

Friday, 26th March, 1943

# COUNCIL OF STATE DEBATES

(OFFICIAL REPORT)

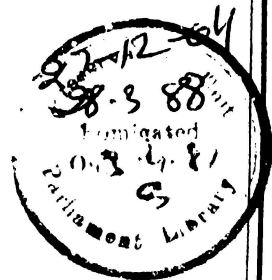
VOLUME I, 1943

*(15th February to 3rd April, 1943)*

## THIRTEENTH SESSION

OF THE

# FOURTH COUNCIL OF STATE, 1943



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI  
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI  
1943

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# COUNCIL OF STATE

*Friday, 26th March, 1943.*

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

## MEMBER SWORN :

The Honourable Mr. H. Greenfield (Nominated Official).

## CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: Honourable Members, before we begin the work of this morning, this Council will now proceed to elect Members from the Council who shall be required to serve on the Central Advisory Council for Railways. The election will be according to the principle of proportional representation by means of the single transferable vote and the ballot papers will now be placed in Members' hands and I ask the Honourable Members to vote in accordance with the instructions noted thereon.

(Ballot papers were then distributed and Honourable Members recorded their votes.)

THE HONOURABLE THE PRESIDENT: The result of the election will be announced later.

## INDIAN FINANCE BILL, 1943—*contd.*

THE HONOURABLE THE PRESIDENT: Honourable Members, before we proceed with today's business, I must bring to the notice of the House that I propose to call upon the Honourable Mr. Jones to reply to this debate at 4 P.M. I am determined to finish this Bill today and it must be finished even if we have to sit here till late in the evening.

There is another matter on which I would like to address you today. It seems to be the practice and during my term of office I have had repeated requests from many members of this House that they should get precedence over others and they should be allowed to speak on the Bill, especially when the Budget and the Finance Bill come up for discussion. I may point out to Honourable Members that the practice which is prevailing in the Indian Legislature is not prevailing in any part of the world. In every country if you peruse the reports of the proceedings you will find that the leaders of the Parties in the House are the people who primarily address the House and they appoint their selected representatives who, after the leaders have addressed the House, on their behalf may take part in the debate. Even in England on big questions like the Budget or the Finance Bill only about a dozen or two dozen members generally speak in a House of 600 members when the Motion comes before the House. The practice in the Indian Legislature has become quite obsolete. I may also point out that I am addressing my remarks to this House only. I have no power or authority to address my remarks to the other House. I would therefore bring to the notice of the leaders of the various Parties that they should in future concert together and meet together before the day of the debate on any important Bill and arrange among themselves that only certain members should address the House and that representatives of each Party should address the House. This is a procedure which ought to be followed now in this House. For 20 years we have followed the present practice which, as I have said before, has become quite obsolete and not in keeping with modern times. I hope Honourable Members will bear in mind my remarks and act accordingly.

THE HONOURABLE SIR MAHOMED USMAN (Leader of the House): May I say a word, Sir? You have just now said that you will call on Mr. Jones to speak at 4 P.M. I hope you will ask the other Government members who have to speak for their departments to do so before Mr. Jones.

THE HONOURABLE THE PRESIDENT: Yes. If they like they can speak before, otherwise after Mr. Jones.

THE HONOURABLE SIR MAHOMED USMAN: Before Mr. Jones speaks, Sir.

THE HONOURABLE THE PRESIDENT: Very well, they can speak before Mr. Jones.

**THE HONOURABLE SIR MAHOMED USMAN :** Then what about the other two Bills about excise duties on tobacco and vegetable products ?

**THE HONOURABLE THE PRESIDENT :** Those I am afraid we won't be able to finish today. We will be very lucky if we finish this Bill. I am anxious to finish it today. Even if we have to sit late in the evening.

**THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) :** Mr. President, yesterday I was referring to the financial settlement when the House adjourned. I was advocating, Sir, the adoption of the proposal of Mr. Dalal about fixing a ceiling for our Defence expenditure to the attention of the House and of the Government. I can go farther than Mr. Dalal has done in fixing the ceiling at Rs. 125 crores, I would be willing, Sir, to pay more than that ; if we knew what was the ultimate liability ; because I am afraid that we have lost all confidence in the Finance Department's estimates of the Defence expenditure. The manner in which it was exceeded all along has left us no choice but to take the estimates with a grain of salt. As a matter of fact the correct picture of the Defence expenditure has not come before the House. The Honourable the Finance Member in his speech and in the Explanatory Memorandum does not mention the amount which has been transferred to the suspense head. Mention is made that something is being transferred to the suspense head but what is the total amount so transferred is not clear to me at least. I should like the Honourable the Finance Secretary to enlighten the House about the amount which is being transferred to capital suspense head.

I also, Sir, should like to have some information on a head of some importance that is frustrated cargoes. Rs. 20 crores expenditure and then Rs. 20 crores recovery, so the net result is no disbursement but who pays ? This is not clear to us. Does the Government of India pay for it or does H. M. G. pay for it ? Who pays for the frustrated cargoes ? Where is the recovery coming from ? We do not know this. We should like to have some information on that head, Sir.

I had asked a question as to the amount which we are paying towards Defence expenditure under different heads, the Honourable Mr. Jones pleaded his inability with all his staff to give even an approximate figure.

**THE HONOURABLE THE PRESIDENT :** Is it necessary to refer to this matter ? The question was put and answer given.

**THE HONOURABLE MR. HOSSAIN IMAM :** It is my right to know what is the expenditure on Defence.

**THE HONOURABLE THE PRESIDENT :** But what is your right ? No Honourable Member of Government is bound to answer any question.

**THE HONOURABLE MR. HOSSAIN IMAM :** I am very glad that you have reminded us of our abject position—that we have no rights—and this is what I have been hammering at.

**THE HONOURABLE THE PRESIDENT :** This is no time for hammering. This is the time for speaking on the Finance Bill.

**THE HONOURABLE MR. HOSSAIN IMAM :** This is a good reminder that you have given us, that at the time of the Finance Bill we have no claims, and that the Government which claims to be a democratic Government, because it has got some Indian members, sails under the false colours of being a national Government.

Sir, according to my calculation I place the sum which we are spending on Defence account at Rs. 300 crores for the current year. I am afraid, Sir, that you will not allow me to go into details, otherwise I would have given a long detail of how this sum is made up including capital suspense head and other indirect expenses like Supply, Defence (capital) and External Affairs and other items. In this connection, Sir, I regret that no explanation has been given although the Honourable the Finance Secretary has said it is illustrative about the expenses to be incurred in the purchase of food and standard cloth. Are they to be losses or are they only the differences between the sale price-cum-stocks left over and purchase price ? In a commercial concern stock is left over ; so that if there is any difference between the purchase and the sale prices ; that means that only some stock is left over. Is it a stock left over or is it the intention that this difference will cost Rs. 5 crores because in the Food Department I find that the expenses are shown as Rs. 75 crores and the income at Rs. 70 crores, with this rider, of course, that it is illustrative.

Now, Sir, I was saying that the financial settlement is not exactly correct. The Honourable the Finance Member himself has stated, Sir, that at the time when it was entered the present situation had not been contemplated. Even the situation existing in 1941 was not contemplated then and we had to make a sort of elucidation of that agreement, that when Indian troops were sent abroad their charges from the time of their recruitment up to their departure time will all be charged to His Majesty's Government. Now that situation, Sir, can not be handled on that principle, as I showed in my speech yesterday evening, we are not the real theatre of war but the centre of war activity. How could you cover that? Under the present distribution of joint responsibility, what happens? It is joint only in name. No indication has been given what part of the expenditure on the Army stationed in India is to be charged to His Majesty's Government. No elucidation has been made, Sir, by either the Finance Member or the Finance Secretary in any of their speeches to date. Is any part of the troops stationed in India to be charged to H. M. G.? We know that if a part of the Army goes outside the frontiers of India they are charged to H. M. G. Now have you ever heard of a settlement of this nature that all the preparations are to be made by one party and the thing kept at a fighting trim, not to be paid for by the other party until it is used and if it is not used—and the chances are that it may not be used in the coming year—the party making the preparations is saddled with all the expenditure involved?

I am afraid, Sir, that the apparent reduction in the expenditure which has been made is only a sort of pious wish and there is no reality, as I find, Sir, that the Honourable the Finance Member had warned us that the Budget estimate is based on the supposition that part of India's troops will be utilised abroad.

Now, I also question the correctness of the accounting method whereby recoveries for lease-lend goods are taken towards reducing the expenditure on Defence. You give an incorrect picture: Rs. 7½ crores reduction in the current year and Rs. 15 crores reduction in the coming year—that is not the correct accounting method. *If the lease-lend goods come, they should be shown under another head; they should not be utilised for giving a wrong picture of Defence expenditure.* The Defence expenditure ought really to be, in honesty, increased by these two amounts, because they are not Defence recoveries. In order to hide the magnitude of the Defence expenditure you have taken recourse to this devious method of taking credit for something which does not accrue from Defence.

As the time at my disposal is short and I have already taken 12 minutes, I will now turn to other points.

I have, with regret, to express that the present composition of the Government of India does not command any—I should not say respect—I can say, does not command any confidence. I have to analyse how far the efforts of His Majesty's Government to popularise the Government have succeeded. I feel that the whole conception of this scheme was wrong. *To bring in Indians without giving them increased powers and without support from the public was an injustice not only to us but an injustice to the Honourable Members themselves.* The service members have this advantage over the non-official members, that they have spent their whole life in the service of the department, and they know all the ins and outs of the department, and they are conversant with all the intricacies of the problems dealt with in the department; whereas their non-official colleagues have not this advantage. The advantages enjoyed by service men are not enjoyed by our own people. But it should not be understood that I am an admirer of service men and that I do not find fault with them. They have got two serious defects. They do not come into contact with the people, they do not know the public mind; and they do not have the confidence and the trust of the people. These defects of the service men are also, I should say, applicable to the Indian members too. They too have not the confidence of the people. So, they have neither the advantages of the service people, nor are they free from the disadvantages of the service people.

When I say that it is unjust to Honourable Members that their powers have not been increased, I really feel that the present method of the Government of India whereby each member is the titular head of the department, and consulted only in matters of policy, and has nothing to do with the day-to-day administration, leaves him very little scope to be of use and of service to the country. Therefore, Sir, if I say anything against the present Government of India, it should not

[Mr. Hossain Imam.]

be regarded as a personal attack against any one. I am concerned more with the principle and the ideas behind the system than with personalities. My charge sheet against the present Government of India is a long one. But I will not recount all the charges; I shall only deal with a few.

My first charge against the Government of India, especially against the Finance Department of the Government of India, is that since 1939 the question of capitulation charge has been hanging fire. From the time of the original settlement you have stated that the non-effective charges will be dealt with separately, and you have not found time to come to a settlement on that issue. Rs. 8½ crores are being paid to His Majesty's Government, but without any protest from the present Government of India even when the whole subject-matter was in the melting pot last June and when the Finance Member went over to England nothing was done. This is my first charge of incompetence against the present Government.

My second charge is that the apportionment of capital expenditure has been a unilateral action. The Government of India has not brought forward before us any acceptance by H.M.G. of joint responsibility for the capital expenditure, and we have not made any recoveries from H.M.G. on those accounts. We have simply transferred part of the expenditure to a suspense head without H.M.G.'s consent to shoulder it. It is a unilateral action on your part. You may have urged it, but H.M.G. has not accepted it. We know the proverb that there is many a slip between the cup and the lip. Who will guarantee that H.M.G. is going to pay for it, and the amount which they will pay for it?

My third charge is that our Government—when I use the word “our”, I use it only in its technical sense, not in its real sense, because I do not regard it as our Government; but we have no other word to express it; it is anything but our Government—my third charge is that this Government has misconceived the whole question of the financial settlement. It was H.M.G. who, although they were getting all the benefits, were anxious to throw more burdens on India's shoulders. And the Government, instead of trying to throw back some of the expenditure on to the shoulders of H.M.G., were content with asking that they should be left where they were and that the *status quo* should not be disturbed. Is that the manner which H.M.G. adopted? Why cannot you adopt the same militant attitude which H.M.G. adopted? I have always said that I am a great admirer of the British Government and their methods in many things. Their aggressive attitude of trying to throw more burdens on India's shoulders should have been copied by the Government of India if they had any regard for the interests of India. That was another great failure of the Government.

Then, Sir, I must enter my most emphatic protest against the way in which our dollar resources are being handed over to H.M.G. As I said in the beginning, our dollar resources are very valuable at the moment, because we have sent goods, and we should have received payment in the only stable currency of the world, the dollar. I ask: Why did the Government not stand out for its rights? Either say plainly that you are a subservient branch administration of H.M.G. and have no *locus standi*; or, if you do not say that, stand out for your rights and my right. You have no business to hand over my things to H.M.G. As you can see, the reciprocal lease-lend agreement does not contemplate any action in the colonies and in India. Why should this reciprocal lease-lend business have entailed a liability which resulted in our dollar resources being handed over to H.M.G.? It was nothing short of a subsidy to H.M.G.—a method of giving indirect support to H.M.G. You may say that they have been handed over because of their purchases in pre-lease-lend days. I am surprised that payment for pre-lease-lend goods has not come to an end yet, although the goods must have reached England a year and a half ago, because lease-lend has been in operation for nearly two years now. This is my fourth charge against the Government of India. It is surprising that the liability exceeds all British gold reserves and dollar shares. How long is this to continue? Is there ever to be an end to it? I think that a reciprocal lease-lend arrangement if ever made by this Government would be no more advantageous than the settlement with H.M.G. The present Government of India are absolutely incompetent to safeguard the interests of India. They have no mind to safeguard the interests of India. They are suffering from an inferiority complex

I am using a very strong word, Sir, and I am afraid that people will take, and I think they will feel that they are justified in taking, exception to this word which I am using, but I am forced to it. Look at the way in which you absolutely fall flat without any fight in you the moment you are hit. H.M.G. says it must have more, and you almost fall on your back and say, "You can't do it; leave us where we are". You have all the right to demand more. Similarly, if this lease-lend business is to be gone through, and the Government has any desire to do justice to India, it should associate non-official representatives with the settlement. Otherwise, whatever they do would be, as we know from the beginning, absolutely against the interests of India.

