarify the point. If my surmises are wrong, let them confirm the promise which they have made. If my surmises are right, it is time that the Provinces were warned that in the circumstances in which we are living, it is not possible to continue to give the help which was thought likely.

And that is dependent on that fundamental issue of allocation of war expenditure and if you will permit me, I will take at least 15 minutes.

THE HONOURABLE SIR MAHOMED USMAN: The Honourable Member may speak of something more interesting than all this.

THE HONOURABLE MR. HOSSAIN IMAM: I have more interesting material to give.

THE HONOURABLE THE PRESIDENT: Please summarise as much as you can.

THE HONOURABLE MR. HOSSAIN IMAM: I am coming to the *piece de resistance*.

Sir, I was referring to the distribution, or, as I would call it, the unjust distribution of war costs. Much has been made by Government of something which should not have been made much of. The Finance Department has taken shelter by stating that the Commander-in-Chief has fixed certain ceilings under certain rules. It requires explanation how those rules are worked. The ceilings are no doubt fixed by His Excellency the Commander-in-Chief. But what is the composition of the ceiling so fixed? How many shall be European personnel and how many Indian, is not dictated by His Excellency the Commander-in-Chief. And I say it with full authority. I am prepared to have a denial, if a denial is possible, from His Excellency the Commander-in-Chief. The composition is dictated by the Army Council, not by G.H.Q. of India but by the Supreme Headquarters. We heard in reply to some of our questions that coal intended for Ceylon found its way to Italy and Spain. Similarly, the stationing of white and brown forces is not decided by His Excellency the Commander-in-Chief. And we all know the great difference between the cost of a British unit and the cost of an Indian unit. We get raw stuff recruited from England. Directly it is recruited in England, it is sent over to us to gain experience. And our veterans fight on frontiers other than their own. And it is said that the ceiling has been fixed by His Excellency the Commander-in-Chief and therefore there is no reason to complain. But is that the whole truth? That wonderful piece of draftsmanship, the agreement with His

Majesty's Government, is so pliant that it can never be broken. It can be stretched to any limit. The sky is the limit. You can bring in anything and everything under it. And yet, when we the representatives of the people complain against it, it is said that we are against the war effort, that we are out to allow the enemy to come into the country.

I ask, Sir, would any trustee be angry if the ward, on attaining majority, asks that he should render accounts? I can understand that reasons of military security may prevent the publication of the results of day-to-day affairs. But what harm would have happened if, as was suggested in the other House and even in this House, that a committee of leaders should be formed to examine all past transactions had been accepted. If the Finance Department, is unable to agree to that suggestion, that shows that there is something which cannot see the light of day. Yet I do not blame the Finance Department. The Honourable the Finance Member, in his reply to the debate on the Finance Bill in the other House, to which I was myself a witness, rightly remarked that in no country would the Chancellor of the Exchequer be able to fix a limit to the strength of the army of a country at war. It is, of course, for the War Department to dictate. But he forgot the essential factor—the great difference that there is between this country and all the rest of the Allied Nations who are independent nations. *They take decisions on merits and on the facts as they are and on the basis of resources as they exist. Here, you have a dictator sitting outside the country, not subject to our control, not even visible to us. For there is always the purdah of the Finance Department and the War Department standing in the way and hiding the hideous face of the dictator, the Army Council.* For, after all, on what basis does His Excellency the Commander-in-Chief place his ceiling? On the facts presented to him as to conditions outside India, as to the potentialities of enemy action, and so on. He is, in this respect, bound to be guided, as a military man, by the facts as they are presented. It would be unjust for him to brush aside the visual presentation of the facts given by the Army Council. Why blame him?

We have before us the example of Egypt and El-Alamein. Half of Egypt was over-run by the Italian forces. It was the British and Indian troops which saved Egypt. But how much was contributed by Egypt towards the cost of the defence of that country? Nothing. And how great is our contribution towards the safety and conquest of other countries, will be apparent from the reciprocal aid which we are giving to America. In the American records we find the figures of despatch of aid. In the Indian figures you get the receipts and in between the two,—there is many a slip between the cup and the lip. Ships have been sunk. Enemy action is responsible for the divergence between the two figures. But, even on our own records, the amount of lend-lease receipts is, according to the estimates given by the Finance Member, less than one-third of the total receipts in India. The other two-thirds is shared by the U. K. and China. Lend-lease goods arriving here are distributed between these three parties. That is why exact figures are not available. *But I find that no expenditure worth the name on reciprocal aid is charged to His Majesty's Government.* Even in the case of airfields which, I venture to suggest, are for anything but the safety of India, the American forces are working here as a base for aid to China and it will be a slur on India and Britain if it was said that in spite of its huge population and the organisation of Great Britain, these two countries were not able to save themselves but had to rely on American soldiers to save them. I think the Englishman will be the first to deny this, that India was saved by American soldiers. They come here not to render any help except the small amount of goods which we have received, for which we are very grateful to the Americans. But they have come to India to help in the conquest of Burma and to help China. For instance, the railway engines and wagons which have been received and paid for in cash at high rates by the Railway Department are mainly to strengthen the advanced bases of the Allies for the conquest of Burma and also to help China. Sir, I have a great deal of grouse against His Majesty's Government and the Supreme Headquarters—

**THE HONOURABLE THE PRESIDENT:** Will you please conclude your remarks now?

**THE HONOURABLE MR. HOSSAIN IMAM:** Mr. President, I have not said a word on politics yet and the Honourable Sir Jogendra Singh contributed mostly to that subject and there is nobody else on my side to reply to these points. I am sorry

[Mr. Hossain Imam.]

I will have to continue in order to deal with the political aspect because you cannot, in a discussion on the Finance Bill, avoid bringing in politics. I will eschew all the facts about financial and military matters. Sir, in a subject country, it is not only the Opposition which has to bear the troubles and difficulties of subjugation. Even those who sit on the Treasury Benches must realise—and I think some of them do realise—how far their actions are circumscribed. I would not deny anybody the satisfaction which he may derive from self-deception. But I have to open the eyes of those who cannot see for themselves. I have sometimes to act as a telescope when it is beyond their height. When we ask, Sir, for a scrutiny of past expenditure, I have hopes that if they wish to justify their presence on those Benches, as servants of the country, they will help us in our endeavour to get from His Majesty's Government the right to examine our own expenditure. *This is the sole test of the ability of much-vaunted powers and prerogatives which the Honourable the Indian Members of the Treasury Benches enjoy.* After all is said and done, as was represented by my Honourable friend Raja Govind Lal, the accounts are being published by the Americans. Is there no enemy to listen to those things? What harm will fall on you if you tell us what you did up to the 31st March, 1944? *I make it as a test case of the sincerity, honesty and rectitude of Honourable Members on the Treasury Benches.* I do not want empty words that they wish to serve. Come out and tell us rightly why you are there. I am not ashamed to say that the political parties of India are anxious to get in and to have power, power to do good to my countrymen, power to remove injustice, power to have a fair deal from our masters. To us, Sir, it does not matter who comes in as long as the Party comes in. But Honourable Members will excuse me if I tell them that there is no such cohesion among them. Three of them resigned. Did the Government of India stop them? What happened? What calamity will happen if all the rest of the 10 resign? Three resigned and four came in. This is all that happened. *Don't delude yourself in the least that it is your presence which is carrying on the war. The war is being carried on by the permanent officials, irrespective of their colour and creed.* The real war is being carried on by the permanent officials and not by those who now occupy the Treasury Benches.

I had many other points but I will skip over them now. I have just to state that the Planning Department is going ahead, giving powers to interested persons to get all the information, help and service which the State can lend for their personal benefit. Subjects, Sir, which should not be decided by anybody but by the politicians; subjects on which I deny the right of anybody to give advice, are being handed over to panels. I wish just to read a few of them. The extent to which the location of industry—

THE HONOURABLE THE PRESIDENT: What are you reading from?

THE HONOURABLE MR. HOSSAIN IMAM: This is, Sir, the news which has been published in the papers about the formation of the 25 panels.

THE HONOURABLE THE PRESIDENT: You are reading from a newspaper cutting?

THE HONOURABLE MR. HOSSAIN IMAM: It is said to be a press note, Sir.

THE HONOURABLE THE PRESIDENT: You should not refer to it. You may mention about it.

THE HONOURABLE MR. HOSSAIN IMAM: Very well, Sir. Location of industry is to be decided by these panels; the amount of capital to be spent on each subject is to be decided by the panels. Then why have a Planning Department? Abolish it. Let the panels have the sole right of sending representatives also to the Legislature. Let the industrialists run the whole thing, for, you are now pledging the future of India to bands which are anything but clean. It was only Government's control enforced with a harsh hand which was able to check the racket of cotton prices and textile prices. Prices were soaring very high. I am indebted again to the Honourable the Finance Secretary for having given us a beautiful graph in which the index number of prices have been visibly illustrated. The Supply Department, whose Honourable Member is a great champion of regionalisation of industry, comes out with a scheme for the manufacture of ammonium sulphate. *He decides against the decision of the experts. The experts had decided to locate it in*

*another locality. The Department itself decided another locality.* There were three schemes before them, complete regionalisation, partial regionalisation and centralisation. The Honourable Member accepts the centralised plan and yet champions regionalisation. Was he not a free agent? I hold no brief for him. I have placed the facts before you. Cannot the Legislature be ever consulted? This was the first test case of a State industry being started in India and yet there is no occasion for consultation of the Legislature. Do you call it democracy? Does it mean that India's cause has advanced by the replacement of the permanent officials by these gentlemen? *The Honourable Members seemed to be deluded into the belief that the permanent officials play no part and it is these gentlemen who have made victory possible.*

I regret having taken up so much time, but before I sit down I should like to say a few words about the Honourable the Finance Member; and add a few words to our peoples. I have no time left to speak, but I would be failing in my duty if I did not express my thoughts about the stewardship of the Honourable Sir Jeremy Raisman. I cannot find better words than those used by the Deputy Leader of the Muslim League Party in the other House to describe my feeling. And to our peoples I say that if there is a real desire for liberty we must sink our differences. We must live, learn to live and let live. We must honour ourselves and honour others as well. If you have too great a love for unity, you will have it, but at the cost of liberty. But if you are anxious to have liberty, there is no difficulty which cannot be surmounted. It is only when there is a determination and a joint determination that we can win. We are like two rivers flowing in the wilderness—

THE HONOURABLE SIR MAHOMED USMAN: Who are the "We"?