Sir, my next and fifth charge against the present Government is the way in which they have treated the Assembly. It had become almost a convention that on Adjournment Motions the Government will not take objection after admission.

**THE HONOURABLE THE PRESIDENT:** Are there no spokesmen in the Assembly to vindicate their honour?

**THE HONOURABLE MR. HOSSAIN IMAM:** Sir, His Majesty's Opposition in this House and the other House feels as one just as Government feels as one in both Houses.

**THE HONOURABLE THE PRESIDENT:** There are very able men there to defend themselves.

**THE HONOURABLE MR. HOSSAIN IMAM:** That does not debar me from making my small contribution on the subject.

**THE HONOURABLE MR. P. N. SAPRU:** Let us confine ourselves to our own House.

**THE HONOURABLE MR. HOSSAIN IMAM:** This is a matter of principle, Sir. I object to the Government's method of taking mean advantage of the reduction in the strength of the Opposition by asking the required number of people to stand up. I object to that.

**THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official):** Whose fault is it that your numbers are so low?

**THE HONOURABLE MR. HOSSAIN IMAM:** The Honourable Sir David Devadoss ought to know that there are many Congress men in jail.

**THE HONOURABLE SIR DAVID DEVADOSS:** Whose fault is it that they are staying away?

**THE HONOURABLE MR. HOSSAIN IMAM:** They are in jail. That fact you should not ignore. They are in the jail of H.M.G., because the Government of India has no existence at all.

Sir, I was saying that when an Adjournment Motion is given notice of, the Government have every right to object, but when the Chair decides that it is admissible, then the Government is morally bound not to ask that the requisite number of people should stand up, because it is simply to stifle discussion, it is taking mean advantage of the position of Parties.

**THE HONOURABLE THE PRESIDENT:** That is a privilege given to them by the rules. Why should not Government do it?

**THE HONOURABLE MR. HOSSAIN IMAM:** It is morally their duty.

**THE HONOURABLE THE PRESIDENT:** There is no question of morality here.

**THE HONOURABLE MR. HOSSAIN IMAM:** If the Government have no care for morality, I accept that correction of yours. I did not dare to say that Government had no morality.

**THE HONOURABLE THE PRESIDENT:** I did not say that Government had no morality. I simply said there was no question of morality here.

**THE HONOURABLE MR. HOSSAIN IMAM:** I object to the methods which they adopted to stifle discussion on the martial law administration in Sind and on the Pir of Pagaro's hanging—as my Honourable friend here says, murder. These things do not rebound to the credit of the Government of India. They had something to hide. They were afraid of facing the issue and therefore they used every method known to them to stifle discussion.

**THE HONOURABLE THE PRESIDENT:** Are you defending the Pir of Pagaro here?

**THE HONOURABLE MR. HOSSAIN IMAM:** Sir, my question is not whether he was innocent or guilty. My only question is whether he—



**THE HONOURABLE THE PRESIDENT:** You have no right to go into the question whether he is innocent or guilty. He has been proclaimed by a Court Martial to be guilty and you have no right to say anything on that.

**AN HONOURABLE MEMBER:** He has been finished.

**THE HONOURABLE MR. HOSSAIN IMAM:** Even jurists differ. I was remarking on the desire to stifle discussion, the desire to hide something they knew—

**THE HONOURABLE THE PRESIDENT:** You have said all that yesterday and you are repeating your remarks. I may remind you of rule 17.

**THE HONOURABLE MR. HOSSAIN IMAM:** I am drawing attention to certain facts. The amendment did not refer to his conviction. That is my trouble. Not only did the Muslim League move an Adjournment Motion but a Congressman also moved an Adjournment Motion, and even that was disallowed. It is not a question of Hindus and Muslims. It is a question of broad principle.

**THE HONOURABLE THE PRESIDENT:** I am not concerned with all that.

**THE HONOURABLE MR. HOSSAIN IMAM:** I would like the Home Department representative to tell us what they propose to do with his dependants. All his property has been forfeited, movable as well as immovable. Are his dependants to be punished for his sins? What do they propose to do with the shrine? Is there to be any successor to it or is the whole thing to be closed up?

**THE HONOURABLE THE PRESIDENT:** Is it new to you that the Government have a right to confiscate the property of bandits?

**THE HONOURABLE MR. HOSSAIN IMAM:** I doubt whether any one in this House or the other would be a party to Government's forfeiting property which is public property. If it is private property, you can deal with it in any way you like, but with religious trusts and other public properties, if the manager commits a fault, property should not be taken possession of by Government.

**THE HONOURABLE THE PRESIDENT:** You have got the civil Courts. Why don't you go there and urge this point?

**THE HONOURABLE MR. HOSSAIN IMAM:** I am not advocating that course, because—

**THE HONOURABLE THE PRESIDENT:** Let the disciples go to the civil Court and fight out their rights. This is not the place to do so.

**THE HONOURABLE MR. HOSSAIN IMAM:** The orders are not those of an ordinary court of law to which the rules of jurisprudence apply, but the whole trouble is due to the effort on the part of Government to submerge the rule of law and establish a reign of terror in the shape of martial law which is responsible for all our troubles. If they had taken proceedings against the Pir Pagaro under the ordinary law or even under the Ordinances, we would not have minded the action.

**THE HONOURABLE THE PRESIDENT:** I will stop you in three minutes' time. I told you yesterday that I will strictly limit you to half an hour.

**THE HONOURABLE MR. HOSSAIN IMAM:** I have come to my last point, Sir.

**THE HONOURABLE THE PRESIDENT:** You won't be allowed more than three minutes.

**THE HONOURABLE MR. HOSSAIN IMAM:** The Muslim League cannot give its support to this taxation measure of a Government which has lost all confidence of the Mussalmans, and we have so many grievances against the present Government that we cannot in any way be a party to this taxation of the people.

**THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan):** Mr. President, first of all I must express regret at the fact that I was unable to be present here to listen to the speeches yesterday because I was unwell and I hope, therefore, the House will forgive me if I repeat some of the things that might have been said yesterday unwittingly.

The attitude of our Party towards the Finance Bill has been explained by the speakers who have preceded me and I should just like to define that attitude again as accurately and correctly as I can. Having regard to the fact that we have to deal with an executive which does not command our confidence, it is impossible for us to give our support, qualified or unqualified, limited or unlimited, to the Finance Bill. Irrespective of the merits of the Bill—and I will go into the merits of the Bill—irrespective of the merits of the Bill we are opposed to the Finance Bill because we have no Government which is responsible to a popular Legislature and we are not

prepared to share responsibility for staggering taxation, whether it be in wartime or in peacetime, with a Government which, rightly or wrongly, has forfeited our entire confidence.

Now, Sir, I shall have towards the end of my speech something to say about the political deadlock, but I will confine myself for the present to some of the financial issues involved in this Bill. First of all, I would like to ask a few questions in regard to lease-lend arrangements from my Honourable friend the Finance Secretary. The Honourable the Finance Member—I have got his speech here—did not tell us exactly what the amount of lease-lend aid received by this country was. He explained later on why he could not do so. But what he said was that the estimated value of lease-lend supplies already received in India and utilised for her own purposes exceeds the aggregate provision made for reciprocal aid during the current year and the next. Since he made that statement, we find that some of the United States administration people have been making statements about lease-lend aid to India. The United States War Office has stated that aid to the value of 295 million dollars was rendered to this country. Sir, I have not been able to lay my hand on that statement, but I think a man called Mr. Stenittius or some one of such name is reported to have said that the value of the aid rendered is in the neighbourhood of 595 millions. Now, Sir, the point that I should like to know is what is approximately the aid that has been received by us. The U.S.A. administrators know the figures, because they have been sending us aid. But when we get aid here, part of it goes to the Middle East, part of it goes to China, part of it goes to Burma and part of it is used for our own local defence. Are we to be made responsible for aid which is rendered to the Middle East, to China, to Burma, to the Far East, or are we to be made responsible only for aid which is directly meant for us; and if we are to be made responsible, as we should be, for aid which is only directly meant for us, then what are, approximately speaking, according to Government the figures? It is clear from what the Finance Member has said that the value of the aid given by the United States exceeds the value of the aid given by us to the United States. According to him the value of our aid during the last two years is in the neighbourhood of Rs. 24 crores—I think it would be about 80 million dollars. Now, Sir, we have limited resources and President Roosevelt has enunciated the very correct principle that countries fighting this war should bear sacrifices in proportion to their capacity. Therefore, it would appear that it is not unreasonable to demand that a ceiling maximum, that a maximum limit, should be placed upon the aid that the United States renders us under lease-lend arrangements and for this purpose even though I do not look upon this Government as a very capable instrument for safeguarding Indian interests, I would like this Government to undertake negotiations with the United States Government and arrive at an agreement independently of His Majesty's Government, the agreement safeguarding fully and adequately our future fiscal autonomy and interest. I hope, Sir, that when the Honourable the Finance Member speaks, he will tell us something about this lease-lend affair.

Passing on from the question of lease-lend, I should like to say something about the utilisation of our sterling balances and connected questions, for I wish to connect this question of the sterling balances, with India's industrialisation and inflation. The Finance Member says that these sterling balances should be utilised for the purpose of building up a Reconstruction Fund to be utilised by us in the post-war world when there will be a scramble for goods, for replacements, also perhaps for starting new agricultural or industrial developments. Put shortly, the scheme can be interpreted only in this sense. It will commit this country to a semi-permanent contract with Britain to purchase her manufactures in the post-war period and thus make India a handmaid for Britain's post-war reconstruction. I do not want that position to materialise. After all the money is ours. It is not a debt; it is money which we have earned by selling goods and services and it is the first time in the economic history of the world that a debtor nation is dictating to a creditor nation as to the manner in which the debtor nation shall pay the creditor nation.

Sir, the whole question of the utilisation of sterling balances looks like another post-dated cheque. We have had too many post-dated cheques in recent years and we cannot place too much faith in those post-dated cheques. The purpose of the scheme is obvious. The scheme appears to have a two-fold aim: firstly, it discloses a great anxiety on the part of the Government of India to shoulder the burden of

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British war purchases in India and abroad by agreeing to hold large and daily increasing quantities of sterling paper freely printed by the Bank of England; secondly, it supports Britain's post-war reconstruction by providing an easy and protected market for British manufacturers.

Sir, so far as the first aim is concerned I must say that what Government say is this. We shall give you all the goods you need and you need not pay just now. Not only does it say this but it goes further and says we shall also export goods to other countries and sell goods for the Defence forces and give you the proceeds for your own purchases. Don't worry about payment just now. Under the circumstances, I do not think, Sir, that I can look upon this arrangement as a satisfactory arrangement. To Britain it matters little whether the amount is 100 million or 200 million or 1,000 million so long as there is no question of any immediate payment. That is why I call it a post-dated cheque. India is too weak to undertake such grave risks in the accumulation of sterling balances which Britain is not willing to convert into concrete and realisable assets immediately. India has no doubt a stake in the war and is prepared to accommodate to some extent the Allies but not at the expense of her future financial stability. What indications have the British Government, or for the matter of that the Government of India, given so far of their anxiety to enable India to realise her sterling balances in the form of British assets in India? Unless there is preparedness so far as is practicable in that direction to take over British assets in this country I fail to see how any patriotic Indian can support the present policy in regard to sterling balances.

Sir, even granting that the utilisation of sterling balances for the purchase of British manufactured goods would be one of the solutions of the problem, how do we know what will be the value of these sterling assets in the post-war world?

Sir, we do not know whether Britain will be able to spare any plant or machinery which are the chief things required for Indian post-war reconstruction in the post-war world. It may be that instead of being supplied with manufactured goods we shall be made the dumping ground for the manufactures of Britain. That objective is clearly implicit in the post-war programme of Britain as I read it today. One thing which has been impressing itself upon my mind is that neither in the economic sphere nor in the political sphere is the Government of Mr. Churchill fighting for any worthy aim. Stress is being laid every day by the spokesmen of the British Government and even a thinker and writer like Lord Keynes says that Britain must expand her export trade tremendously in the post-war world. She must export to an extent to which she had never exported before. I do not think, Sir, that the lot of the Colonies or of India in the matter of industrialisation is going to be anything like what they want it to be if Britain has a dominating voice at the peace table or is going to be anything like what Vice-President Wallace or Mr. Cordell Hull or other American statesmen would like it to be.