THE HONOURABLE MR. HOSSAIN IMAM: The two nations of India, the Hindus and the Mussalmans. Until you damn them both apart and make them work you cannot have electricity. You know how much power hydro-electric has generated. It has changed the phase of the earth. *Similarly the unity of the Hindus and the Muslims is necessary for the contentment and liberty of India.* Honourable Members will realise that the Indian people have been ignored; all their demands have been brushed aside; and therefore consistently with our own self respect, we cannot lend our support to this Bill.

The Council then adjourned for Lunch till a Quarter to Three 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. K. W. MEALING (Bengal Chamber of Commerce): Mr. President, Sir, apart from the wide freedom of discussion which debates on the Budget and Finance Bill permit, in the course of which some speakers range over many subjects, sometimes to the exclusion of the measure before the House apart from this, there rests in normal times a real responsibility upon the Legislature to examine and criticise in some detail the proposed expenditure and the methods of meeting it.

Unfortunately, however, as the Finance Member pointed out in another place war-time finance is of so complex a nature that it becomes almost unintelligible to all but experts, while the large proportion of the proposed expenditure unavoidably escapes criticism under the heading of Defence.

This circumstance is not confined to India. On the contrary, the kind of detailed criticism to which I have referred, becomes impossible in any country involved in war, or to put it differently, any country which permitted its Legislature materially to refuse supplies, or whose Legislatures chose effectively to do so would soon be out of the war; and not on the winning side.

It is thus one of the fundamental disadvantages inherent in war that healthy and detailed criticism of national expenditure and the methods of raising the finance for this expenditure, cannot be properly carried out in the Legislatures.

Nevertheless, a time comes when the Legislatures must begin to put the brake on. I think it is true to say that in every war, in its earlier stages, the principal criticism against Government is that they are so slow in producing the necessities

[Mr. K. W. Mealing.]

of war that they requisition private property instead of building their own: that they are so slow in erecting munition factories, in building armies, air fleets and so on. One reason for this is that the general public are not in a position to know just how much is being planned and done. And, from a security point of view it is impossible for them to know.

Then comes the time, a year or so later, when results are pouring out, and that particular criticism dies away. But this is inevitably followed by the presentation of the bill to be paid and we begin to realise the financial cost of war. Finally comes the time when the war is approaching its end, or has reached its end, and it is then that the Legislatures begin to say that the Government have created a great Frankenstein which has an insatiable financial hunger, and the time has come to create machinery to control this Frankenstein and to talk of retrenchment in expenditure.

Sir, it seems to me that we are reaching, if we have not already reached, this phase. In the creation of great military establishments, of great arsenals, factories and so on, under conditions of extreme emergency such as existed in India for two years, it is inevitable that the strict and careful control over expenditure which in peace time it would have been the primary duty of Government to exercise, could not possibly have been carried out. Speed was of greater importance than cost.

But I suggest that such controls ought now to be fully exercised both with a view to terminating expenditure which has ceased to be essential, and to reducing to proper levels expenditure which continues to be essential. I do not suggest that while the war is continuing it is possible for the Legislatures themselves to exercise the criticism open to them in peace-time for the reasons which I have already given but I do consider that they are entitled to press, and press with all their power, for the preparation of mechanism for retrenchment for early use, and for assurances that in the meantime Government itself is actively engaged on the elimination of waste in all its branches.

Now, Sir, it has seemed to me that it is unfortunate that the Opposition has chosen, not only in regard to this Bill, but in other cases, to base its criticism not on aspects of the measure under discussion, so much as upon the general political situation of the country. Their reason for so doing I can well understand, but I think it is none the less unfortunate for the reason that so much time has been used in this manner which could thus not be applied to criticism of the measure itself. When I say criticism, I mean primarily constructive criticism. Upon this political question I would like to reiterate what the Leader of my party said in the other place; that we are no less anxious than any other party which has the welfare of India at heart, to see an end to the present impasse and the production of some thing constructive in this most difficult interim period. It was suggested in another place that, holding these views we should prove our *bona fides* by voting against this Bill. Sir, we are not capable of voting against our conscience on one measure to prove our sincerity in another matter, even with the knowledge that no harm will accrue, to the measure concerned. Honesty of purpose is not the sole prerogative of the Opposition, but I do deplore any recrudescence of the old Nazi slogan that unless you are for us you are against us, for that in itself is the antithesis of personal freedom.

Now, Sir, whenever and however constitutional changes come about, when the time comes for the finances of the country to be taken over by an Indian Finance Member, he will find himself faced with the same tremendous problem of combating inflation on the one hand, or alternatively, to the extent that he fails to do this imposing hardship upon the masses, and his endeavours will largely depend for their results upon almost incalculable factors; including that of human fear, selfishness and greed. We have all criticised the degree to which inflation has taken place in India in recent years. I believe we have reached and passed the peak of that inflation, but there is no doubt that unless constant vigilance is exercised this may prove not to be so, and the purchasing value of the rupee may continue to fall. It will be the duty of Sir Jeremy Raisman's successors to see that this does not take place. It fell to my lot to be present in Germany during 1919 and to be in Vienna for a few

weeks in 1920. During that period the values of the German mark and of the Austrian Kroner were falling day by day. Each day producers, merchants and shopkeepers would ascertain the current value of their marks and increase their prices proportionately, each day the industrial employer had to readjust his workers wages and eventually had to pay them daily so that they could rush off to buy the necessities of life before their money lost more of its value.

Sir, it is quite impossible for us to appreciate the dire distress, the suffering, the starvation which overtakes a population subject to rapid and uncontrollable inflation of the currency. With the exception of the dreadful weeks of the Bengal famine in 1943, I have never seen such sights as those which met the eye in Vienna in 1920. The people hardest hit were, as usual, those least able to help themselves—the lower middle classes, the clerical labour, the small pensioners, those on low fixed incomes, annuitants and such like.

It may be said that the inflation which took place in those countries and also in Russia was done deliberately to avoid meeting foreign commitments and in order to induce foreign speculators to provide foreign exchange. I do not know, nor care whether this were so, although I am myself more inclined to believe that having started down the slippery slope of inflation by excessive use of the printing press the Governments concerned were unable to call a halt. But whatever may have been the cause, there is no doubt of the effect upon the miserable people of those countries once they departed from the paths of sound finance and maintenance of the internal value of their currency.

The problem of post-war national and international finance, the problems attendant upon the discontinuance of colossal war orders, the reduction of employment of lakhs of men now on war work, the demobilisation of millions of men from the fighting services, these problems and their effect upon national economy and in particular upon the maintenance of sound national finance, the gradual deflation of the currency and the avoidance of inflationary tendencies with the ghastly results to which I have just referred—these are problems which future Finance Members are faced with, and they will need all the support they can get to solve them successfully.

\* And now, Sir, to turn to another subject, but one which affects any increasing number of people—I refer to the Income-tax Law. It is becoming increasingly necessary for Government to issue a revised Income Tax Manual bringing this complicated subject up-to-date. It has been pointed out that taxation law in this country is less complicated than it is in the United Kingdom. This may be so, but I am quite sure that clarification will be of great value both to the Income-tax authorities and to the taxpayer alike. To find one's way through a manual which has become plastered throughout with cancellations, amendments and additions to the extent that the present Manual has become, and assuming one is fortunate enough to be able to keep it up to date, is a task calling not only for exceptional ability but superhuman patience. I would therefore ask for a clear and definite assurance that Government will issue at the earliest possible date a revised edition of the Income-tax Manual.

Finally, Sir, I would add my tribute to the Finance Member. He is not a member of this House but I am sure we have all felt through these strenuous and dangerous years that he has carried a great burden with greatness of heart and with supreme skill, devoting himself entirely to the financial welfare of this country.

Sir, I support the Bill. (*Applause.*)

\*THE HONOURABLE SARDAR BAHADUR NAWAB ASSADULLA KHAN RAANI (Nominated Non-Official): The huge figures of the Central budgets cannot be expected to permit that amount of Central Government attention which the Provincial budgets merit. I have therefore to remind the Honourable Member for Finance that the Province of Baluchistan is the poorest of all Provinces of India.

\*The speech was delivered in Urdu and the translation produced here was supplied by the Honourable Member.

[Nawab Assadulla Khan Raisani.]

The total revenue of Baluchistan is not enough to meet the total expenditure of the Province and the Province cannot help to look for grants from the Centre to balance its budget.

I regret very much to say that my Province is lamentably backward in the matter of education and industries. It is so in spite of all efforts for improvement by the Provincial Government in whose way Finance is the chief hindrance.

At present there is only one Intermediate College in the whole Province and the people being poor cannot afford to send their children to colleges in other Provinces for higher studies. May I therefore impress upon the Honourable Member for Education, Health and Lands the crying need for a substantial additional grant for education for my Province to better its lot in the field of education.