I doubt very much, Sir, whether even British economists have enough faith in the future stability of the sterling. Britain has lost, as was stated by Mr. Richard Law the other day, money on her investments in the world and she has become a debtor country and she will have in the post-war world to face from year to year adverse balances of trade which are hardly likely to keep the sterling steady. Britain's overseas investments, except in India and those other countries which she still controls, have disappeared. They have been sold to her own Allies, to the United States and the Dominions. Britain's gold stock is diminishing to zero point. In view of this declaration of Britain's status as a creditor nation and her post-war requirements of feeding her population, for-rebuilding and rehabilitating her industries and financing the Beveridge Plan she may have a super-Nationalist State we do not know; in England it may be Socialism, abroad it may be something like National Socialism suited to the type of British genius. It is very much to be doubted whether sterling can remain as stable as it is today. There is danger of its deterioration, of its depreciation. Sir, we do not want our sterling balances to evaporate into thin air and I do not think, Sir, that we need attach very much importance to what may be the statement of the Finance Member that India has been able to build up a creditor position. Even her position as a creditor may not be able to support the value of the rupee owing to the fact that in the post-war period there may be a scramble for the Indian market on the

part of the Allied Nations. Accumulations of foodstuffs are going on everywhere and I am afraid India may not be able to find sufficient markets for the export of her foodstuffs in the post-war world. It may be thus difficult to maintain the exchange ratio. And if, on top of that, Government raise the exchange rate, as they did after the last war, they may once again perform, like the magician, the disappearing trick with the sterling balances : in other words, our sterling balances may be exhausted for maintaining the exchanges, and then we may be told that there are no sterling balances. Will the Finance Member give an assurance that there will be no monkeying with the ratio against the wishes of the people ? I may say that we have no objection to purchasing plant and machinery from Britain or any other country which gives us the cheapest and most favourable terms. But first things must come first. What are those first things ? We want an immediate purchase of all British-held assets in India at a fair price. There is nothing revolutionary in this proposal. This has been done by Britain at the bidding of the United States and the Dominions. Why should this country be singled out for being the economic *ayah* to hold the baby of the sterling balances ? The Finance Member has described how a part of the sterling balances has been used for repatriation purposes, like building up a pensions fund and so on. Why cannot you go a step further and do what Britain has done elsewhere ? In any case, there is no gold backing to our note circulation in this country, and we should be paid for our goods in more durable assets than sterling.

I would like now to deal with the question of inflation. The Finance Member has uttered several remarks on the question of inflation. Shortly put, he says that there is no real inflation. There may be an inflationary tendency, and he does not entirely deplore that inflationary tendency. My Honourable friend Sir Jogendra Singh also would like this tendency to continue, because he has persuaded himself that the rise in prices is benefiting the agriculturists. Some Indian businessmen of note have come to the rescue of the Finance Member ; they have been arguing that what we have today is not inflation, but expansion of currency, and that what we need is more production. Now, whether inflation is the right word, or whether expansion of currency is the right word, the broad fact that stares us in the face is that our currency has expanded to an alarmingly large extent. We had about 179 crores of rupee notes in circulation at the beginning of the war. I think the figure now is in the neighbourhood of, or it may have exceeded, 600 crores. And this large increase in currency circulation is not backed up by any metallic reserves. There is no metallic backing to this large increase in note circulation. Mr. Birla would say that the sterling has not depreciated. That does not mean that the sterling is not capable of depreciating or that it will not depreciate in future. Now, I would not like to put the case for inflation very high. I am quite prepared to recognise that we have no inflation here in the sense in which they had inflation in Germany and Russia. But if currency notes continue to be expanded at the rate of Rs. 20 crores a month without a corresponding increase in production, then imagine what our situation will be. The point that I want to make is this. Something has got to be done to check this inflationary tendency. Of course, the Government argument is : " When you have low prices, then you say you want high prices. When you have high prices, then you say you want low prices ". Their attitude is this. When we are suffering from constipation, they say it is good for us. When we have low prices, they say, it is good for us ; the consumer is gaining. But when we are suffering from diarrhoea, they say it is good for us. The agriculturist, who is the largest consumer in India, is a gainer by these high prices, and, therefore, the rise in prices is good. (*Interruption.*) My Honourable friend Rai Bahadur Mahtha says that if we suffer from dysentery, they will say it is good for us. Now, Sir, I should like to know what is the evidence which would warrant any one saying that the agriculturist has actually benefited from the rise in prices. Has Government any statistics to show that the burden of agricultural indebtedness has actually gone down ? The agriculturist is not merely a producer. He is also a consumer, and he has today to buy cloth at four times the price which he used to pay for it before. I was told by my servant that you cannot get a pair of *dhotis* in the market for anything less than Rs. 12. The agriculturist needs *dhotis*. He needs *dhotis* for himself. He needs *saris* or *dhotis* for his wife and daughters. He clothes himself very scantily but he does clothe himself and he has to pay very heavily so far as his matches, clothes, agricultural implements, kerosene, and many other commodities of life are concerned. He has to pay very heavily to the Railway

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Department because if he wants to travel, he has to pay higher fares. In all these ways his expenses have gone up. Therefore, can it be said with any accuracy that his condition, both as producer and as consumer, is better than it was before this rise in prices? I should like the matter to be considered from this point of view, "What has Government done to relieve the position for the agriculturist so far as cloth is concerned? I am not interested in the cloth business, and I have nothing but whole-hearted condemnation for the speculators who were denounced by the Finance Member. They represent an anti-social class which is present in every country, and which is perhaps more present in this country because all bad classes are represented in this country in a greater measure than in other countries. Foreign domination has so lowered our character that we would like to make money out of the misfortunes of humanity whenever we can. But I would like to ask what measures Government has taken to relieve the position in regard to cloth? I am not going into the question of industrialisation of the textile mills and so on. But there is an industry in this country known as the handloom industry. I find that last year the grant to the handloom industry was Rs. 4 lakhs. The grant from the Central Government for the handloom industry this year also is Rs. 4 lakhs. Note, Sir, that this handloom industry has actually suffered in the provinces because there used to be an All-India Spinners' Association which was associated in the minds of this Government, which is very capable of discovering open or secret rebellions, imaginary or real rebellions, with the Congress organisation, which is according to this Government a rebellious organisation. This All-India Spinners' Association has been declared to be an unlawful association in most provinces and certainly in the United Provinces. I think some of their stocks were burnt down by the police and Government. So my Honourable friend Mr. Mahtha says. There was a Handloom Facts Finding inquiry also. It worked for a year or so and I think it made a report. What is the action which this Government has taken in regard to that report? That report has not been published, the Honourable Mr. Hossain Imam reminds me. The Secretary of that Committee was a close personal friend of mine, a very distinguished economist, Professor Adarkar, of the Allahabad University. Professor Thomas, the President, was also a personal friend of mine. He and I were together at Oxford. I am sure they must have presented a decent, tolerable report. Whatever their labour, it has been wasted. If you had developed this handloom industry in the villages, if you had encouraged the *charka* which we used to ridicule at one time, but the economic advantages of which we are beginning to realise now in wartime, the cloth position for the villager might have been better and if the cloth position for the villager had been better he might have been in a way able to benefit more directly than he has by the rise in agricultural prices. You have not been able to do that.

Take again the question of food control. We have had experiment after experiment with food control, and the latest experiment is going to be tried in my province of rationing. The rationing authorities have determined that they shall have first of all their full fare of hearty meals, eggs, meat, vegetables, fish, etc., things which they eat and relish and which I will also eat with relish. They are exempt from rationing. Therefore, so far as the British *sahib* and the Indian *sahib* is concerned, he won't feel the pinch in any degree. Rationing is to be confined to a few articles like wheat, rice, *jowar*, *bajra*, barley, gram, etc., things which the upper middle class Indians eat in small quantities, the middle class Indians eat in adequate quantities and the lower middle classes eat to fill their stomachs. The rationing is to be 10 chittaks for an adult male and 5 chittaks for a child. I shall find 10 chittaks quite enough for me but I was talking to my servants and they told me that they take some wheat and a little salt and sometimes a little dal and that they eat about twice or thrice the quantity which is to be rationed. So far as the poor man is concerned, his diet is to be reduced; so far as the rich man is concerned, he could have almost everything he likes and the food problem, they think, has been solved to the satisfaction of both the rich and the poor by this most mighty of Governments. Is that, seriously speaking, the manner of solving a big problem? After all, the actual execution of the scheme will be in the hands of the lower paid members of the Government staff. The wealthy man's servant will get his rationing card and his food at the right time because otherwise his master will come down on him. But the poor man, although he may have a ration card, may not be able to get his ration offered to him. We see the same thing happening

every day on railway station platforms. A man goes to buy a ticket. The Babu says, "You have got to pay seven annas". As a matter of fact the fare is only six annas. The man does not know really how much is the fare because the British Government has not taught him to read. He pays seven annas and one anna goes to the pocket of the Babu. Six annas is the legitimate railway fare. This is what is going to happen so far as this rationing scheme is concerned. We suggested that there should be a Standing Food Advisory Committee of the Central Legislature. I do not know that these committees do very much work, but I think they are useful on some occasions. We have had no answer on that point so far.

I would just like to say one word about the poor man and the railway. I will give this House an incident which was reported to me by a person who is a member of His Majesty's Privy Council. He was travelling between Bombay and Allahabad and he said that at one of the stations—I forget which it was, I think it was Katni—the crowd in the third class was so terrific that one woman who was trying to get into the compartment got into the compartment but she had to be taken out; she was dead. This is railway administration under British rule today. Can we thank you, Sir, for this administration, for this inhuman treatment? Why can't you have a few trains reserved for the military and a few trains reserved exclusively for the civil population? Railway travelling has become almost impossible. This gentleman, the Privy Councillor, said that the sight was absolutely horrifying.

I have dealt with some of these questions and I should like to come to another question which relates to the Department of my Honourable friend Sir Jogendra Singh—

**THE HONOURABLE THE PRESIDENT:** I hope the Honourable Member will be able to spare some time for other speakers.

**THE HONOURABLE MR. P. N. SAPRU:** I shall try to be as short as possible and bring my remarks to a close as soon as possible. Here we get an opportunity of speaking on various aspects of Government's activities and I am very glad that you have made a suggestion today that there should be selection of speakers by Parties. I think it is a very helpful suggestion.

I should like the question of educational reconstruction to be considered seriously by the Government of India. It is strange that while the taxation proposed is of a staggeringly high character, the social services which the Government offers, whether in peace or in war, are of a very very inadequate and poor nature. Even in wartime big measures have been taken in regard to social security and educational development—thought has been given to the question of educational development—in advanced democratic countries. In New Zealand, as we know, there has been nationalisation—I am using that word loosely—of the medical service. In England this question of educational reconstruction has been receiving a very great deal of attention in recent months and I have been reading a great deal about educational reconstruction in educational journals and papers. I should like this question to be considered in a broad spirit. We know that Mr. R. A. Butler, the energetic President of the Board of Education, has issued tentative proposals contained in what is called the Green Book for eliciting public opinion in post-war reconstruction in education. The basis of this Green Book is that of all the State's activities education is the basic activity because it conditions the future character of the entire community. Mr. Butler has stated that before the war England was divided into two nations—Disraeli had also said this before—the nation of the privileged few and the nation of the unprivileged people and the war has created one nation and it was the function of education to maintain the permanent unity of the State and to foster it. The objective before the educationist was the building up of a thoroughly democratic society in which no individual will be deprived of the opportunity of rising to the height of his capacity, so that he might make his best contribution towards the service of the State. This is how he states the ideal of education. The Green Book, Sir, has been considered by various party organisations in England, but whatever may be the differences in regard to specific recommendations—and the Labour and Liberal Party, the teachers' associations and the trade union council, are all entirely satisfied with it, only they would like to go much further—are all agreed that as far as possible a fuller and a broader national system must be adapted to the needs of the society which will emerge out of the great war. The recommendations made cover every aspect of education and propose reforms in the organisation, structure, content and methods of

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education. They take into consideration the relation of education with State, the relation of education with industry and with the Church—or I will put it here with religion. Far-reaching proposals are being considered by which every child will be educated at the expense of the State, not only during the period of elementary education, but also up to the secondary stage, that is to say, up to the age of 15 and beyond. Now children are to be provided with free mid-day meals at the expense of the State. Those who are considered fit to proceed to the university are to be enabled to do so by a liberal grant of scholarships and no deserving youth will be denied the opportunity of going to a university. The responsibility for entire education from the school-age to the secondary stage will be shouldered by the State. Whether this will mean a complete disappearance of duality or authority or not it will certainly involve supervision and direction of all education, denominational or otherwise by the State so that privately administered schools or schools maintained by the Church may not fall below the standard.

Another problem which has been tackled is the training to be given to boys and girls in technical and vocational subjects. The recommendations of the Hadow Committee and of the Spence Committee are being given serious consideration. We had in this country the Wood-Abbott Report which in my opinion was a valuable Report—we have never heard about that Report after it was published. The net work of multi-lateral schools and continuation schools is being contemplated to carry the children through technical courses after the finishing of the primary stage which will be common to all. The age of science and industrialisation which has been ushered in by the inventions and discoveries of the last quarter of a century and which have revolutionised not only the art of war and aims of political organisations and foreign relationship but also the social and economic structures of the nations makes it incumbent upon the educationist of the post-war world to give his special attention to the inclusion of science in education at every stage. The need is prominently before the minds of reformers of education. It will involve large grants for buildings, large grants for laboratories, for scientific equipment, apparatus and the State is seriously considering the discharge of responsibilities in this matter. Problems of training teachers, of physical education of boys and girls and of promoting a community sense—a sense of identity with the community—so that the individual may be ready to make all sacrifices for the common cause and be prepared to be at the service of the State, are receiving attention. It has been realised that the main instrument which the Totalitarian States have used for the building of their national efficiency is education and democracy, while it differs from Totalitarianism and must differ from Totalitarianism, must also plan so that it may have citizens capable of giving the best that is in them to the service of the community. It has also been realised that not only is it the duty of the State to provide secondary education to every child, to provide facilities for university education to every deserving person but also to provide employment and that employment for which he has been working and aiming at. That is the way in which they in England are working. Education, whether it is liberal education, whether it is vocational, whether it is scientific, whether it is cultural, whether it is artistic, must have certain definite aims and since the Saddler Commission reported in India there has been no comprehensive review of educational problems in this country on a large scale.