There is another matter which also deserves encouragement from the Centre and it is the wool industry of Baluchistan. It is a big centre for the production of wool in India and yet it is painful to say, it cannot take full advantage of this product, which finds its way to rich foreign countries only to come back to us in a different form for which we had to pay dearly. May I request the Honourable Member for Industries that in order to develop the wool industry in Baluchistan more grants should be allowed for the purpose to help this backward area to become self-supporting and prosperous.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, during the last two or three years, it has become a hardy annual that the Finance Bill comes before us in a certified and recommended form. Under the present constitution, as I read it, we have no power to change a comma, or a full stop, in this Bill. Sir, this Government has a soft corner in their heart for this House. (*An Honourable Member* : "Have they?") I am making this statement because I find that a Resolution on San Francisco, which was tabled in this House, was discussed on an official day, but a similar Resolution tabled in the other House and which came out of the ballot was disallowed by His Excellency. Sir, that shows that the Government has a soft corner in their heart for this House. If that statement of mine is correct, then I submit that the Government of India ought to have brought pressure on His Majesty's Government to amend the Government of India Act in such a way that we should be able to discuss on merits the Finance Bill. It may be said that during war-time, the Government of India Act cannot be amended. But I shall cite two instances when the Act was amended. The House knows that the Government of India Act has been amended twice or thrice during the last four years. Once it was amended to give absolute power to the head of the Government of India. Another time it was amended to allow the heads of the Government to proceed on leave to England. Then, what harm is there in amending the Government of India Act again? I think the Government of India have failed in their duty in not impressing upon His Majesty's Government the necessity of getting the Government of India Act amended in such a way as to allow this House to discuss Bills of this nature on merits. This procedure has curtailed the rights and privileges of this House. I am sorry to find that this Bill should have come to us in such a form that we are not able to discuss the merits of the Bill. If the Honourable Members of the House decide to make certain changes in the Bill they will be prohibited from doing so because the present constitution is there. Therefore, I submit that even now the Government of India should try to impress upon His Majesty's Government that a stalemate of this kind is no longer desirable, if not in the interests of this country, at least in the interests and privileges of this House. Sir, if the House likes to reduce the postal rates because the Postal Department has got a surplus Budget, this House has no power to reduce it because the Bill has come in a certified form. If this House decides to reduce the taxes on betel nuts, this House has got no power to effect the change. We are labouring under a very great difficulty in discussing this Bill when it comes to this House in a certified form.

Sir, I want to say a word about the proposed constitutional change of the Government of India. Sir, I am not one of those who believe that this side only can claim monopoly of patriotism. I personally think that the members sitting on the



Treasury Benches also have patriotism. In my opinion, their difficulty is that they are working under a system which has completely wrecked them, and because they are working under that system, they are not in a position to assert their independence. (An Honourable Member: "No".) Somebody may say "No", but that has been my experience in the local Council when the Montagu-Chelmsford Reforms were working and it is my experience here too. Incidentally let me say a word about the working of the Defence of India Rules. I am forced to make a statement about a very controversial affair. In fact the affair was not controversial; it ought not to have been controversial and it should not be controversial. But a controversy was created simply because my Honourable friend Mr. Motilal made a certain statement about the 14th Chapter of *Satyarth Prakash* and therefore I am referring to it. Sir, my Honourable friend Mr. Hossain Imam got excited because my Honourable friend Mr. Motilal condemned the action of the Provincial Government of Sind and also he blamed the Government of India for not taking action about it. I am not at all surprised at the excitement of my Honourable friend Mr. Hossain Imam. But I am surprised—and I must state it frankly on the floor of this House—I am surprised at the attitude of the Honourable the Leader of the House. When the question was raised here he stated that when the Muslim League is being abused, the Government will not tolerate—

THE HONOURABLE SIR MAHOMED USMAN: When did I say that? I said when the Muslim religion is abused.

THE HONOURABLE MR. V. V. KALIKAR: I stand corrected. I may bring to the notice of the House that in *Satyarth Prakash* there are certain passages which hurt the religious feelings of the orthodox Hindus, but no Hindu has taken any objection to it—.

THE HONOURABLE MR. HOSSAIN IMAM: That is not a fact, Sir, that Hindus have not taken objection to it.

THE HONOURABLE MR. V. V. KALIKAR: The book was written 75 years ago. The Chapter has been there for the last 75 years.

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir. That is not a fact.

THE HONOURABLE MR. V. V. KALIKAR: I join issue with my friend on this point.

THE HONOURABLE MR. HOSSAIN IMAM: In the 1875 edition there is no mention of this.

THE HONOURABLE MR. V. V. KALIKAR: Till the Sind Ministry took action no objection of whatever kind was taken by any Government. Beverley Nichols' Book *Verdict on India* does not deserve consideration in this House and we should not waste our time and energy in criticising that book, but I am only referring to it to show how the Government machinery works. Beverley Nichols' book *Verdict on India* has vilified to a great extent the Hindu community. Still this benign Government—the Government consisting of Hindu members, Muslim members, European members—this benign Government have not a word to say against it. Why did you not proscribe it?

THE HONOURABLE SIR FIROZ KHAN NOON: Because the British do not claim that as a religious book.

THE HONOURABLE MR. V. V. KALIKAR: It is not a question of whether it is a religious book or not. But you find there in so many passages in which the Hindus have been vilified—.

THE HONOURABLE MR. HOSSAIN IMAM: *Satyarth Prakash* has not been proscribed.

THE HONOURABLE MR. V. V. KALIKAR: I know that the 14th Chapter has been proscribed to the extent that it should not be reprinted.

BRIGADIER THE HONOURABLE SIR HISSAMUDDIN BAHADUR: The Honourable the President should not allow this to go on.

(The Honourable Mr. Hossain Imam rose to interrupt.)

**THE HONOURABLE THE PRESIDENT** (to the Honourable Mr. Hossain Imam) : Don't disturb him. The Honourable Member did not disturb you.

**THE HONOURABLE MR. V. V. KALIKAR** : I did not say a word.

**THE HONOURABLE MR. HOSSAIN IMAM** : Then I will have to say something on the Third Reading.

**THE HONOURABLE MR. V. V. KALIKAR** : A point has been raised in this House, the other House and outside in the country about forming a National Government. My ideas about National Government may not be liked by my nearest and dearest friends. But with a view not to deceive myself so that I should speak with a clear conscience, *I submit that in forming a National Government in war-time, it should be such that it should consist of all parties. It should not consist of only two major parties. It should consist of the Hindu Mahasabha, the Congress, the Muslim League and other Minorities.* If you have not got that sort of Government in abnormal times of war like this, I have no hope that a Government formed of only two parties would relieve the strain on Indian economy and would be a panacea for all evils—.

**THE HONOURABLE MR. P. N. SAPRU** : Hold an election and see if the Hindu Mahasabha can win.

**THE HONOURABLE MR. V. V. KALIKAR** : It is not a question of my friend challenging me. Why don't you join the Congress if you have got the courage of your convictions.

**THE HONOURABLE MR. P. N. SAPRU** : I certainly prefer to be a Communist.

**THE HONOURABLE MR. V. V. KALIKAR** : Instead of sitting on the fence and saying I won't join the Congress, accept their programme.

**THE HONOURABLE MR. HOSSAIN IMAM** : He is nearer the Congress than the Sabha.

**THE HONOURABLE MR. V. V. KALIKAR** : I am not speaking of the Sabha only. What I stated, and I repeat, is that a National Government means a Government of all parties and not a Government of only two parties, the Muslim League and the Congress—

**THE HONOURABLE THE PRESIDENT** : These quarrels will only postpone National Government.

**THE HONOURABLE MR. V. V. KALIKAR** : I have stated many times on the floor of this House who is at the bottom of the quarrels and I need not go into that question—

**THE HONOURABLE SIR MAHOMED USMAN** : I should like to know who is at the bottom.

**THE HONOURABLE MR. V. V. KALIKAR** : Britain is at the bottom of this quarrel. I would ask my Honourable friend the Leader of the House to go back to the Minto period when the Aga Khan Deputation was received. It is no use arguing that point again.

**THE HONOURABLE SIR MAHOMED USMAN** : Because Britain wants to do justice to the Muslims and the Minorities, there is this outburst.

**THE HONOURABLE MR. V. V. KALIKAR** : Minorities ought to be protected. I am with you in this matter. Their culture, their religion, ought to be protected. But I cannot be with you on the two-nation theory. These questions are unnecessarily raised on the floor of the House and force me to state my views. Yesterday I understand the question was raised in this House and today my friend Mr. Hossain Imam again raised the same question and therefore I am provoked to make these remarks. I have full experience of the working of the Congress Ministry in my Province. My Honourable friend Mr. Sapru has not that experience. It is no use blinking the fact.

**THE HONOURABLE MR. HOSSAIN IMAM** : How does it work ? Please explain.

**THE HONOURABLE MR. V. V. KALIKAR** : They, Sir, will shirk the responsibility of doing good to their country when their help is most needed. They wil-

come in; they will go out. When they come in and go out their supporters say that they have taken a bold step. What was needed when the war started was that they ought to have remained in office. They failed in their duty to their country by going out of office. *Sir, there is a lot of difference between peace-time and war-time Governments. In peace-time you may have a party Government. I can appreciate that idea but in war-time when people are suffering very harshly, when you have to pay heavy taxes to the Government, when you have to carry willy-nilly the war effort, when you have to keep your home front strong, you cannot have a Government which consists only of two parties in the country.* There are other parties and, apart from the parties, there are the poor and ignorant people of India whose interests have to be looked into and the interests of these people cannot be looked into only by these two parties. Mere change of seats from this side to that side would not bring about any good.