Now, Sir, I should like—I could develop this part of my case a great deal more because I have been reading a great deal and in this question of education I am very much interested—the Honourable the Education Member to give us a post-war Educational Commission, composed of the best talent in this country and let me tell him that there is plenty of talent in the educational world of India. Speaking as one who is connected with education, I can say that there is a good deal of fine material among the dons of our universities and teachers in our schools and I would like, Sir, these educational problems to be viewed primarily from the educational point of view. I am not a great believer in handing over education to public men who can very often claim to be educated only by courtesy.

Well, Sir, after having dealt with this question of education, I wanted to say something about industrialisation. I have some material about industrialisation but I am getting exhausted myself and therefore it is not entirely to oblige you that I

want to bring my remarks to a close. Before I bring my remarks to a close, I must, Sir, refer to the political problem of this country.

THE HONOURABLE THE PRESIDENT: You will be very brief please. Other Honourable Members have already spoken on this subject.

THE HONOURABLE MR. P. N. SAPRU: I will be very brief, Sir. Perhaps, Sir, the point of view of others is not exactly the same as mine.

Sir, since August last the one effort of Government has been to make out that Congress is rebel, that rebellion has been suppressed, that everything is all right in this country and that nothing need be done now. We have had a book on *Congress Responsibility for Disorders* and we have had a White Paper. Now, Sir, I am not going minutely into the evidence which is supposed to be displayed in that book *Congress Responsibility for Disorders*. I happen to be a lawyer and if I were to read all the articles in the *Harijan* and all the utterances of the Congress leaders I could write equally strongly that responsibility for the present *impasse* rested entirely with Britain and that the Congress had no hand or share in the disturbances, that Congress had a completely clean record, that there were no Fascist elements in the Congress. I could write all that sort of thing. That will not carry you or me any further than we are today. The question of responsibility is a very difficult one. Responsibility arose when the British came to this country. If you want to know the ultimate responsibility, the real reason why you have all this unrest, why people sympathise with the disturbers of peace, it is that they look upon your Government as an alien Government, and they want freedom. They do not want Japanese domination. It is monstrous to say that Mahatma Gandhi, who has spent all his years in fighting for independence and is the greatest man that this country has produced for ages—that he wants Japanese domination. I hate Hitler, I hate Mussolini, I hate Tojo, with the same ardour that you do—but perhaps for a different reason. You hate them because they are attacking your Empire. I hate them because they want to establish an empire of their own. Their aim is not the breaking up of an empire; their aim is to establish an empire. Take myself. I can truthfully say that I have been most faithful to what I conceive to be leftist ideals. I describe myself as a Leftist. I am proud of that. I do not classify myself as a communist or as a socialist, but my thought is leftist. And, having that prejudice, it is impossible for me not to feel absolute sympathy with the Soviet Union and with the people of China. Vice-President Wallace described this war, in one of the most magnificent speeches which it has been my privilege to read, as a people's revolution. He said that the people's revolution started in 1775 when George Washington laid the foundations of the great American Republic. Then he talked of the revolution of 1793 and of the great civil war of nationalist movements in Europe of the Third Republic in France in 1827 and then of the real revolution—of the Lenin Revolution of October, 1917. And he says now we have this revolution which should see the end of economic and military imperialism. He could not speak of political imperialism because he was a Vice-President of the United States, and diplomatic etiquette prevented him from speaking out his mind.

You have been carrying on propaganda against India in the United States, but you have not succeeded, as the speech of Sir Muhammad Zafrulla shows. And I read foreign newspapers rather carefully, and I may say that I have a certain objectivity which I bring to bear upon my reading of those papers. You have this racial problem which you have not been able to solve. You are fighting War II. Do not lay the foundations of War III, as Wallace would say. War III you will have if you are unable to have a durable and lasting peace. That durable peace will provide a place for the Soviet Union. But that durable peace must also provide a place for the peoples of Asia. For me the people of China are just as dear as the people of my own country. I do not know—I may have been a Chinese in my last birth. I believe in transmigration. I feel an affinity with the Chinese which I cannot explain. I cannot explain it to you because you will not understand it. You have been ridiculing Mahatma Gandhi's fast. But I have been asking myself what the spiritual or the political meaning of that fast was, and I have often wondered to myself whether that fast did not represent the anguish of a man who found his country helpless and prostrate. Therefore, do not talk of responsibility. Think of the future, and try to solve the tangle in which we find ourselves. You can do so if you will make it clear on your part that you are prepared to transfer power—if you make that declaration. You have been a great people. But you will live in history if you give freedom to India.



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as the greatest people—people who came to this country, founded an empire, and gave the country her freedom and won the gratefulness of the people of this country. In that spirit alone will you be able to solve the problem.

I do not minimise the importance or the difficulty of our internal problem. Of course there are acute differences which unfortunately divide me from, for example, my Honourable friend Mr. Hossain Imam. But I know that Mr. Hossain Imam represents a race which has contributed a very great deal to the building up of civilisation. And I know, and I hope that Mr. Hossain Imam will agree, that, although he may want Pakistan, he has respect for the civilisation of the Hindus, who form the large majority in this country. A large number of Muslims who inhabit this country were Hindus, and they should be proud of their old culture also—the civilisation which the Hindus built up. The line that I take is this. What is the fundamental aim? That aim is the independence—and I use these words deliberately—is the independence of the Indian peoples. Other issues are of a minor character. I want the unity of India to be preserved. I would very much deplore the day when India broke up into different States. But far more important than any geographical unity, which is the administrative creation of a foreign power, is the independence of the Indian peoples. It is, therefore, no use His Excellency, after having encouraged fissiparous tendencies, after having given a pledge that there must be agreement before there can be any further transfer of power, lamenting that the Federation part of the Act of 1935 did not come into operation. It was open to him to inaugurate that Federation when the war broke out. Why did he suspend the Federation? Why did he encourage these forces? And if you have encouraged these forces, then do not complicate further the solution of the Indian problem by making statements which encourage one party or the other. If the Indian question must be settled by Indians themselves, at least give them a fair chance. I am giving expression to my own views, and I have arrived at these views after a great deal of thought. It is from this point of view that I think that the urgent necessity today is that of building up a united national opposition, a united national opposition which will be irresistible for the British Government.

May I address a word to my Muslim friends? If they look to Britain, if they think, "Hindus have rebelled, we have not rebelled, and therefore we shall be able to get Pakistan" they are mistaken, because Britain is not going to transfer power. If you get a few Judgeships of the High Court, if you get a few Executive Councillorships—they have not been able to get even that—the Executive Councillors you will get will be of this type :—

"Within the course of one revolving moon,  
He was chemist, fiddler, statesman and buffoon".

But they will not get what they want, Pakistan—the freedom of what they call their homeland. I will not go into the question of boundaries. That is a different one. Therefore, I say, let us all devote ourselves to this supreme task of resolving this deadlock. Let us, as that wise newspaper the *Manchester Guardian* said this morning, not go into the question of responsibility. Let us not concern ourselves with speeches for the prosecution. Let us devote ourselves to the supreme task of establishing conditions in this country which will ensure harmony and peace, which will promote better racial relationship, which will make for the unification, both of Britain and India, and of Hindus and Mussalmans.

With these words, Sir, I must indicate that for the reasons I have stated I must vote against the Finance Bill.

THE HONOURABLE SIE JOGENDRA SINGH (Education, Health and Lands Member): Sir, may I claim the privilege of age and put in a word without violating any canons of modesty, on behalf of the contemptibles who have been called upon to shoulder the burden and share the responsibility of carrying on the Government of India? The presence of Indian members in the Government of India is the promise of coming events that the whole Government of India will be Indianised and will represent directly the people of India. The present position is that England and India are partners in the great cause of world peace, and it ill-becomes us to be too critical and to forget the obligations and responsibilities of this partnership, a partnership that guarantees us peace and symbolises our political progress. I am afraid no constitution will descend from the high heavens, perfect in every detail, and in

harmony with the desire of all the classes and people of India. We shall have to work our way from stage to stage till we secure what is good for India, a government which would work for the good of all the people. In the meanwhile Indian unity is symbolised in the Indian Army, in India's war effort and in the National War Front, and this unity, regardless of the ideology of the two powerful parties, provides the foundations for Federation, Federation which is needed not only to serve India now but to serve peace also. I am glad that both the Honourable Pandit Kunzru and the Honourable Mr. Sapru have spoken in favour of Federation. Federation provides the foundations on which the new constitution can be built, and if the people of India even now unite and ask for Federation, Federation may be brought into action.

The Honourable Mr. Sapru has referred to my view regarding expansion of currency. I would ask him what amount of money per head of the population he would consider appropriate to increase the purchasing power of the people and to place the Indian wage earner, particularly the agriculturist wage earner, on the same basis which agriculturists in other countries of the world enjoy? I am afraid I cannot go into hysterics over the rise in the price of agricultural produce. As the Honourable Member himself pointed out, the rise in prices of raw produce is counteracted by the rise in the prices of manufactured articles.

The Honourable Mr. Sapru also asked what we are going to do about "Education". I can tell him that in the programme of reconstruction, "Education" will find its proper place. I am not fascinated, and I am sure my Honourable friend is not fascinated, with commissions and committees that write reports and whose wisdom remains in the faithful custody of record rooms. We want action, we want practical measures to improve Education. I can assure him that in my own Department, in the programme of reconstruction, we shall try to do the best we can for "Education." I am, however, not aware of the ideals of democracy in their applications to Education which he upholds, ideals of democracy which fascinate him. I am an old man, I believe in the awakening of spiritual, mental and moral faculties and in teaching the art of living in harmony with others. One of the aims of education must be to teach the art of right living and harmonious living so that we may take our place in the world that is to come. This we can only do if we learn to live for others, live without thoughts of self. The secret of living is not to be found in the development of individualism but in the development of the higher tendencies of love, of tolerance, of reverence, of discipline.

In conclusion, I appeal to Honourable Members to take note of the perils that threaten us, not only our India but the world, and of even greater economic perils that we may have to face when peace comes, and to prepare India to be in a position to avert these perils now and to avoid the perils of the future. We can do so only if we can combine now and put all our energies, thoughts and wisdom together, to avert the present perils and the future perils. I appeal to the hearts of India to pray that Federation may be brought into action and when Federation comes we can build from stage to stage till we stand independence which the heart of India desires. Independence I am sure will create a sense of inter-dependence and perhaps draw India and England closer, and in drawing India and England closer, it may bring China and other countries into the great fold of the new world order giving the world peace, security and progress.

\* THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS (Nominated Non-Official): Sir, I had an opportunity of criticising some of the taxation proposals in my speech on the general discussion of the Budget. Today I should like to say a few words on the subject of the excise duty on tobacco.

THE HONOURABLE THE PRESIDENT: Order, order. The proper time to speak on that subject will be when the Tobacco Bill comes before the House.

THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS: Now, I should like to turn to the question of all questions, namely, the problem of ensuring a sufficient supply of foodstuffs to the people at large at reasonable prices. According to official statements, particularly a pronouncement recently made by a Food Expert who has been brought out from England, there is no serious shortage of foodstuffs in India and the situation is well in hand. Sir, we, who come from the districts, do not find anything to support this optimistic view. If really there is

[Rai Bahadur Satyendra Kumar Das.]

no shortage, where can the wheat grains have been secreted from the public view ? Statements are made to the effect that the stocks are being hoarded by the grower. No greater perversion of truth can be imagined than this. We who are in intimate touch with agricultural life of the country can give the lie direct to the assumption that the agriculturists as a class produce foodstuffs much in excess of their own requirements and are thus in a position to withhold stocks from the markets. The truth is that an overwhelmingly large population of agriculturists find it difficult to meet their obligations to the landlords and their creditors after meeting the needs of their own consumption of foodgrains. They cannot therefore be charged with hoarding or profiteering. If the foodstuffs have been held by the middlemen in excess of their normal stocks which they always carry, it should not be beyond the capacity of any Government to make them surrender their excess stocks. In my view the short-sighted policy of the Government in introducing measures of price control and placing restrictions through district officers on the movement and sale of foodgrains has seriously complicated the situation and created black markets all over the country. It was—

**THE HONOURABLE THE PRESIDENT :** The Honourable Member knows that we had a regular discussion on the question of foodgrains and so I hope he will be very brief on that subject.

**THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS :** Mr. N.R. Sarker has said that the problem is one really of lack of public confidence. If therefore the measures taken by the Government do not succeed in restoring public confidence, they are bound to fail in their object. The real remedy in my view is the restoration of the operation of natural trade conditions through the normal trade channels as was the position in previous years, only the duty of the Government being to satisfy themselves that there is a sufficiency of supplies for the civil population. It is apprehended that by laying undue stress on the requirements of the fighting forces, the Government have overlooked the interests of the people at large. It is now time to wake up to the situation or they must be prepared to face a civil commotion which is not desirable at a time when we are engaged in a world war. I would press this view on the Members of the Government and the Treasury Bench, whether it is desirable to create such a situation. The actual shortage of food has created trouble in almost all the industries, the basic industries, the collieries of Bengal, the manufacture of bricks which are supplied to the Aviation Department and this has retarded the progress of the prosecution of the war. It is now the duty of the Government to send supplies to the affected areas of Bengal where the rising of the labour force is in sight. I may mention here that yesterday a deputation waited on the Labour Member for an assurance for the continuance of the supply of rice to Bengal to ease the situation so that the progress of the basic industries which are helping the war may not be retarded.

With these words, Sir, I emphasise that every attempt should be made for feeding the hungry millions—at least the masses—if the Government want the successful prosecution of the war and there should be no rising of the labour forces which are engaged in basic industries essential for the successful prosecution of the war.

\* **THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) :** Sir, before beginning my observations on the Finance Bill, I should like to join in the protest made by my Honourable friend Mr. Hossain Imam regarding the action which Government have taken in regard to the Pir Pagaro. I do not want to say much about it. I associate myself with the observations that he has made regarding the objectionable manner in which Government has behaved—

**THE HONOURABLE THE PRESIDENT :** The Honourable Mr. Hossain Imam has said that. Under rule 17 it is not permissible for you to repeat the same argument.

**THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR :** I am not going to repeat anything. I simply associated myself with my Honourable friend in the protest and I hope that the Government will see their way to hand over the property of the Pir to his heirs and successors and would not allow them to be thrown on the streets.

As regards the Finance Bill, whatever our difference of opinion as to the necessity of the specific proposals suggested in the Bill, we have to give all the credit for the great skill and care with which the Honourable the Finance Member and his able lieutenant, the Honourable Mr. Jones, have been able to steer the ship of State finance in these stormy days. Sir, what strikes one even on a cursory glance is the amount of the Defence expenditure but considering the times through which we are passing and also the astronomical figures to which Defence expenditure has shot up in most of the countries which are at war and also in neutral countries I do not think we can have much grouse about this. But I should like to make only one observation about this. The Honourable the Finance Member has expressed the hope that the Defence expenditure has reached its peak. I hope, Sir, that this hope of the Finance Member will be materialised. Even if it does not, my submission is that the Indian exchequer should not be made to shoulder any additional burdens and as has been suggested by some of my Honourable friends who have spoken before me a ceiling should be fixed for the Defence expenditure here and anything over and above that should be defrayed by His Majesty's Government.

Now, Sir, as regards the way in which the deficit is proposed to be met I am afraid—and I have always been of that opinion ever since the war began—that the best procedure was to have recourse to borrowing, because I have always taken the view that the best part of the benefit of all the struggle which is being waged and the trouble we are going through will go to posterity; so those who will reap the best part of the benefit will have to bear the greater share of the burden also. We have already had taxes in connection with the war and I think the Honourable the Finance Member would have been well-advised if he had attempted to meet the deficit by means of borrowing. Now as it has been decided to make good the deficiency by means of taxation I should like simply to make very few observations regarding the way in which the scheme of taxation has been framed. My own impression is, Sir, that the scheme is faulty in this respect that an attempt is made to raise taxation by means of indirect taxation. I am of opinion that in a country like ours which is proverbially poor and where wealth is so unevenly distributed and the great bulk of the people are only agriculturists and hardly get one square meal in a day indirect taxation will impose very great hardships. And, again, Sir, as I have said I prefer borrowing to any taxation at all. Borrowing not only will help but it will place the burden where it was due, that is on posterity; it will have the effect of alleviating the evil effect of inflation also. So this is also another consideration which should have gone to persuade the Honourable the Finance Member to resort to borrowing and not to think of taxation at all. Moreover, when we think of taxation we have also to see whether the people in the country have yet left in them any capacity to bear any further additional taxation. My own opinion is, Sir, that the maximum has been reached in this respect. It is idle, Sir, to bring in any analogies of countries like America or the United Kingdom and it is for this very simple reason that there is such colossal difference between the national income of India and the national income of the United Kingdom and those other countries.

The more I think of this, Sir, the more I feel that it is wrong to try to impose any taxation whatever because not only would it put the poor people to greater hardship and privation but it may also have the risk of the home front. It is necessary that people in the country should be kept contented and should not be made to bear a burden which they are not at all in a position to sustain.

Now, Sir, the Honourable the Finance Member thinks that there is more money in the country; that there is much larger quantum of currency than there was before the war but has he taken the trouble to realise where this money has gone, whether it has been evenly distributed among all sections of the population or whether practically the whole of it has not gone to swell the pockets of those people who already had enough and to spare. Does he not know that it is the mill-owners, it is the middlemen and the military contractors who have profited and is it not fair to say that where money was required for the prosecution of the war it is those people who have really profited by the war effort? The big business men have been tempted to try and increase their profits. The temptation to them for profiteering has been very much intensified. The result has been the hoarding up of supplies and black marketing. I would therefore even now request the Government to recon-

[Saiyed Mohamed Padshah Sahib Bahadur.]

sider and see whether they cannot try and get more money from those people who are fattening themselves at the expense of the country and at the expense of their fellow countrymen.

THE HONOURABLE THE PRESIDENT: You have only ten minutes more. I want to adjourn the House at 1-30 P.M.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: I am also anxious to finish because I have to go for Juma prayers.

I would dispose of this aspect of the question by making this observation that Government should meet their deficit by borrowing instead of by taxation.

Now, Sir, I should like to draw the attention of the Government to one very important thing and that is the dearth of small coin. When it is said that there is so much more money, so much more currency in the country, we cannot close our ears to the cry that is being raised about the dearth of small coin. The shortage of small coin has become quite acute. It had had a very bad effect on masses of the people in the country. As you know, Sir, 80 per cent. of the population in India only lives from hand to mouth and their daily transactions are only in small coin. They do not deal in currency notes and besides these there are hawkers, *khancha wallahs* who go about hawking their wares in the streets or on the railway stations. Those people have their transactions only in small coin and this shortage of small coin has gone to put a stop to the small trade and also has hit very hard the poorer sections of the population. It has hampered them, inconvenienced them to a very great extent. This question has got to be viewed not only from the point of view of the inconvenience which it occasions to the people in the country, but also from the point of view of the repercussions that it would have in the country. The ordinary man in the street is not able to know how this shortage has occurred. He is being told that there is plenty of money—that there is much more money now than there ever was before. But he does not understand how, if there is money, he is not able to get hold of the small coin that he requires for the daily use. Therefore, the poor man, the ordinary man in the street, begins to think that there is something wrong with the Government, that the machinery of government has broken down somewhere, that it has been damaged very badly somewhere. Therefore, in order to take away this effect, to disabuse the mind of the public and prevent people from being victimised and from falling a prey to all sorts of rumours that are set afloat by enemy agents, it is in the interests of Government that they should immediately and effectively take steps to remedy this evil. I understand that the quantity of notes is now about three times what it was before the war. Is it not fair, then, that the quantity of small coins should also be increased? Government themselves admit that much of this small coin has gone underground, that much of it has been melted away. In view of this, it is necessary that the quantity of small coin which is in currency should not only be trebled but quadrupled, and I request Government to see that the situation is remedied.

Just one word, Sir, about collective fines. The Honourable the Leaders of both this House and the Legislative Assembly have admitted that in the disturbances which took place since August last the Muslims as a community have kept themselves aloof. And what have the Government done to appreciate their conduct? There has been hardly any difference shown by the Government; no distinction is made between the people who have scrupulously kept themselves aloof from these disturbances and others who have been creating disturbances, such as sabotage, and so on. In several of the districts in my province Muslims have been asked to pay collective fines, and, as president of the Muslim League there, I have had to correspond with the authorities. And the reply we get is that the only distinction that the Government can make is that the Muslims in a certain locality where collective fines have been imposed will be given an opportunity to prove that they did not take part in the disturbances, or that they were absent—

THE HONOURABLE THE PRESIDENT: The Leader of the House has already given an assurance on that point. What more do you want?

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: My complaint is that the promise has not been put into effect. What has been promised to us has not been given to us in practice. That promise has been broken. We were under the impression, when the Government admitted that the Muslims had

kept themselves aloof and had not taken any part in the disturbances, that the Muslims would not be made to pay punitive fines. But these fines are collected both from the Muslims and from those who have been taking part in the disturbances. The policy that the Government is adopting, namely, that the Muslims will be given an opportunity to prove their innocence, is quite the wrong policy. It is against all canons of jurisprudence, against all canons of the law of evidence. On the individual is thrown the burden of providing the negative. As you know, Sir,—you have been an eminent barrister yourself,—it is difficult, almost impossible, for any one to prove the negative. So, my submission to Government is that they should try and issue instructions to all provinces that these punitive fines should not be levied on Muslims. If in any place there are some Muslims—there are bad characters in every community—who take part in the disturbances, and there is positive proof of their having participated in the disturbances, only those individuals should be punished. Innocent people in all the provinces should not be punished.

Before I sit down, I should like to voice a grievance which has already been referred to by my Honourable friend Mr. Hossain Imam. We have been ventilating the grievances here in regard to the representation of Muslims in the services, but we find that every year we have got to sing the same song. There is hardly any improvement in our position. It is very disappointing to find that in spite of the resolution of the Home Department, which was passed as long ago as 1934, the position of the Muslims has not at all improved. If there has been any change at all, it has been more often for the worse than for the better. I do not want to enter into details about this. I will just give you one instance. The other day my Honourable friend Mr. Hossain Imam was able to elicit information from Government by a question that the position of Muslims in the Posts and Telegraphs Department, for instance, has been very miserable, that they are poorly represented; that they do not get even half of what is their due. This is the position not only in the Posts and Telegraphs Department, but in other department also. But I am not going to dilate upon that now. I have got material with me to show that the position of Muslims in other Departments, like the Department of Archaeology and the Department of Education, Health and Lands, the position of Muslims is far from enviable. But I do not want to take up the time of the House by giving details, because I am also anxious to get away for prayers. But I would be ready to supply the information to the Honourable Member in charge of Education, Health and Lands, if he would agree to go through it.

The point that I want to make is that it is not enough if the Government passes a resolution. It is not enough if you make a promise. It must be put into practice in all the provinces. I do acknowledge with gratitude the assurance given by the Honourable the Leader of the House. But he will be entitled to receive our real gratitude only when he has implemented his promise, when he has given his active and just and fair consideration to the grievances of the Muslims and seen to it that they are redressed immediately and effectively. And I hope that his other colleagues also will follow suit and try to do the same.

THE HONOURABLE THE PRESIDENT: You had better close now.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: I request my Honourable friend not to misunderstand me. But until something substantial has accrued, we will hold our judgment in suspense.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-official): Mr. President, Sir, I have listened with lively interest to the speeches from various quarters in the House on the Finance Bill. To almost all of them one feature is strikingly common. They hardly contain any serious criticism of the taxation proposals put forward by the Honourable the Finance Member. In fact I should not be far wrong if I observed that the Honourable Members who have spoken have in their speeches dealt almost entirely with matters other than the proposals embodied in the Budget and the Finance Bill. From this attitude of the Honourable speakers I conclude that they have no serious quarrel with the proposals and for this reason I feel justified in offering the Finance Member my cordial congratulations on producing a budget and a taxation scheme which has met with such general approval—express or implied.

The Finance Member has placed before us an encouraging prospect of the future, course of the war. As an old experienced soldier, I can confidently endorse the

[Sir Hissamuddin Bahadur.]

Honourable the Finance Member's optimistic note. The tide of war has definitely turned in our favour. The Russians have scored marvellous victories. Our own Eighth Army has cleared the whole of North Africa of the enemy—with the exception of a little bit of Tunisia, where operations are now proceeding successfully to deal the final death blow to Rommel and the remnants of his army. In the South West Pacific the Japanese are now faced with the formidable forces of the Allies. The situation is such that we count on defeating the Axis finally in the not very distant future. In North Africa our own Indian Army fully shares the laurels gained by the Eighth Army. We are proud of their exploits. It is therefore incumbent on us to do our utmost to help them with reinforcements in men and material. It would be an act of sheer ingratitude on our part to lag behind at the present juncture which may retard or impair the fruition of crowning victory.

From the political point of view also we should welcome this happy change in the war situation. The final victory of Great Britain and her Allies would certainly be a prelude to a guarantee of the fulfilment of our cherished political aspirations. The victory of the Axis, which God forbid, would mean the end of all our hopes of political freedom and advancement.

I have not purposely used the word democracy in my speech as in my opinion the Parliamentary system of democracy is not feasible in India, with so many religions, languages and creeds. There was a reference about democracy in this House. Do they mean the democracy practised by the political leaders in India today, who are no less than dictators?

Now, Sir, I will make a passing reference to my own Frontier Province. I need scarcely say that that Province is the Gatekeeper of India. Its destinies are in the hands of a very capable and experienced Governor, Sir George Cunningham, under whose able direction the defence of the Province is placed on an impregnable footing.

These measures have inevitably caused considerable extra expenditure resulting in a deficit. I do hope that the Honourable the Finance Member will raise the subvention for the N. W. F. P. to enable the Province to manage its finances and implement further defence measures satisfactorily and efficiently.

- I will now conclude by according my whole-hearted support to the Finance Bill. The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, the Bill before us is a war measure, but as India has spent a large amount of her revenue—she has actually spent according to the revised estimate of 1942-43 about Rs. 239 crores over the revenue portion and the capital portion of the Defence expenditure and she is going to spend about Rs. 200 crores next year as disclosed in the Budget—one has to see whether real national defence is taken into consideration by the Government in spending such a large amount. Admittedly, India is a poor agricultural country and as such the amount that is necessary to be spent for war expenditure should be scrutinised very carefully. They say that the Auditor General and the Public Accounts Committee have scrutinised it. But Government have failed to give correct information to the public about the full expenditure that is likely to be spent over Defence services for the protection of the country in the Budget that has been presented to us. According to me the sheet anchor of war finance policy in modern countries, such as Britain, America and other Dominions, is the maintenance of the home front in an efficient condition. What we find is that the people are under-fed and they are under-clothed. But the principle that I have enunciated just now can only be brought into effect if the people of India can adequate food and the policy of the Government is to build up industries capable of employing all able-bodied men and women, so that they may earn their livelihood and the ensuring of external and internal markets for the product of those industries and the maintenance of the stability of the currency by earning adequate foreign exchange and the utilisation of increased earnings to meet war needs through taxation and loans, so that the nation may be able to pay as it goes about its business. I do not want to repeat the arguments placed before this House by

Honourable Members who have preceded me. But I want to focus attention on only one point and that is about war industries. It may be said that so many ordnance factories have been established, many munition factories have been established; but I submit that Britain—I say Britain because I do not hold the Government of India responsible for it, because after all the Government of India is a subordinate branch of His Majesty's Government—Britain has failed in her duty to give more attention to major war industries in India. A famous American writer, Mr. Ayers, has stated as follows :—

“ An Asiatic nation which orders a dreadnought or a fleet of planes manufactured in England or America may get the best but it is not the first rate power. No power is or can be which is not equipped to create out of its own substance the essential sinews of national defence ”.