**THE HONOURABLE MR. HOSSAIN IMAM:** Mahasabha wants the present Government to continue.

**THE HONOURABLE MR. V. V. KALIKAR:** Mahasabha does not want this Government to continue. Mahasabha wants a Coalition Government, a Government of all parties, including the minorities. Mahasabha is not coming in the way of India getting its independence. Mahasabha desires independence for the country. Mahasabha wants to make any sacrifice to get independence for the country but Mahasabha does not want independence for the district of Mr. Kalikar—the Nagpur district. Mahasabha does not want independence for a tehsil; Mahasabha does not want independence for any particular village; Mahasabha wants independence for the whole country, for the whole of India. If anything we have learnt from this war it is this that the indivisibility of India is necessary in maintaining the peace of the world. We, the Muhammadans, the Hindus, the Christians and the Anglo-Indians all rubbed shoulders with one another, fought on the battle field and shed our blood for the defence of the country and did not allow the aggressor to invade India. We, Sir, know that owing to the strain of the war we have suffered much. We know that owing to this war the economy of India is broken but one thing emerges out clearly and that is the indivisibility of India. Sir, I therefore submit that if His Majesty's Government is thinking—and I think they should think—of establishing a Government in the Centre they should think on the lines I have suggested so that there should be no bickering amongst any parties so that we shall carry on the work of administering the country in an efficient manner.

Sir, much has been said about the administration of this Government, under the strain of war, in an efficient manner. I just want to refer to one or two points. I am just referring to the cloth famine existing in all Provinces in India. It is said, Sir, that there is no cloth scarcity in the Provinces. But, Sir, I speak from my personal experience. About two weeks ago when I read a statement in the *Statesman* that cloth was not available in Delhi and that many people had been gathering before the cloth shops and that they were being put to great hardships, I made a point myself to go and visit the cloth shops. I visited the cloth shops in the city and to my great surprise I found that the biggest cloth dealers, I mean Mohan Brothers and Pandit Brothers, had no cloth of the kind I needed. I needed twill for myself and they said they had absolutely no cloth of that kind.

**THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY:** No long cloth either.

**THE HONOURABLE MR. V. V. KALIKAR:** Then, Sir, I visited a small shop and he said he could give me only three yards of cloth. According to the new scheme which has been adumbrated by Government I find that only 12 yards of cloth is being allotted per head per annum. Now, Sir, in my Province—and I think in many other Provinces also—we use dhotis and dhotis are about 10 yards. Now, if 10 yards are required for a dhoti—and a dhoti if of a finer quality would not last for more than four months but if of a thicker quality it would last, say, for about six months—then what about the other requirements, say, for a shirt or a coat? Now, a statement was made here in this House by the Government spokesman that if you purchase three pairs of dhotis it will be hoarding. I cannot understand, Sir, the exact meaning of the word “hoarding”. Sir, middle class people are not habituated to hoarding. They have always to keep two or three dhotis or pants to meet their requirements.

**THE HONOURABLE MR. H. M. PATEL :** May I explain that the remark which I made has evidently been misrepresented or misunderstood. All I meant to say was—and I think I made it very clear—that in the circumstances of today if any one buys more than what he requires immediately then he is committing an anti-social act; call it “hoarding” or anything you like. The instances I mentioned merely referred to the fact that if I had two pairs of dhotis and I did not stand in need of three, then, if I went and purchased a third pair, this was, in the circumstances of today, hoarding.

**THE HONOURABLE MR. G. S. MOTILAL :** Have you made it illegal ?

**THE HONOURABLE MR. V. V. KALIKAR :** This is what he stated the other day : “ If I have a pair of dhotis or a pair of saris, to go into the market and buy one more because I am afraid that possibly in the event of a difficulty I won't get a fresh one, that is hoarding ”. Now, Sir, if I have got a pair of dhotis, and if that pair is out of use tomorrow, you don't want that I should remain naked ? And if I purchase and keep two or three pairs of dhotis in order to meet an emergency, you call it hoarding !

This mode of dealing with the situation at present existing in India is most terrible and does not deserve any appreciation from this House. You have got your experts, and you say the new scheme which has been adumbrated will work efficiently within a month. You have imported so many experts in so many departments. I do not know definitely whether the Industries and Civil Supplies Department have imported any experts. If they have not imported experts, I think they have got their indigenous experts. And if those indigenous experts have not up till now evolved a scheme and put that scheme into operation, I think they have failed in their duty to the country.

Sir, the other day I read in the Press a report that three million yards of cloth had been exported to Egypt. That statement had been made by the Finance Minister of Egypt. You know that practically in all the Provinces there is scarcity of cloth. You have heard the complaint that cloth is not available for covering of dead bodies. And yet you exported three million yards of cloth to Egypt. Charity begins at home.

(The Honourable Mr. Hossain Imam rose).

**THE HONOURABLE MR. V. V. KALIKAR :** I am not giving way, because the time at my disposal is short.

You must first think of the requirements of India, and then only you can think of exporting cloth. It does not matter much if some traders who export cloth suffer ; but the people of India must not suffer. I remember to have read an answer to a question put in the other House that the export was made to Egypt in consultation with the Textile Control Board. Of course, that statement has been changed now, and I see from the debates in the Legislative Assembly on the 14th February the Honourable Member has accepted the correction. But what I understood from friends is this, that a proposal was put forward by the Department before the Textile Control Board that 20 million yards of cloth should be exported to foreign countries, and the Textile Control Board rejected that proposal. In fact, they recommended that Government should import yarn from America or from the United Kingdom. But you have not followed that policy.

**THE HONOURABLE MR. H. M. PATEL :** No, Sir. May I correct the Honourable Member again ? We wanted to import as much fine cloth as possible, because at the present moment the shortage in fine cloth is very acute—the type of cloth which one fails to find, as was mentioned, in shops in Delhi. The textile industry did not want us to import that cloth; they were against it, because they felt that the industry might suffer. It was we, as Government who decided that the consumers' interests came first, and that therefore cloth should be imported. We also felt that in the interests of handloom weavers, if we could possibly get fine yarn, we should also import that. Therefore, we have made arrangements to import a fairly good quantity of fine yarn as well as of fine

**THE HONOURABLE MR. G. S. MOTILAL :** From which country?

**THE HONOURABLE MR. H. M. PATEL :** Wherever we can get it.

**THE HONOURABLE MR. V. V. KALIKAR :** But what about coarse cloth? Coarse cloth also is not available in this country. Am I to take it from my Honourable friend that the three million yards of cloth that has been exported to Egypt is fine cloth?

**THE HONOURABLE MR. HOSSAIN IMAM :** No.

**THE HONOURABLE MR. V. V. KALIKAR :** No. That is not fine cloth. Then what right had you to export it to Egypt?

**THE HONOURABLE MR. HOSSAIN IMAM :** In order to get cotton for fine cloth.

**THE HONOURABLE MR. V. V. KALIKAR :** Government are strong enough to defend themselves.

**THE HONOURABLE MR. HOSSAIN IMAM :** I am on the Board, and therefore I wish to clear the charge laid against the Board.

**THE HONOURABLE MR. V. V. KALIKAR :** I do maintain, Sir, that the administration of procurement and distribution of cloth in this country is not carried out efficiently in the interests of the poor people, and therefore this Government does not deserve any support.

Take the administration of the Food Department. You have fixed certain quotas for certain Provinces. I have referred to the question on so many occasions during the debates on food. You call my Province a surplus Province, and you have fixed a large quota for my Province to be exported to other Provinces. I conceded that position once, and even now I am ready to concede that if people in other Provinces are dying of starvation it is our duty to come to their help and we must export whatever surplus foodgrains we have. But I must tell the House that we are not surplus in the matter of wheat. If we are at all surplus, we are surplus in the matter of rice only.

**THE HONOURABLE MR. B. R. SEN (Nominated Official) :** And also millets.

**THE HONOURABLE MR. V. V. KALIKAR :** Millets is a very minor product—

**THE HONOURABLE MR. B. R. SEN :** It is very important from the point of view of the food resources of India.

**THE HONOURABLE MR. V. V. KALIKAR :** I do not want to take it into account. I can cite various instances of villagers who had to go without food because you took away a large quota of foodgrains from my Province.

**THE HONOURABLE MR. B. R. SEN :** Quota of what?

**THE HONOURABLE MR. V. V. KALIKAR :** Quota of rice. In certain areas of my Province where rice is produced in abundance, for months together poor villagers had to live on pulses. Even conceding that position that we must send our rice. But what for? Do we send our rice to Bengal for deteriorating or for being destroyed? When my people did not get sufficient rice, you took away our rice to feed Bengal and in Bengal your experts who are responsible for storage have mismanaged things in such a way that a large quantity of foodgrains is deteriorating. Is that your administration? You say you have got an all-India policy. If you have an all-India policy, then you must use your strong influence on the Government of Bengal if they are mismanaging things. If they do not put their house in order, you must take strong steps. Otherwise, say that you have not got an all-India policy. In that case, you should allow private trade to function. What is the use of misleading people and telling them that you are following an all-India policy? You say you are following this policy in the interests of consumers. Personally, I think, after my experience of these controls for three years, whether it is control of prices of foodgrains or of other articles including cloth, that they have not worked efficiently. You have taken the place of private shop-keepers. You are not able to discharge your functions efficiently. You should allow private trade to come in—

**THE HONOURABLE MR. B. R. SEN :** And go back to the days of 1943?

**THE HONOURABLE MR. V. V. KALIKAR :** I do not want you to go back to the days of 1943. I do not want you to mismanage your affairs. In 1943 you adopted

[MR. V. V. KALIKAR.]

the denial policy in Bengal. Your military requirements and your position as the Government of India in not enforcing upon the Government of Bengal the necessity of feeding their people brought about that havoc. Sir, I should like now to say a word about the Defence Services—

THE HONOURABLE THE PRESIDENT: You have already spoken for about 40 minutes.

THE HONOURABLE MR. V. V. KALIKAR: I am very sorry, Sir, that His Excellency the Commander-in-Chief is not here—

THE HONOURABLE MR. HOSSAIN IMAM: He was present for a day and a half.

THE HONOURABLE MR. V. V. KALIKAR: I know he was present.

THE HONOURABLE THE PRESIDENT: Please go on.

THE HONOURABLE MR. V. V. KALIKAR: Mr. Hossain Imam is after all my friend. We have to live in this country.

THE HONOURABLE MR. HOSSAIN IMAM: Brothers quarrelling!

THE HONOURABLE MR. V. V. KALIKAR: We have heard from many quarters—and there is some justification for it—that we are not getting the required number of suitable boys for manning the Defence Services of India. The reasons for that are many out of which I shall cite only three or four. The political consideration is there. Then there is the question of their pay and emoluments, and there is also the question about security of their services; one of the factors is that the present Board which selects these officers consists of a member who is a psychiatrist and there is a strong feeling against the psychiatrist. His is a novel job, if I may say so. I know from my personal experience as a member of the Defence Consultative Committee that His Excellency the Commander-in-Chief is very keen and sincere to get as many boys as possible for manning the Defence Services of India. But I must tell the House that in spite of his sincerity and keenness, his subordinate staff are not equally keen and their angle of vision has not yet been changed. During the discussion on the General Budget, my Honourable friend Sir Sobha Singh raised the question about the tragic death of Wing Commander Majumdar and Pratipal Singh. I am glad that His Excellency the Commander-in-Chief has just come in. I wanted to say something on that occasion but I had not made full inquiries. I therefore did not make any statement on that occasion. Now I have made inquiries and I find that the feeling underlying the statement that he made that day that these Indians are being supplied with defective machines is shared by many. I am not an expert in these matters. I do not know whether a Hurricane is a good machine or a Spitfire is a good machine. But I understand that even during the Burma campaign, our squadrons were given Hurricanes and not Spitfires—

THE HONOURABLE SIR JOGENDRA SINGH: May I explain? I have got three or four boys in the Air Service and they have never complained that they have been given any defective machines. They are still working there. They are treated as any other man in the service.

THE HONOURABLE MR. V. V. KALIKAR: I am not speaking about air training. I am speaking about the handling of these particular type of machines.

THE HONOURABLE SIR JOGENDRA SINGH: I think what you meant was that they were given machines which were of an old type. That is not true.

THE HONOURABLE MR. V. V. KALIKAR: I am very glad to hear this from my Honourable friend Sir Jogendra Singh, but the feeling is there that defective machines were being given to them to handle. I hope my Honourable friend, His Excellency the Commander-in-Chief, will in his statement remove that impression.

AN HONOURABLE MEMBER: There is no such impression.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I should like to say that so far as my knowledge goes, the suspicion alluded to by the Honourable Member is absolutely without foundation. All I can say is that although there may have been at one time an idea—though it was not the case—that inferior and old machines

were being supplied to the Indian Air Force, it is certainly not so today. Those who perpetuate this misunderstanding are doing the Indian Air Force and those gallant pilots who fly these machines a disservice. These, to the best of my knowledge and belief, are the facts.

**THE HONOURABLE MR. V. V. KALIKAR :** It is not a feeling that I share. It is the statement made by Sir Sobha Singh at the time of the Budget discussion and when I made personal inquiries, I found that the same feeling existed among the young men and therefore I brought this point before the House.

**THE HONOURABLE THE PRESIDENT :** You have got the assurance now.

**THE HONOURABLE MR. V. V. KALIKAR :** I have already stated that I am not an expert and I do not know whether Hurricanes are better or Spitfires are better.

The next point why Indian boys are not coming in large numbers is the retaining of the ratio in the Royal Indian Navy of one Indian to two Britishers. I know that *ad hoc* measures had been taken last year to recruit for permanent jobs 20 boys who have been domiciled in India. But the feeling that the ratio of one Indian to two British is still retained and has been the cause of grouse amongst these young boys. If you want to make the Royal Indian Navy a real Indian Navy, then I would ask His Excellency the Commander-in-Chief to remove this ratio also.

Then, Sir, I have to bring to the notice of the House the difference in the conditions of service between the Royal Air Force officer and the Indian Air Force officer ; I understand the period for time promotion in the Royal Air Force from a Pilot Officer to a Flying Officer is six months and in the Indian Air Force it is one year. Now, in my own way I think perhaps the training is defective. My own impression after visiting these training schools at various places is that the training is as good as could be found in England. If the training is not defective, then in that case this time limit should be curtailed and they should also be promoted to the higher ranks within six months. Royal Air Force officers receive children's allowances and also ante-natal allowance which is practically called maternity allowance, while the Indian Air Force officers are not getting these allowances. Royal Air Force officers receive special Japanese campaign allowance since November, 1944, while the Indian Air Force officers are not getting any allowance. Royal Air Force officers get Rs. 70 if they are single and if they are married Rs. 140 every year with service leave, but the Indian Air Force officers get this allowance in two years. Indian airmen, I understand, have to travel third class, while the airmen of the Royal Air Force travel second class. I have brought these points to the notice of His Excellency the Commander-in-Chief with a view to see that these grievances are removed. If I may be permitted to say so, so far as General Sir Claude Auchinleck is concerned, he is the Lord Munster of the Indian Defence Forces ; but I am convinced that he is not free to take steps to redress the grievances of Indians because he is being dominated by the War Office.

Sir, I have exceeded my time. I have nothing further to say, except that the administration of the present Government is not in the interests of the people of India. It has not made the home front strong which is required to be strong on account of the future Japanese war ; and therefore the Government of India do not deserve any support from this side of the House.

**THE HONOURABLE SIR MAHOMED USMAN (Leader of the House) :** Sir, it was not my intention to intervene in the debate, but I think perhaps it is better to say a few words because some aspersions were cast against us. We saw today the differences in the Opposition itself. The Honourable Mr. Hossain Imam looked in one direction, the Honourable Mr. Motilal in another and there were stormy scenes between the Honourable Mr. Sapru and the Honourable Mr. Kalikar. All these things show what a difference there is even among the Opposition members today. Lord Wavell is in England. Everybody is expecting some kind of solution and in the Council of State of all places in the world there was such a stormy scene among the distinguished members of the Opposition. This goes to show that the alliance which the parties have formed to defeat the Government is not a real alliance and is not likely to last long. If you want to see that the political deadlock is solved, the best thing is to see that there is a real and genuine combination with a spirit of give

[Sir Muhammad Usman.]

and take between all the Political Parties. What is the point in saying you have all combined to defeat us? The present members of the Government of India know when they entered the Government that they were going to be defeated here every time. Our only object in entering the Government was to co-operate with the Allied Nations and defeat Germany and Japan and save our country. It was with that object that we entered the Government and if we have been defeated, it does not matter; but we have achieved our object. We have got something substantial to our credit. Our objective has been achieved. I think we can congratulate ourselves that we have succeeded. (*Applause.*) When there are real differences among the political parties, I think the only logical course for His Majesty's Government to take has been taken. They have said clearly "We are prepared to give freedom to India, but come to an agreed solution". I think the solution which His Majesty's Government have made is a just solution. If anybody is responsible for not making India get freedom or Dominion Status, it is the differences among the Political Parties that exist today. You all say, "We are all united". You may be united to defeat us. But what is your position in the country? There is no agreed solution between the Muslim League and the Congress and the Mahasabha. Recently in the North West Frontier Province, while the Muslim League and the Congress were very friendly here in the Legislatures, the Muslim League Ministry has been defeated by the Congress and the Congress has now assumed the reins of government as a single party. As regards a common language for India, we witnessed the other day stormy scenes between the Honourable Mr. Hossain Imam and the Honourable Mr. Motilal. As regards religious differences, the less said about it the better. While you have got all these differences in the country, simply saying, "We are now united and combined to defeat the Government" is not going to make a great impression on the Government at all. We knew when we entered this Government that you will all join to defeat us. Our great consolation is that we have done a substantial service to our country and to the world in the matter of the defeat of Germany and Japan and saving our country from the horrors of war. An accusation that is brought against Great Britain is that Great Britain wants to play the game of divide and rule. The Secretary of State has been saying times without number that if you want freedom you come to some kind of agreed solution and we are prepared to give you any constitution you want. If anybody is responsible at all for retarding the political progress of the country it is the Political Parties in this country. People easily say, "Quit India" without realising what it means. It is also a fashion now to fix a date for Great Britain to quit India. The Congress says "Quit India"; the Muslim League says "Divide and quit India". Now what are the British Government to do? If they quit India, leaving things as they are at the present moment, there is bound to be confusion, and chaos in this country and I think so long as there is no agreement between the various parties, it is the duty of Great Britain to remain here in India to carry on the Government as they are doing now. If Great Britain quits India when there is no communal harmony or communal agreement I think that will be the greatest disservice that Great Britain can do to India.