Sir, if we look at the situation in India from this point of view I must submit that the Government have failed in their duty in not taking care to establish major war industries in India. If the Government had taken care to establish major war industries in India we would not be required to order new types of aeroplanes or, as my Honourable friend Pandit Kunzru said yesterday and as I have been saying on the floor of this House so many times, or other war necessities for the defence of India from foreign countries. I therefore hold Britain responsible for this state of affairs.

Then, Sir, I pass on to another point about our sterling balances. Here also I do not want to repeat the arguments that have been already advanced in this House. I only object to the use of those balances from a constitutional point of view. After all Britain has stated in unequivocal terms that after the end of hostilities, a new Government will be introduced in India. That was embodied in the Cripps proposal and that has been given out by various spokesmen of Britain in their various speeches. I therefore ask why the Government of India or His Majesty's Government should try to have a Reconstruction Fund or a Pension Fund when we have to take into consideration the fact that has been stated so many times that a new Government has to come into operation after the cessation of hostilities. The matter ought to have been left to the new Government to utilise our sterling balances after the war. The new Government would have managed to utilise it in such a way as would have been to the advantage of the people of India. Sir, I endorse fully the statement made in this House and in the other House that under the Reconstruction Fund we may not be able to purchase materials from other countries at a cheap rate. I do not want to emphasise that point, much though I agree with it, but, Sir, I submit that the position which has been created by the formation of these two funds has puzzled not only the economic experts in India but laymen like me and therefore I state this Government, which is not responsible to us, which is not responsible to India, should not have dared to make use of our sterling balances in the way that they have or are proposing to do as disclosed in their Budget proposals.

Then, Sir, it might be said—it has been said so many times—that the Reconstruction Fund is to be utilised for purchasing material, machinery and plant for the development of Indian industries but there is a lot of difference between the plan as sketched out in the speeches of the spokesmen of the Government of India and the plan as chalked out by Sir William Beveridge and Mr. Churchill. We recently read the plan chalked out by Mr. Churchill—a 4-year Plan—and we have got before us the plan as disclosed to us by the Government spokesmen. We see that the attempts made by the Government of India for post-war reconstruction are half-hearted while the attempts that are going to be made in England by Sir William Beveridge and Mr. Churchill are really in the interest of the nation and not in the interest of any other foreign country.

Sir, now I want to refer to a matter which, though it may appear very insignificant, still is of very great concern to India in general and the commercial community in particular. That matter, Sir, is about the sale of silver. I may state to the House that I am not an expert in this matter but I want to know as to why they have failed in stating the loss or the gain, whatever it may be, they have incurred by selling silver at a lower price in England. Various rumours are afloat in the market that we have lost so many crores. Why should the Government of India feel shy of taking the public into their confidence and telling them that they have incurred any loss by selling silver in India? As a practical example I may tell you, Sir, that we purchase silver at our place for Rs. 105 or Rs. 110. We should have the same



[Mr. V. V. Kalikar.]

knowledge which any democratic Government would give to its nationals about the money that has been incurred in loss or in gain should be disclosed to the people. After all it is the people's money. If there is a loss it is the people who have to suffer for it and to pay for it by way of taxation. I therefore, Sir, submit that the Government of India is treating the country not only on the major issues but also on minor issues in a very shabby manner. For instance, Sir, my Honourable friend Dr. Kunzru brought to the notice of the House how this particular House had been treated shabbily. I, Sir, want to add my own word to it and I want to submit to the House that this year we were told that we were not to be given an opportunity of discussing the war situation through a secret session. Last year we got an opportunity of discussing things through a secret session and we had a heart-to-heart talk with the members of the Treasury Benches about the war situation. If they had allotted a day I do not think they would have lost anything thereby. I cannot understand the attitude of the Government in treating this House or the country so shabbily. You may have your confidential things which you are perfectly entitled not to disclose to India but as representatives of the people and as those who have to ask the people to pay you taxes at the expense of curtailing the expenditure on essentials we want to know really what is the war situation and you must have that generosity at least to tell us, though not in public, at least in a secret session as to what you are going to do and as to how you are defending India.

Sir, now I want to add a word about my pet subject of recruitment to the Defence services. Sir, I am referring to this subject on account of a statement made by the Government spokesmen in the other House. I am not referring to the figures and the proportion of British and Indian officers in the Indian Army, Navy or Air Force because the Air Force is our Indian Air Force and the figures have already been stated by my Honourable friend Dr. Kunzru yesterday, but I am emboldened to make this statement on account of the remarks that were made in the other House that large

numbers of suitable young men were not coming forward. I am  
 3-5 P.M. one of those who have been taking great pains to recruit suitable young men. I have taken some pains to do that during the last ten years. After the outbreak of war, after incurring the displeasure of my friends and of my kith and kin, I have been recruiting suitable young men for your Defence services, because I think that it is not your Defence services, but my Defence service. I believe, and believe very strongly, that the cause of the Allies must be successful. There are some friends of mine, for whose views I have great respect though I differ from them, who want to remain neutral. I am one of those who according to their capacity have been taking part in the war effort. Sir, this theory that we are not getting suitable young men has been exploded so many times, but I regret very much that the theory is repeated again and again. Last year it was repeated by the Honourable the Finance Member in his Budget speech. This year it was repeated by the War Secretary in the other House. Have you examined the root cause why you do not get suitable young men? Your racial discrimination policy is still there. I have got cases with me. I do not want to bring those cases to the notice of this House—where racial discrimination is still rampant. I have got cases with me where martial and non-martial distinction is still made. I have come across cases where young Indians, suitable young Indians, educated Indians, Indians who are M.As. and LL.Bs., and who have been in the Defence services, have been maltreated by some of the usubordinate officials. I am very sorry to make these remarks. It pains me. But I tell my young men: even with all these real and imaginary complaints—because I admit some complaints are imaginary, but some complaints are real—even with all these complaints, I implore them that they must go into the army, air force or navy to defend their country. It is no use trotting out the argument that you cannot get suitable young men. I quite agree with my Honourable friend Pandit Kunzru that the political deadlock is one of the reasons. That is a major issue. But if the Government of India cannot solve the major issue, you will have to solve at least the minor issues—you will have to see that their pay and allowances, the facilities that they get, the treatment that they get, are in no way different from those which the Europeans get. I have known of cases where within three years a Second Lieutenant has become a Brigadier General.

GENERAL THE HONOURABLE SIR ALAN HARTLEY : Who ?

THE HONOURABLE MR. V. V. KALIKAR : My Honourable friend Sir Alan Hartley asks, " Who " ? He knows better than I. I do not like to indulge in personalities on the floor of the House.

My submission is this. Treat Indians as your equals. Your treatment of those young officers should be not the treatment of rulers towards ruled ; it should be treatment as equals. Then you will get any number of suitable educated young Indians to serve in your Defence services. I must here join my Honourable friend Pandit Kunzru in paying tribute to the retiring Vice-Admiral. His ambition is, as expressed by him, to have a squadron of cruisers in India. I do not know how far that ambition will be realised. But I must say this, that no navy in India can be strong without a good mercantile marine. Either this Government or the British Government has neglected this problem—deliberately, I may say, consistently, I may say—for many years. Therefore our navy is not so strong as it should be at this juncture.

I must refer to the question of political deadlock. In this connection I think I have made my views clear many times ; and I again repeat that I do not agree with the Congress. I have not followed their views for the last 22 years. I do not share their views regarding keeping out and coming in. But I want to be fair to every party and every gentleman. I ask Britain whether she was really fair to the Congress after the disturbances. Did Britain give an opportunity to the Congress to end the political *impasse* ? You could certainly have given them an opportunity, even in jail, to meet and to revise their views on the disturbances. Certainly no one can deny that the Congress is the majority party in India. It has been the majority party in India. People know that the Congress was in power in seven provinces. Not only did you not give them an opportunity to meet among themselves and revise their views about the disturbances and to end the political deadlock, but you went further ; three of your Members have left you because you would not allow Mahatma Gandhi to be released unconditionally.

That is not the way to approach the problem. If you think that the Congress and the Muslim League do not want to come in and share the burden of government, there are other parties. But one thing there must be : Whitehall must go. I am against the system of government : I am not against personalities.

THE HONOURABLE MR. HOSSAIN IMAM : The League has never refused to come in.

THE HONOURABLE MR. V. V. KALIKAR : The League refused to come in, if I remember aright, on account of the distribution of portfolios. That is a long story I do not want to waste my time on that.

THE HONOURABLE THE PRESIDENT : You had better finish now.

THE HONOURABLE MR. V. V. KALIKAR : What I say is this. If you really want a national government, if you really want national defence, if you really want the goodwill of the country, you must solve the political deadlock. It is no use giving us a threat by saying that there are a large number of white forces in India and that you can keep us in subjection. You have to earn the goodwill of the people. Look at the instance of Burma and Malaya. It is quite fresh in your mind. You must tell us that you want to rule us despotically. Then the matter ends. If you pose as a civilised Government, then concede this demand. If the two major parties in the country are not coming in, you must seek help from some other party, and you must see that you gain the goodwill of the people for the defence of the country.

Sir, as my time is nearly over, I am extremely sorry I cannot put my views on some other points which I intended to place before the House. But I must say, in the end, that if you are actually sincere in getting the help of the country for the defence of the country, you must take into confidence the people of the country, and unless you do so, however large a number of troops you may have, you would be landed in danger one day or other. That is my suggestion to you, whether you accept it or not. But as a man who is interested in the defence of this country I must tell you, and tell you with all the emphasis that I can command, that you cannot win this war without India's help. India would give you ten times more help than what you are getting now. Try your utmost to end this political *impasse*, change your angle of vision on minor issues and then only you can say that Hitler or any other despotic ruler will be defeated.

**THE HONOURABLE SIR MAHOMED USMAN (Posts and Air Member):** Mr. President, I should just like to give a brief reply with regard to one or two points raised in the course of the general discussions on the Finance Bill. First of all, the Honourable Mr. Kunzru complained about the non-printing of the Index to the proceedings of the Council of State. I find, Sir, that the decision to discontinue the printing of the Index to the Council of State proceedings was taken purely with a view to economise paper, the shortage of which, as the Honourable Member no doubt realises, is very acute and I assure my Honourable friend that by not doing so, we did not mean any kind of insult at all. I am quite prepared to have the question once again re-examined in consultation with the Labour Department.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** But is there no shortage where the Assembly is concerned?

**THE HONOURABLE SIR MAHOMED USMAN:** I have promised to consider the question, Sir.

Another point which has been raised in the general debate yesterday and today is the question of the unsatisfactory representation of the Muslim community in the Departments under my charge. Three Honourable Members have spoken about this and the Honourable Mr. Padshah, just before lunch, was very vehement in denouncing the Department for the unsatisfactory representation of the Muslims and the minority communities. Sir, I should like to take this opportunity of mentioning that I welcome very much the questions asked by the Honourable Mr. Hossain Imam here and by other members of both the Houses both in this session and in the last session. Some of these questions have brought to light certain defects on account of which I made the statement the other day in the Council that I am prepared to look into the question of properly safeguarding the interests of the Muslims and the minority communities. As the Honourable Mr. Conran-Smith said the other day in connection with a Resolution moved by the Honourable Mr. Hossain Imam, the real difficulty is in the question of promotions and I am very glad to say that the Office Memorandum of the Home Department of September last is a very valuable document. It is going to place the question of promotions on a very satisfactory basis. I am absolutely certain that if the Departments apply the rule mentioned there about seniority, it will give satisfaction to the members of the Muslim and the minority communities. I do realise that every administrative Department must not only be efficient but must also be representative of all the communities on a proper basis and I fully realise that merit sometimes degenerates into favouritism, communal or individual. I am absolutely certain that the Office Memorandum of the Home Department is going to place the question of promotions on a sound and scientific basis. What the Office Memorandum says is, if there is a vacancy, the man next in seniority, whether he is a Hindu or Mussalman, if there is nothing against him, must naturally get the promotion. I think it will give a great deal of satisfaction when the rule comes to be applied in practical working in every Department.

Some of the Honourable Members opposite have a great faith in the democratic form of government. They find fault with the present Government of India for not being representative as if India had enjoyed before the advent of the British in this country a democratic and representative form of government. Recently we have witnessed the fate of democracy in this country. The moment the Congress Governments resigned in the provinces, it was an occasion of great festivity throughout the whole country ending in the celebration of the Deliverance Day. Parliamentary democracy is not an indigenous institution. It has been imported from England to India and has been a thorough failure in some of the provinces on account of the attitude of the Congress.