Well, Sir, I am very glad my Honourable friend Sir Jeremy Raisman is here now. I think of all the Finance Members of the Government of India his task has been the most difficult. During the last six years he has borne the  
4-5 P.M. brunt of the situation in this country. I am very glad that both in this House and the other House, though they have spoken against his Budget, they have paid a much deserved tribute to the great work that he has done during the last six years. Sir Jeremy Raisman is leaving this country soon and I sincerely trust that he will return to our country in a more exalted position. (*Applause.*)

THE HONOURABLE SIR CYRIL JONES (Finance Secretary): Sir, in winding up this debate on the Finance Bill I would like at the outset to express my tribute to the admirable tone which has characterised the debate. Except for two brief contretemps when heat was engendered for a short time by two of my Honourable friends opposite on grounds which had a very remote connection with the Finance Bill, the debate has been characterised by a friendly tone and good humour throughout. Points of view have been put with some of which I find myself unable to agree



but there are other points of view the force of which I recognise. They have been temperately and moderately expressed and my only regret is that it will be quite impossible for me to answer all the points that have been raised, much as I should like to. I was anticipating three quarters of an hour clear for my reply but I find that I shall actually get much less than that.

I would like in the first place to refer briefly to one or two points of comparatively minor importance which have been raised by two of my Honourable friends, because they are two of the members of this House who show a special interest in the financial aspect of matters that come before the House.

I am grateful to the Honourable Mr. Hossain Imam for his suggestions of further improvement and amplification of the Explanatory Memorandum. He mentioned in particular a considerable increase in the working expenses of the Posts and Telegraphs Department amounting to 2·87 crores which remained unexplained in the Memorandum. That increase was due to the usual causes: dearness allowances and grant of war allowances, the increased cost of militarization of the staff which was necessary for securing operational services of importance, large expenditure resulting from the growth of business, additional staff for dealing with the increased business. Those items cover practically the whole increase and it was not considered necessary to put those details out in full in this Memorandum.

The Honourable Member also complained that in the statement of debt and interest-yielding assets we had only given a partial picture of the position, because we had said nothing about our non-interest-bearing obligations, which he was under the impression came to a considerable amount. As a matter of fact, Sir, neither the non-interest bearing obligations nor, apart from the cash balances, the non-interest-yielding assets have been included in statement No. 23 of the Explanatory Memorandum. An accurate compilation of these would take a considerable time, and compared with our total debt position the figures are comparatively small. For the information of my Honourable friend I would say that our non-interest-yielding obligations come to 43·68 crores only.

**THE HONOURABLE MR. HOSSAIN IMAM :** Only!

**THE HONOURABLE SIR CYRIL JONES :** Only. If my Honourable friend would like broad details I will give them.

**THE HONOURABLE MR. HOSSAIN IMAM :** They might be incorporated as an appendix.

**THE HONOURABLE SIR CYRIL JONES :** Our non-interest-yielding assets amount to 27·98 crores; so really the net liability of a non-interest bearing nature is only of the order of 16 crores which, as I have said, is extremely small compared with the size of our interest bearing debt.

The Honourable Member also raised the question of the present strength of the Income-tax staff and the Audit Department. This matter has been under examination both by the Government of India and by the Public Accounts Committee. I do not know if my Honourable friend does read the Public Accounts Committee Reports.

**THE HONOURABLE MR. HOSSAIN IMAM :** Off and on.

**THE HONOURABLE SIR JEREMY RAISMAN :** Off more than on!

**THE HONOURABLE SIR CYRIL JONES :** It is an important publication and it is a report which I should have anticipated he would read with care. I would refer him to paragraph 69 of the last report of the Public Accounts Committee. I will read it for his benefit:—

“The Committee commented on the comparatively small increase in the expenditure of the Income-tax Department since the outbreak of the war when viewed against the very large increase in the receipts and a fear was expressed that possibly Income-tax Offices were understaffed and over-worked and that the work of assessments was consequently falling into arrears”.

That view I would say in passing represents exactly the case made by my Honourable friend.

“It was explained that an increase of revenue did not obviously require a proportionate increase in staff because it was, generally speaking, not the number of assesses but the value of each assessment that had gone up, that arrears were not showing any tendency to increase and

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that no demand for increased staff from Commissioners of Income-tax had been refused by Government. There was, however, some shortage of staff the reason being that trained personnel were not available. Steps were now being taken to recruit an additional number of Income-tax Officers and it was hoped that the staff position would improve".

The position is that since 1937-38 the cost of the staff has gone up from Rs. 75 lakhs to Rs. 112 lakhs, that is about 50 per cent increase, and we have to remember too that much of the new staff comes in on revised scales of pay. Government have recently sanctioned, with the Standing Finance Committee's approval, 40 Supernumerary posts of Income-tax Officers to strengthen the establishment, and we are engaged in recruiting a new high level Class I cadre of officers to strengthen the Department in quality. Government are well aware of the inadequacy of staff in these revenue-producing departments, but in that field, as in so many other fields at the present time, the difficulty is not sanctioning the staff but getting men to do the jobs. Much the same can be said of the Audit Department. The Audit Department has drained itself as dry as it dare to depute officers for other important work, particularly work of financial control both on the supply side and on the military side, and they have created an emergency cadre of officers into which they have gathered every man in the department who was capable of carrying on the type of work for which the cadre was created. The position there again is that we are straining our personnel and doing the utmost that we can with them in present conditions.

I would like to refer once again to the point now reiterated by my Honourable friend Sir Gopalaswami Ayyangar with which I dealt somewhat briefly but, as I thought, adequately in my reply to the general discussion on the budget, in the matter of his allegation that our credit of advance income-tax payments under the pay-as-you-earn system to a suspense head was unsound, was against the intentions of the scheme, and was a device to avoid crediting it to revenue in the current year in order to show an artificially big revenue deficit and so justify the maintenance of war-time increase in taxation and the further increases which have been included in the present budget. My first answer to my Honourable friend would be to refer him to the Finance Member's budget speech of last year in which this system was first introduced. I will quote a few sentences :—

"The most important of the (measures) is a provision for advance payments of tax on income from which tax is net now deducted at source".

And later on :—

"An assessee will have the option to pay tax quarterly either on the basis of his last assessed income or on the basis of his own estimate of current earnings. Government will pay 2 per cent. interest on all sums paid in advance under the scheme but if the assessee's own estimate, which can be revised during the year, falls short of 80 per cent. of the tax determined on regular assessment, penal interest at 6 per cent. on the difference will be payable".

Then, at the end of the paragraph :—

"The sums collected will be treated not as revenue but as deposits to be taken to revenue when the regular assessments are made".

I suggest, Sir, that this description of the scheme in last year's budget speech is sufficient answer to the Honourable Sir Gopalaswami Ayyangar. But as he has brought this reproach against us in two consecutive discussions, first during the general discussion and again during the present debate on the Finance Bill, there are a few other points with which I can drive the argument home.

First of all there is the point that provision has been made for interest on these advance payments. It would have been entirely unnecessary to provide for interest if these had been intended to be current tax collections and not advance payments. The second point is that income other than that, such as salaries, interest on securities, etc., which is taxed by deduction at source, is assessed at the subsequent year's rate—that is the normal basis of income-tax assessment. If the advance payments under the new section 18A were to be taken as revenue proper, as my Honourable friend suggests they should be, the current year's rate would have to be applied and an amendment of the incometax law would be necessary for the purpose. The real distinction between the treatment of these assessments and the regular assessments currently made on salaries is that in the case of salaries we are deducting from a definite, known amount of income, and in the

case of the other income we are deducting on an estimate which may or may not be very wide of the mark. There is the third point also, which I mentioned in my last reply to the Honourable Sir Gopalaswami Ayyangar, that this pay-as-you-earn system is a temporary anti-inflationary measure; it may be continued it may not be—we do not know. But if it were to be withdrawn, a procedure by which this current assessment was taken straight to revenue would mean that, in the year in which the system was discontinued, we would have to sacrifice income-tax on income other than salaries altogether. I trust that these arguments will be accepted as conclusive by the Honourable Sir Gopalaswami Ayyangar.

Much has been heard, Sir, during this debate of staggering war expenditure, and in that connection I would repeat the question which I asked last year, that when national security is at stake, can we count the cost, or can we put a ceiling to the cost which we would be prepared to meet? On this matter I entirely agree with the case as presented by the Honourable Mr. Gibbons. Can we judge of the cost to the countries in Europe which have been overrun—France, Belgium, Norway, and so on, or, coming nearer to India, Indo-China, China, Siam? Can we judge of the cost to them of inadequate defence, and what the ultimate cost to them will be? In the matter of ultimate cost, we could take the case of Korea, which has been under Jap domination for many years. We have read from various books which have been current recently of the economic straits to which Korea has been brought.

But it is gratifying to me personally to hear the Honourable Mr. Sapru express his realization that the Financial Settlement between His Majesty's Government and the Government of India was a matter for congratulation, and that credit was due to the Honourable the Finance Member for maintaining that settlement intact. In that statement itself and by that statement alone I find a sufficient and adequate answer to Mr. Sapru's complaint of mounting defence expenditure. I was more surprised that he should suggest any unfairness in India being asked to pay for troops brought to India to repel the Jap invader. The basis of geographical frontiers of India for determining India's financial liability is admittedly an arbitrary criterion. But I would suggest to the Honourable Member that if it were abandoned the result to India would far more likely be a substantial increase in her defence expenditure than a decrease. And the same, I venture to suggest, would have been the case had India been a free nation. I have no doubt whatsoever that in the circumstances of the present time, and as the war has developed, the cost to India of maintaining her integrity and security would have been very much greater than she has had to meet under the terms of the Financial Settlement. The realisation of the favourable working of that settlement and the appreciation which was expressed of the firm stand taken by Government against its revision I regard as the greatest compliment which a statesman of Mr. Sapru's standing could have paid to this Government. Not less appreciative am I of the Honourable Mr. Dalai's acceptance of the "non-effective" agreement as a statesmanlike move, a move in the right direction. I take that to be the general opinion of the House.