**THE HONOURABLE MR. P. N. SAPRU:** Is the Honourable Member—

**THE HONOURABLE SIR MAHOMED USMAN:** I refuse to yield to the Honourable Member.

**THE HONOURABLE MR. P. N. SAPRU:** May I interrupt the Honourable Member—

**THE HONOURABLE THE PRESIDENT:** The Honourable Member has not given way.

THE HONOURABLE SIR MAHOMED USMAN: There is no use of finding fault with the British Government for not resolving the political deadlock. The solution is in the hands of the people. When there is no agreement between all the important communities and interests, the transfer of power into the hands of a very anti-British and pro-Japanese party will land the country in utter confusion and chaos. Is this the time to try this experiment when the whole country is engaged in a life and death struggle? Six months after the rebellion of August last when Mr. Gandhi saw that there was no chance of the Congress capturing the Government of this country, and did not like the Allied victories, he began his fast with the object of coercing the Government to come to terms with him. When the Government of India stood firm and refused to yield, Mr. Gandhi recovered from his fast.

If some of our political leaders who believe in the Gandhian policy of "Quit India" and indirectly carry on his work make statements and speeches which will not only go against the war effort of this country but will also directly help the enemy, censorship is thoroughly justified.

It is to be regretted that the Opposition is now getting into the habit of constantly attacking and abusing the British Government. It does no good to anybody. Mr. Amery has rightly said that the British people need not be ashamed of the great services they have rendered to this country. To mention some of them, they have introduced into this country the British system of education, British system of justice—

THE HONOURABLE MR. P. N. SAPRU: And they have given you.

THE HONOURABLE SIR MAHOMED USMAN: British parliamentary institutions and maintained law and order. The majority of the people of this country realise and recognise the great work accomplished by Great Britain in India and are very grateful to her.

Once again referring to the criticism that the Muslims and the minorities are not properly represented in the services. I give this assurance that no administrative Department could ignore their claims to a proper share in the administration of the country. (*Applause.*)

GENERAL THE HONOURABLE SIR ALAN HARTLEY (Deputy Commander-in-Chief): Sir, before I answer certain of the specific questions which were addressed to the War Department in yesterday's and today's debate, I should like to refer to two matters of a more general nature. My Honourable friend Pandit Kunzru in his own inimitable style and with his usual discrimination thought it fit to say of the Indian Army that "the Army was the chief agency which fostered racial feeling". I must confess that I heard that remark with considerable amazement, coming as it does from a person who has been given exceptional opportunity to see for himself something of the life, equipment and training in our greatly expanded forces. However, I know my Pandit and I was not unduly cast down. But, Sir, while the 1939 Indian Army was representative of a large number of the races of India, I should say that there is hardly a race or caste or creed in the whole of this sub-continent which has not some representative in this present-day Indian Army; and although my Honourable friend will not believe it—and I do not think he is prepared to believe anything which does not suit his own book—this vast body of human beings of different creeds, castes and races live together and work together and do their duty together in perfect amity. I should have thought—and I believe that most members of this House will agree with me—that the Indian Army was an example for the whole of India as a symbol of Indian unity. Sir, it is possible of course that the Honourable Member may have made what is known as a *lapsus linguae*, or a slip of the tongue; and instead of the Army being the chief agency which fostered *racial feeling*, what he really meant to say was that the Army was the chief agency which fostered *racial fellowship*.

Well, Sir, my Honourable friend gave us his views yesterday on the operations in Arakan. He thought that they were the beginning of a "great push" and he was disappointed. He then went on to say—I hope I quote my Honourable friend aright—that he had arrived at the conclusion that the Arakan campaign had been undertaken "to impress the Indian public". Sir, in the whole course of my 60 years, of which I have spent over 40 in this country, I have seldom heard so fatuous a remark. As if any responsible Commander—and Field Marshal Wavell is a very

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responsible Commander—would send his soldiers to be killed and wounded and maimed for life for the sole reason of impressing the public, be it Indian or any other public. Sir, I made a statement in the House at the beginning of the session about the military operations we have been involved in on the Indo-Burma frontier since last monsoon. No official statement by word or implication ever implied that those operations had anything but a limited objective. It is true that no statement was issued to the effect that those operations were limited in their objective, for the simple reason that we had no intention of so informing the enemy. At the same time a minimum knowledge of history and geography would have suggested those limitations to any thinking member of the public. Until we are in a position to launch a full scale counter offensive against Japan, our task has been, and is, as the Prime Minister said in a message to the armed forces in India on December 7th last, the defence of this country. Any operations we have undertaken have been designed on the basis of that task; to defend India's borders and to occupy the enemy to the greatest possible extent; to prevent parts of the Burma border, like Arakan, being used as a springboard for attack on India; and to contain and destroy as many of the enemy's troops and facilities for war as possible, with a view both to helping ourselves and our Chinese ally. We claim to have succeeded in those objectives to the necessary limited degree; and although some aspects of the small scale Arakan campaign have been slow and to some extent disappointing, we have gained invaluable experience and inflicted substantial casualties on the enemy.

I was glad to hear from my Honourable friend the Pandit that he took pride in the Indian Air Force, but I regret his statement that he took no pride in the achievements of the Indian Army and the Royal Indian Navy, the reason being, as he said, that the Indian Air Force was fully Indianised, while the other two services were not.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What I said was that I did not take the same pride in the achievements of the Indian Army and the Indian Navy.

GENERAL THE HONOURABLE SIR ALAN HARTLEY: I do not think it alters my argument very much. I can only regret such a statement from a public man in the position of my Honourable friend. He next referred to the figures of Indianisation of the Indian Army given by the War Secretary in the other House. The proportions given by the War Secretary are quite correct. What he said was that as far as the regular service officers of the Indian Army were concerned, the proportion at the outbreak of war was 5.5 British to 1 Indian and that the corresponding proportion on the 3rd September, 1942 was 4.5 to 1, regular service officers. The War Secretary then went on to give the proportion of British Emergency Commissioned officers to Indian Emergency Commissioned officers. On the 3rd of September, 1940 the proportion was 2.75 to 1 and on the 3rd of September, 1942 the corresponding proportion was 1.5 to 1, that is, 1.5 British to 1 Indian. There has been a vast increase in the number of Emergency Commissioned officers. But while the number of British Emergency Commissioned officers has risen since the 3rd of September, 1940 by 50 per cent. the number of Indian Emergency Commissioned officers has increased by over 600 per cent.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I interrupt the Honourable Member? I want to understand the position. When the War Secretary stated that the ratio between Indian and British officers at the present time was 1 to 4.5, did he include the Emergency Commissioned officers or not?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: No. I will come on to that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: It did not appear from the newspaper report that he had not.

GENERAL THE HONOURABLE SIR ALAN HARTLEY: The newspaper report was very badly mangled. The War Secretary further said that, even taking into account the British service officers attached to Indian Army units, the proportion of British to Indian officers in the Indian Army which was 7.5 to 1 at the outbreak of the war was now 4.5 to 1.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Did he say it was 5·5 before?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** 7·5.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I thought you said it was 5·5 to 1.

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** That refers to the Indian Army regular service officers. What he said was that as far as regular service officers of the Indian Army were concerned, the proportion at the outbreak of the war was 5·5 British to 1 Indian, and that the corresponding proportion on 3rd September, 1942 was 4·5 to 1. He then went on to say that there had been an advance, a very great increase, in the number of Emergency Commissioned officers; but while the number of British Emergency Commissioned officers has risen since the 3rd of September, 1940, by 350 per cent. the number of Indian Emergency Commissioned officers had increased by over 600 per cent.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** By 50 or 350?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** 350. The War Secretary further said that even taking into account the British service officers attached to Indian Army units the proportion of British to Indian officers in the Indian Army which was 7·5 to 1 at the outbreak of the war was now 4·5 to 1. I am sure the House will agree with me when I say that this is a very considerable progress indeed and I cannot help thinking that my Honourable friend is under some misapprehension in interpreting the proportion stated above in the manner he has done.

My Honourable friend next referred to the small number of Indian officers in General Headquarters. I have taken note of his point and I hope he will take it from me that there is no discrimination against Indian officers. The standards required for General Headquarters' appointments are the same for all officers irrespective of race, and we shall continue to take, as we are taking at present, suitable officers for staff appointments.

My Honourable friend alleged that racial discrimination was one of the reasons why suitable Indian candidates were not coming forward for Emergency Commissions. If he refers to differences in pay I would only remark that the pay of an I. C. O. in India is exactly the same as the pay of the British service officer in England; in fact, it is somewhat higher in the earlier stages.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I was not referring to that. I had not that in mind.

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** I beg the Honourable Member's pardon. I won't pursue that argument then.

As regard discrimination in general treatment, we have always set our face against what may be construed as discrimination in general treatment, and the instructions issued from time to time from General Headquarters have emphasised the vital importance of avoiding anything which may reasonably be regarded as discriminatory.

My Honourable friend stated that there were excessive numbers of British officers in certain units. I am not quite sure to what my Honourable friend alluded; but it is true that recently there have been a certain number of officers coming out of training establishments whom it has not been possible to absorb immediately into vacancies. There are several reasons for this, but the principal one is that since it takes an appreciable time to get an officer out to India and to train him we have to make our demands some months ahead. It so happens that, fortunately, wastage has not been so high as we expected, but even so these officers are very soon absorbed as fresh demands arise.

I will now deal with the remarks of my Honourable friend Sir David Devadoss. He made certain observations which might be taken to indicate that reckless and wasteful use of military vehicles was both widespread and unchecked. It is not so easy a matter to obtain the vehicles, the fuel or the drivers we require that, in its own interests, the Army could afford to take anything but a very serious view of anything which increases its difficulties in maintaining the supply of vehicles and fuel, or causes unnecessary casualties. At the same time it is inevitable that accidents will occur in training, and the enormous expansion involved in mechanizing our growing forces leads not only to a greatly increased number of vehicles in use, but also to their use by comparatively inexperienced personnel. Both during

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training and after, everything that can be done is being done, and will be done, to avoid accidents and prevent waste.

My Honourable friend next suggested compulsory deductions from the pay of Indian soldiers to be repaid to them after the war in order to tide them over the period of readjustment to civil life.

THE HONOURABLE SIR DAVID DEVADOSS: On a point of personal explanation, Sir. I meant not merely soldiers but all people who have been entertained for war purposes.

GENERAL THE HONOURABLE SIR ALAN HARTLEY: Well, I may inform the House that Government has already introduced a system of deferred pay. It credits to the account of every combatant soldier a sum of Rs. 3 a month and to that of every non-combatant a sum of Re. 1 per month, to be repaid to him after the war. These amounts are provided by Government and not deducted from the pay of the soldier.

THE HONOURABLE MR. P. N. SAPRU: With interest?

GENERAL THE HONOURABLE SIR ALAN HARTLEY: Not with interest. In addition, Government credit Rs. 2 per month for every combatant soldier and Re. 1 per month for every non-combatant soldier to a Reconstruction Fund to be devoted after the war to schemes for the permanent welfare of the soldier. There are also other savings schemes which are nearing finality about which an announcement will shortly be made; and I think I am right in saying, as you mention the word "interest", that some of these schemes do include it.

My Honourable friend Mr. Mahtha complained that North Bihar was being denuded of buffaloes to provide meat and milk for the Army in Bengal. As the House is no doubt aware, strict orders are in force that milch cattle and serviceable draught cattle are not to be taken for slaughter. I have no information to show that any specially large requisitions of cattle either for slaughter or for milking have been made in Bihar, but I have made a note of what my Honourable friend has said and I will make inquiries.

My Honourable friend Mr. N. K. Das complained that aerodromes—we now use the phrase "airfields" instead of "aerodromes"—have not been sited with an eye to the future or to the possibility of their peacetime utilisation. Airfields have been sited with a view to the most efficient prosecution of the war, both for the defence of India and also for operations against the enemy-occupied territory. It would not be right to allow considerations as to the peacetime utilisation of such airfields to detract from operational efficiency; but, subject to paramount operational needs, a considerable number of airfields have in fact been so sited as to make them extremely useful for communication in peacetime.

My Honourable friend Mr. Hossain Imam protested against the promulgation of martial law and its prolonged continuance in Sind. I do not think it is necessary to justify in detail the promulgation of martial law. It is sufficient merely to repeat what was issued in the original Government communique, namely, that the civil authorities found themselves unable to deal effectively with dacoities, murders and thefts of arms committed by Hurs. The House will remember that outrages by Hurs culminated in the derailment of the Lahore Mail in May, 1942 near Hyderabad, the brutal murder of passengers subsequent to the derailment by a Hur gang, and attacks on police detachments in several places. Towards the end of May, the situation was in fact rapidly approaching rebellion. Martial law was declared at the request of the Sind Government. The troops and the police had to contend against a number of difficulties. The local population was so terrorised by the Hurs, that in the beginning it was difficult, if not impossible, to get any information from them. Communications in the areas in which martial law was proclaimed are notoriously poor. The country is difficult, consisting, as it does, of deserts and in some parts dense jungle. In addition, there were unprecedented floods which caused dislocation. In spite of these handicaps, intensive operations by military and police over the last ten months have done a great deal to break the Hur rebellion, arrest Hur leaders, destroy gangs of criminals and restore public confidence. On account of the difficulties of terrain to which I have referred and the large area involved, it was found necessary to employ aircraft to assist troops and police in the location of gangs, patrolling of communications and protection

of isolated localities against sabotage. Allegations that aircraft have used explosive bombs are quite untrue, and have already been denied.

**THE HONOURABLE MR. HOSSAIN IMAM:** What kind of bomb did they use?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** Incendiary.