Well, Sir, I would like to say something on the question of borrowing about which a considerable amount has been said by those speakers who have participated in the debate. The Honourable Mr. Sapru said that apart from a few corrupt officers, neither the country nor its population had benefited by the war. Apart from the fact, Sir, that I regard that as a strange criterion to apply to a country's attitude to the war—whether it has financially or economically profited or benefited from a war which is devastating and ruining other countries in the world—apart from the strangeness of the criterion, I would suggest—

**THE HONOURABLE MR. P. N. SAPRU:** May I just explain? We have been told that the country has prospered during the war, and that is what I meant when I referred to the official statement that the country has prospered during the war.

**THE HONOURABLE SIR CYRIL JONES:** As I was saying, I think it is a strange criterion to apply. But stranger still, I was just going to say that, in my opinion, India most definitely has been benefited by the war. First of all, consider the country as a whole. Is it nothing that India's external liabilities have all been liquidated? Is it nothing that India has to her credit external assets to a tune of over £1,000 million? And what about those other indirect benefits that I mentioned the other day on the floor of the House—the progress of industry during the war

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which means a considerably increased industrial potential for the future, the direct capital assets other than industrial plant, such as improved railways, improved ports, many air fields and the vast increased number of trained technicians, both in our war factories and in our armed forces, which will be an incalculable asset for the future? What about the wider outlook, the overseas travel of 2 million men, who will return to their villages, able, and we hope willing, to lead them to desire a better way of life? Taking the country as a whole, Sir, I think that there can be no doubt that India has benefited by the war. What about the various social classes? The Honourable Mr. Sapru has said that the agriculturist has not derived any benefit from the high price level we have imposed, and that the things he has to buy are dearer than the agricultural products that he sells. But it surely is a matter of considerable importance to him that his land revenue assessment, his overhead charges, water charges, debt charges and land charges are all fixed in cash, while the prices of his products have gone up by, say, four times; and therefore, the real incidence of these charges, which were held to be oppressive before the war, have been reduced to a quarter of the burden which they were before the war. It is a fact too that consumer goods are scarce. But, does not that mean that the agriculturists have money in hand which they can invest in Government loans? It is a canard, Sir,—I feel very strongly about these matters—that the ordinary ryot, the agriculturist, has no spare cash reserves which he can invest in Government loans. It is easy to assert that he has not. But some independent evidence is provided by the position of the various co-operative organisations in the country. I have here a memorandum that was prepared by the Reserve Bank of India. It is a memorandum of facts,—not suppositions—facts elicited from a circular letter from the Reserve Bank of India to Provincial Registrars of Co-operative Societies enquiring about the effect of the rise in prices on the working of Co-operative Societies, supplemented by statistical data collected from the “Statistical Statements relating to the Co-operative Movement in India”. This is what I find in these various statements:—

*Loans and Advances.*—Loans advanced throughout India by the Agricultural Credit Societies show a progressive decline. Why? People are not in such need of finance. The only increase in advances is in the case of Central Banks, and that is due to financing requirements due to increased activities of Marketing and Industrial Societies, Loan and Sale Societies, and Consumers' Stores and Weavers' Societies, which is a development that everybody welcomes.

*Recoveries.*—There is a heavy increase in repayments to the Agricultural Credit Societies, Central Banks and Land Mortgage Banks generally throughout India, the only exception being in the case of Land Mortgage Banks in Bengal and Bihar. As a result, loans due to the Agricultural Credit Societies and the Land Mortgage Banks have fallen considerably. This is general throughout India.

*Overdues.*—There is an appreciable fall in the overdues of the different types of co-operative institutions. This is a feature which is applicable to practically every Province in the country. In Madras, the overdues are the lowest on record for the last 20 years.

*Advance Repayments of Loans.*—Reported from almost every Province to an extent that is causing real embarrassment to these Banks, because, if these loans are repaid ahead of schedule, it means that as there is less demand for loans from them—they have a surfeit of cash which they hardly know how to utilise.

If, Sir, that is the case with the section of the agriculturists which is indebted to co-operative societies, how can it be assumed that other ryots and the remainder of the agricultural classes are not in the same position? As regards the urban classes, those employed in industries, i.e., the industrial workers, have had dearness allowances which fully compensate them for the rise in the cost of living, and in many cases will more than compensate them having regard to the shortage of consumer goods which they can buy. I would claim that substantial lending capacity exists in the country, and that it is the Government's duty, the Government's obligation, not to coerce or to compel but to persuade those people who have money to lend to lend it to the Government. I think those sections of the public who take it upon themselves to defy this most important anti-inflationary activity of Governmen

are taking upon themselves a very grave responsibility in conditions as they are at present.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Member just mention the amount of the national savings certificates which he expects in this year? 18 crores in one year works out to 7 annas per head.

**THE HONOURABLE SIR CYRIL JONES :** Yes, Sir; and if we could get our organisation going and if we could get it adequately supported by the gentlemen of this country who could and should support it, we should probably get nearer 100 crores than 18.

**THE HONOURABLE MR. HOSSAIN IMAM :** If we had our own Government.

**THE HONOURABLE SIR CYRIL JONES :** The question has been raised by several members of the burden of interest on our internal debt. Mr. Hossain Imam said that we should reduce it by declining to borrow long term. He said that we should not float anything for a longer term than five years. I would suggest, Sir, that it would be impossible for us to get all our requirements by floating a loan of such short maturity only. The only way to maximise your borrowings is to devise a varied loan programme to appeal to all tastes and all interests. At present we have the following loans :—

- 2½ per cent. 1948-52,
- 3 per cent. 2nd Victory Loan, 1959-61,
- 3 per cent. Funding Loan, 1966-68 and
- 3½ per cent. paper.

Those prove adequate to the varied requirements of the different investing classes in the country; and apart from the fact that if we limited it to only one we would almost certainly fail to secure our requirements, I would suggest to the Honourable Member that it would be a policy of foolishness, having regard to the size of our present requirements, to put it all on five-year maturity basis.

**THE HONOURABLE MR. HOSSAIN IMAM :** A part of it could be short term.

**THE HONOURABLE SIR CYRIL JONES :** Part of it is short term. As I just said, if we had part of our loan for 5 years and part for 3 months to cover a debt of 1200 crores, I think the Honourable Member would realise that our position would not be particularly happy. I would submit, Sir, that in spite of our present scale of our borrowings the total indebtedness of India is light relative to that of other countries at war, and also to that of most countries not at war. It is entirely internal and is covered by productive assets to a very large extent. The interest burden has also to be considered in its relation to a rapidly expanding national income, which we all envisage in the post-war era, and to a stabilised post-war price level substantially higher than the pre-war price level. These will lighten the real burden of the debt, while the remunerative assets being of the nature of equities will bring in a greater return than before the war. No impartial judge could do other than hold that India's financial position, including her debt position, is one of immense strength.

Another matter of general interest which has been raised, Sir, is the matter of economy. The Government fully appreciate the demand for economy. I dealt with this question at length in my reply to the general discussion on the Budget and I explained how the Standing Finance Committee had been brought in to assist Government in their efforts to stamp out corruption and to avoid waste, in the difficult conditions created by the war. But at the risk of being termed complacent I would inquire in all seriousness whether the position is really as bad as some Honourable Members would make out. I am aware that isolated examples can be quoted of waste and I am confident that against every such example that is quoted I could quote 20 cases where Finance Officers have secured real economies. But at the risk of being called complacent I would like to ask the House to examine the question of the scope for economy that exists. Expenditure is Military or Civil. The military expenditure is brought under review by the Military Accounts Committee who go into it in great thoroughness and call such witnesses as they desire and examine them and cross-examine them at the very greatest length. The last report of the Military Accounts Committee begins with the words:

"We have been assisted in this work by the Auditor-General, the War Secretary, the Engineer-in-Chief, the Deputy Master-General of the Ordnance, the Deputy Quartermaster General, the Joint Secretary of the Supply Department, the Financial Advisers, Military and Supply Finance, the Military Accountant-General and the Director of Audit, Defence Services";

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and the Committee brought every aspect of military and supply finance under review—works expenditure, works accounting, stores expenditure, stores accounting, naval accounts, and then the work of the Supply Department. I would particularly invite the attention of the members of this House to the Appendices to the Public Accounts Committee's Report, and particularly the last, relating to the Supply Department, which discusses the whole basis on which contracts are made and the various financial devices which are resorted to in securing such economies as, with our limited staff, are possible. For instance, paragraph 6 of this Memorandum says :

" Arrangements exist to secure the concurrent control of the Finance Department in all activities of the Supply Department involving the expenditure of public money. Finance Officers are closely associated in all negotiations which now usually precede the placing of the more important contracts. With the large expansion of defence requirements, the peace-time methods of procurement by open, limited or single tender, although still in use to a limited extent, have given place to contracts by negotiation, etc. "

Then they discuss the various methods of negotiating contracts and the whole system is brought under entire review. By these methods, by concurrent financial advice, by scrutiny of the basis of tenders, by touring teams and such other devices, the working of all of which are investigated by the Military Accounts Committee, and on their report by the Public Accounts Committee, we try our best, with the staff available, to ensure against waste from various quarters in the military expenditure.

Then, there is the civil expenditure, and I agree that when you look at the total figures, the picture at first sight is a little surprising. The civil expenditure in 1938-39 was 3,893 lakhs ; in 1944-45 it was 115,42 lakhs. But there are a number of self-balancing items, payments to the various Funds, Coal and Coke Fund, Cotton Fund, Sugar Excise Fund, and so on which amounted to less than 2 crores in 1938-39 and in 1944-45 totalled 16½ crores. Excluding those, the difference between the two years comes down to 62 crores.

**THE HONOURABLE MR. HOSSAIN IMAM :** Does it include war risk insurance?

**THE HONOURABLE SIR CYRIL JONES :** Yes, because money is received and paid out into the fund. For the remainder, the expenditure can be divided as follows. Special non-recurring items. The total in 1938-39 was nothing. In 1944-45 ten crores odd in connection with the Bombay Explosion; 7 crores special grant to Bengal and 1 crore odd grant to U. N. R. R. A. That accounts for a further 18 crores odd. The next head is obligatory expenditure—interest charges which have gone up appreciably, pension payments which have gone up slightly and grants-in-aid to provinces which have come down. This head contributes a further 7 crores odd to the increased civil expenditure. Then comes the cost of collection of revenue which has gone up from Rs. 3.19 crores to Rs. 7.50 crores, an increase which my Honourable friend Mr. Hossain Imam would say was not sufficient. Then there is the expenditure directly attributable to the war : Supply Department, evacuees, Grow More Food campaign, Assam relief measures, Civil Defence, war-time Police and other items, which was *nil* in 1938-39 and Rs. 20½ crores in 1944-45. Thus, apart from these special items, we are reduced to comparatively modest figures for such matters as General Administration, Broadcasting, Currency and Mint, Civil Works, Stationery and Printing and so on ; so that, if the position is analyzed I think the House will agree that the scope for possible economies is nothing like so wide as would appear from the lump sum total figures which I quoted at the beginning. I do not wish to minimise the importance of this question, but I do ask the House to recognise that in present conditions the problem is immense. It is on a scale beyond anything which this country has hitherto experienced and beyond anything which the administration of the country was ever designed to tackle. Trained staff is small, especially with the new demands that are made, such as the operation of our controls and our rapidly developing planning staff. The achievements, I honestly feel, are real and substantial but every effort will be made to improve, and to continue to improve, the general position.

I am afraid, Sir, my time is up. Much that I had prepared in answer to the debate I have no time to tackle.

**THE HONOURABLE MR. HOSSAIN IMAM :** I suggest that the time may be extended to the Honourable Member. It is very interesting facts which he is giving.

THE HONOURABLE SIR CYRIL JONES : I understand some Honourable Members have a function to attend at 5 P.M. I had undertaken to finish by about 10 to 5.

As regards the actual provisions of the Finance Bill, Sir, I would like to associate myself with the tributes which, the Honourable Mr. Motilal alone being excepted, have been paid to the Honourable the Finance Member and with which I myself am personally gratified. There has been practically no opposition to the Bill on its merits. In fact, the debate has revealed a considerably larger measure of support than of criticism. Such opposition as there has been is on political grounds for reasons which have been expressed. I feel it is a pity, Sir, that in times like these critical times the leaders of the country could not see their way to close their ranks in the interest of the country, at least for the period of the war; but, as the Honourable Sir Gopalaswami Ayyangar himself said, the country has to be governed; the country has to receive the supplies that it needs. The Government's proposals for the coming year have been shown to be generally acceptable and I commend this motion to the acceptance of the House. (*Applause.*)

THE HONOURABLE THE PRESIDENT : Honourable Members, before I put this Motion to the vote I wish most cordially and whole-heartedly to associate myself with the observations and the very appropriate remarks which have fallen from the Leader of the House and some other members regarding the great services which the Honourable Sir Jeremy Raisman has rendered to India. (*Applause.*) I myself have come into contact with many eminent Finance Members, both from England and some who were selected from the Service in India, and I endorse the view expressed by the Leader of the House and some Honourable Members that Sir Jeremy Raisman stands in the front rank of past Finance Members. He has been the Finance Member of the Government of India during the most stormy times and his labour has been most arduous and his work most difficult. He had to guide the ship amidst troublesome waters and he has done so with consummate ability and remarkable success. He has proved himself not only a great financier but a statesman also. Some may question some portion of his work but when we come to consider that he has served during the most difficult, the most arduous and the most critical times in the history of India we must overlook some of those shortcomings which were inseparable from the times. Now that he is leaving India we all pray that he will live long and in good health in his retirement and that he will be able to render to his own motherland and to India further good services. (*Applause.*)

I will now put the Motion to the vote of this Council.

Motion moved :

"That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1945, in the form recommended by the Governor General be taken into consideration."

Question put: the Council divided. :

AYES—27

Assadulla Khan Raisani, Hon. Sardar	Khurshid Ali Khan, Hon. Nawabzada.
Bahadur Nawab.	Lal, Hon. Mr. Shavax A.
Banerjee, Hon. Mr. R. N.	Mahomed Usman, Hon. Sir.
Charanjit Singh, Hon. Raja.	Mealing, Hon. Mr. K. W.
Chinoy, Hon. Sir. Rhimtoola.	Menon, Hon. Sir Ramunni.
Commander-in-Chief, His Excellency the	Muhammad Hussain, Hon. Khan Bahadur
Conran-Smith, Hon. Mr. E.	Mian Ali Baksh.
Das, Hon. Mr. M. L.	Mukherjee, Hon. Sir Satya Charan.
Devadoss, Hon. Sir David.	Noon, Hon. Sir Firoz Khan.
Gibbons, Hon. Mr. J. M. B.	Patel, Hon. Mr. H. M.
Hissamuddin Bahadur, Brigadier the Hon.	Pillai, Hon. Mr. N. R.
Sir.	Prior, Hon. Mr. H. C.
Jogendra Singh, Hon. Sir.	Sen, Hon. Mr. B. R.
Jones, Hon. Sir Cyril.	Sobha Singh, Hon. Sir.
Kameshwar Singh of Darbhanga, Hon.	Warren, Hon. Mr. D. D.
Maharajahdiraja Sir.	

NOES—11

Chettiyar, Hon. Mr. Chidambaram.	Mitha, Hon. Sir Suleman Cassum Haji.
Das, Hon. Mr. N. K.	Motilal, Hon. Mr. G. S.
Girdhardas, Hon. Mr. Narayandas.	Padshah, Sahib Bahadur, Hon. Saiyed
Hossain Imam, Hon. Mr.	Mohamed.
Kalika, Hon. Mr. V. V.	Roy Chowdhury, Hon. Mr. Susil Kumar.
Mahtha, Hon. Rai Bahadur Sri Narain.	Sapru, Hon. Mr. P. N.

The Motion was adopted.

Clauses 2 to 8 were added to the Bill.

The First Schedule was added to the Bill.

The Second Schedule (including Parts I and II) was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**THE HONOURABLE SIR CYRIL JONES :** Sir, I move :—

“That the Bill, in the form recommended by the Governor General, be passed.”

**THE HONOURABLE MR. HOSSAIN IMAM :** May I point out that Government have violated their own Press regulations? The name of the printer is not on the Finance Bill. Every publication must have the name of the printer on it.

**THE HONOURABLE THE PRESIDENT :** Motion made :—

“That the Bill, in the form recommended by the Governor General, be passed.”

The Motion was adopted.

#### STATEMENT OF BUSINESS

**THE HONOURABLE SIR MAHOMED USMAN (Leader of the House) :** Sir, as arranged the other day with the Leaders of Parties, we shall meet on the 6th of April for the transaction of non-official business. But if there is any other business before that date we shall send notice to Honourable Members by circular.

**THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) :** Will one day's notice at least be given?

**THE HONOURABLE SIR MAHOMED USMAN :** Yes.

**THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) :** Can the Honourable the Leader of the House indicate to us when the session will be over? What is his estimate?

**THE HONOURABLE SIR MAHOMED USMAN :** I am afraid I cannot say definitely. Approximately, till the 12th or the 15th of April. But it all depends on the Assembly. But anyhow we shall meet on the 6th of April, as arranged, and if there is to be a meeting earlier, prior notice will be given to Honourable Members.

#### REPLY BY THE HONOURABLE SIR JEREMY RAISMAN TO THE FELICITATIONS OF MEMBERS

**THE HONOURABLE SIR JEREMY RAISMAN (Finance Member) :** Before the House disperses, I should like to express my deep appreciation of the generous terms in which you, Sir, have referred to my services in this country. I should also like to express my gratitude to other members of this House who have, I understand, made kind references to the same subject. I deeply regret that in recent sessions I have been so heavily pre-occupied in another and a somewhat stormier place that it has rarely been possible for me to visit these quieter and more soothing halls. I am sure that it would have been conducive to my peace of mind and to a relaxation of nervous strain if I could have sat for longer and listened to the deliberations of the elder statesmen of this House. I have often in the past expressed my view that many matters which deserve public consideration are apt to be overlooked amidst the fierce strifes which rage in the Lower House, and that they often come under more careful investigation and, if I may say so, Sir, more competent scrutiny in this House than elsewhere. For that reason, Sir, I am all the more sorry that it has been so difficult for me to make my appearance in this House. I have many old and intimate friends in this Council and their friendship and regard will be one of the memories which I shall always treasure. I am glad to be able on this occasion to appear once more in the House and to sense the atmosphere of friendliness which I have so often felt in the past. It has been my misfortune to have to handle some of the most acute and controversial topics which can arise in time of war. But I have throughout been conscious that in respect of the public issues on which my Honourable friends may have had to differ with me, they have recognised that I was endeavouring within my means to carry out my duty and to serve this country. Sir, I thank you.

The Council then adjourned till Eleven of the Clock on Friday, the 6th April, 1945.