The main hiding places of Hurs have been penetrated, the incidence of murders and dacoities, which reached a peak in May, 1942, has been greatly reduced, and acts of sabotage on railways and communications have almost entirely ceased. Certain Hur leaders are still absconding from justice. The Provincial Government is taking steps to increase the civil police, and I can assure the House that martial law will be withdrawn as soon as the Hur menace is eliminated completely and the local police is strengthened adequately for the purpose of maintaining order.

My friend next referred to the trial of Pir Pagaro. The Pir was tried by a military court under Martial Law Regulation 52 for offences committed by him in the martial law area prior to the promulgation of martial law, as, in the opinion of the chief administrator of martial law, the trial of the Pir by a military court was essential for attaining the object for which martial law was proclaimed. Sir, the Pir had a fair trial in the military court. Government engaged, at its own expense, a well-known and leading advocate of Hyderabad to defend the Pir.

**THE HONOURABLE MR. HOSSAIN IMAM:** What was his name?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** I cannot remember. Every facility was given to him to cite witnesses for the defence. The trial was a lengthy one, lasting as it did for 26 days. In the circumstances, I can only express surprise that my Honourable friend should have chosen to describe the conviction of the Pir as murder. Sir, I strongly repudiate the insinuation made by my Honourable friend. I may also say here that there is no intention of allowing the successor of the late Pir to be thrown out on the streets, as was suggested by a speaker this morning.

Sir, martial law means the supersession of the ordinary law in any part of the country by military authority, whose sole duty it is to restore such condition of things as will enable the civil authorities to resume charge. This does not mean that the powers of the military authorities are unlimited, or that they are free to do what they like. It is a fundamental principle of martial law administration that not only must officers act in good faith, but they must take only such measures as, in their reasonable belief, are necessary to attain the object in view. In spite of allegations to the contrary, we have no reasons to believe that the martial law authorities in Sind have taken any unreasonable action, that punishments have been needlessly severe, and that consistently with the achievement of the aim for which martial law was established, they have not acted with due care, consideration and restraint in the measures taken in dealing with the situation. (*Applause.*)

**THE HONOURABLE MR. HOSSAIN IMAM:** On a point of information, Sir. Is there any instance in which martial law was continued for such length of time anywhere in the British Empire?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** I am afraid I must have notice of that question.

**THE HONOURABLE MR. P. N. SAPRU:** I would like to ask just one question. What are the facilities provided for payments to dependants of soldiers serving abroad? What is the system of payment to the wives or mothers or other dependants of soldiers on service abroad?

**GENERAL THE HONOURABLE SIR ALAN HARTLEY:** If the Honourable Member will put down a question, I will explain it very fully. I have hardly time to explain it now.

**THE HONOURABLE MR. N. R. PILLAI (Commerce Secretary):** Sir, yesterday, my Honourable friend Mr. Hossain Imam, with that simulated air of indignation which is intended to terrify but actually does not—at any rate if does not terrify those who know his kindly nature—demanded to know what exactly Government were doing with the Report of the Handloom Committee—whether that Report was still lying entombed in the dark archives of Government. The defences of Government, which at this point, I admit, were somewhat weak a few weeks ago, have now been greatly strengthened; and today I am in a position to announce—and I felt that I owed it to this Honourable House that I should make the first announcement here—that Government have decided to publish this Report. Unfortunately, there



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is a "but" to everything, the "but" in this case arising out of the serious paper shortage. On account of this, the number of copies that we have been able to print is very limited, and it may not be possible to satisfy the needs of all those who may desire to purchase a copy. But I have arranged for a limited number of copies to be placed at once in the Library of the Legislature.

With this inquiry was coupled a suggestion that as large a proportion as possible of the yarn production of this country should be released for the use of handloom weavers. And the further suggestion was made that, in order to secure this end, the use of cotton yarn for the manufacture of rope and of similar goods should be discontinued. Government have anticipated this request, and for some time past substitute jute and coir and other fibres have been used on a large scale for rope making and similar purposes, and the saving in cotton yarn as the result of these measures up to date has been estimated at no less than 45 million lbs.—a very substantial figure! In regard to the position of cotton yarn generally, I can assure the House that Government are fully alive to their responsibilities. They have recently appointed a Yarn Controller—a gentleman who appropriately enough, hails from Bihar—who has already started work. At the same time, Government have under active consideration a scheme for controlling the distribution of yarn.

From the handloom industry I will now pass on to a review of the progress made by India in the industrial sphere since the outbreak of war. This is a subject which cannot be dealt with adequately in a speech of this nature, and I hope the House will forgive me if my efforts at condensation should result in the presentation of a sketchy and ill-balanced picture of the position. As has often been said, India's industrial development up to the outbreak of war had been somewhat uneven. Certain industries such as the jute and cotton textiles industries were exceptionally strong and could hold their own technically with similar industries in the most advanced industrial countries. Other industries such as the steel industry and the cement industry were also technically strong, but the volume of their output had not been developed sufficiently to make India entirely self-supporting in their products during a war period. In other fields again there were definite weaknesses, the main weakness being in the general engineering industry. I am glad to be able to say that with regard to these industries, very considerable progress has been made in the direction of increasing production and of remedying the deficiencies in the existing production set-up.

I imagine, Sir, that Honourable Members are interested not so much in the expansion of old-established industries as in the development of new ones. When it is remembered that wartime conditions not only create opportunities for industrial expansion but also interpose difficulties in the way of those opportunities being utilised to the fullest, it seems to me that we can fairly claim that the record of India's industrial progress during the last three years is one which can be regarded with justifiable, though not in every case with exuberant, satisfaction. Progress has been achieved on a wide field and in the main has been most marked in relation to four definite groups, viz., first, non-ferrous metals, second, drugs, third, chemicals and fourth, miscellaneous stores. Among non-ferrous metals, a notable example of wartime development is the production of aluminium undertaken by the Aluminium Production Company and the Aluminium Corporation. More impressive perhaps is the progress made in the manufacture of drugs. Honourable Members will be interested to know that over 300 items of drugs and dressings, which used to be imported from abroad, are now manufactured or produced in this country. Examples of special interest are ether, chloroform and different kinds of tinctures. Mention must also be made of the expansion of the surgical instruments industry which has enabled India not only to meet demands of her own military forces but to give substantial assistance to a number of Eastern Group countries. There has been substantial development, too, in the field of chemicals, and many articles which were hitherto imported are now made here; and it is an interesting fact that the cost of production is such that there is every reason to believe that these industries will be able to face post-war competition with the minimum of State protection. I do not wish to take up the time of the House by going into the matter in any great detail, but examples of chemicals which are now manufactured in this country on a large scale are bichromates, sodium sulphate, sodium sulphide, calcium chloride and last

but not least potassium chlorate, a shortage in which last year threatened to drive us to the use of sulphur-headed matches.

Coming now to the miscellaneous items, there are a number of small stores the manufacture of which has recently been developed in this country. For instance, it was considered until very recently that safety razors could not be made in India. But the industry *has* been developed, and new units of production have been set up at a large number of centres sufficient to meet the vast requirements of the Defence Services, which in peacetime will go a long way towards meeting the civilian demand. Plans are also well advanced—and this must be welcome news to many—for the development of razor blades which have so far baffled all attempts at local production. Cycles is another item the production of which, though conceived before the war has actually taken place during the war as a direct consequence of the incentive afforded, firstly, by wartime demands by the Defence Services, and, secondly, by restrictions on import. Every single part of a cycle is now manufactured in this country except the chain, free wheel and ball bearings. I shall give only two more examples. In regard to glass, so simple a thing as sheet glass, which is required in large quantities, has in the past always been obtained from abroad. But here again, under the impetus of wartime demands, production has been set up in two factories, the total output of which will go a long way towards meeting the country's requirements. In the case of electric bulbs, a new industry has been developed, and it is hoped that within a few months production will have reached such a scale as to make it unnecessary to import any but certain special kinds from abroad.

It would be possible, Sir, to give further examples of greatly improved production in factories established in India since the war began. But it is necessary to add that a war period during which the great industrial countries of the world need the whole of their resources to secure the maximum output of goods for the Defence Services is not a period during which the less advanced countries such as India can easily establish entirely new mass production industries. The progress made in India is considerable, and will undoubtedly have a great effect in the post-war period. But it would be idle to pretend that India can yet compete on the engineering side with countries whose development has been spread over many decades. India should end the war with many new industries and others considerably strengthened and above all with an accumulation of technical skill, the importance of which in connection with her postwar development cannot be exaggerated.

There is one other point which was raised in connection with this matter and that is an enquiry whether Government propose to prepare an account of the progress made by India in the industrial

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field since the outbreak of war. Government have no such intention at present. But it seems to me that this is a matter which will probably be undertaken fairly soon in connection with the work of the post-war Reconstruction Committees. That brings me naturally, Sir, to the topic of post-war Reconstruction Committees. I do not wish to dwell on the charge of tardiness which has been made against Government nor the lack of progress in the work of these Committees, nor again on the new arrangements which have been made by Government to ensure speedy and efficient examination of post-war problems, as these matters have been exhaustively dealt with by the Honourable the Finance Member in another place. I shall content myself with making a short statement on recent developments in connection with the Reconstruction Committee for which my own Department is responsible. At a recent meeting of the Reconstruction Committee dealing with trade policy, it was agreed that a survey should be made of India's industrial potential with a view to examining the gaps in the existing structure and to develop such industries as afford the best chance of expansion. For this upurpose it was decided to form six technical sub-committees to deal with practically every phase of industrial activity in this country. The terms of reference of these committees as well as their constitution are now under the active consideration of Government. I should add also that these committees will avail themselves of material which exists in the Supply Department and in the Board of Scientific and Industrial Research.

Concerning this Board, my Honourable friend Pandit Kunzru wished to know what exactly the Board has done. Had he asked me what exactly it has not done, I should probably have been in a better position to answer, because the Board has been a model of industry and has been very prolific in its output. The Board in pur-

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suance of its aim to produce a planned programme of research on subjects of primary importance early appointed a number of research committees whose work in connection with a large number of articles has been most valuable. Since its inception a number of processes have been evolved under its auspices out of which about 17 have been leased out for commercial exploitation. A few more have been evolved and these have reached the stage of commercial exploitation. I do not wish to go into details, but I must make special reference to one or two articles the use of which has been found to be of direct war importance. One such is collapsible tubes for tooth paste, ointments, etc., and another shock-resisting packing material. Substantial as these concrete achievements are, perhaps the greatest value of the Board has been in co-ordinating research work on applied science, in bringing together the many scientists in India engaged on this work and in bringing scientists and industrialists into closer contact and consultation. With so notable a record of achievement to its credit, the Council of Scientific and Industrial Research will, we may well hope, play a noble and worthy part in the post-war industrial regeneration of our country. *(Applause.)*

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, the discussions in this House on the Finance Bill this year, as in previous years, have covered a very wide field ; but unlike the experience of recent years the number of points of financial significance and importance raised during the discussion has been very considerable. I am therefore somewhat handicapped in deciding on which points to reply. I find myself faced with an "embarrassment of riches" because time is now far gone and I understand that certain Honourable Members will be seriously inconvenienced if the passage of this Bill involves a late sitting. Fortunately this year the Budget speeches dealt very fully and frankly with the larger major issues which are at present engaging the attention of Government and I think that this departure, although it involved one of the longest Budget speeches of recent years, has been appreciated by Honourable Members. In connection with those broad issues, further clarification has been made in considerable detail by the Honourable the Finance Member in his reply on the 17th of March to the general discussion on this Bill in the other place. That will be my excuse if I find it impossible to deal, within the limited time at my disposal, with all these broad questions, on which much has been said this afternoon. I think possibly my best plan would be to take first a few of the minor points of which so many have been raised by Honourable Members. I would mention, for instance, that one Honourable Member in the course of his hour and a half speech spent a considerable portion of his time firing questions at me and it is quite impossible for me to deal with them all. I will select some of these, though possibly minor, points and then I will devote such time as remains to me to remarks on the broader features and the larger questions which this Budget has raised. The first point need not detain us long. It was an inquiry from the Honourable Pandit Kunzru about the results of the optional deposit system introduced in the Budget last year. Although I would deprecate the utilisation of the debate on the Finance Bill as a suitable opportunity of eliciting information on individual matters I will give the answer to this inquiry, because it is a matter which may be of some general interest. For the optional deposits of excess profit tax the amount expected in this year is Rs. 2 crores and the amount we expect to receive next year is Rs. 4 crores. Honourable Members will find that information on page 14 of the printed Budget statement. So far as the additional amounts payable by Government in consideration of these deposits are concerned the amounts are, of course, exactly half, namely, Rs. 1 crore and Rs. 2 crores respectively. For the central surcharge funded for the benefit of assesseees with incomes between Rs. 2,000 and Rs. 5,000, we expect to find Rs. 20 lakhs in the current year and Rs. 35 lakhs next year ; while for deposits in Defence Savings Banks under the option allowed to the new assesseees with incomes between Rs. 1,500 and Rs. 2,000 per annum the respective figures are Rs. 13 lakhs for this year and Rs. 15 lakhs for the next year. These latter figures, of course, are not given separately in the Budget statement.

The next point on which I perhaps ought to say something is that in respect of the discrepancy between the figures for the revised estimate of the current year and the supplementary grant which was moved in the other place in respect of Stationery and Printing, which was raised by the Honourable Mr. Hossain Imam. In my four

years' experience of Budget preparation here I have had the benefit of the Honourable Member's microscopic examination of the results of the work of my Department as shown in the Budget statements and this is the second occasion on which he has caught us napping. The position is this. The revised estimates of the Controller of Printing and Stationery came to us last November showing a vast expansion over the budget estimates for the year. They came to us well recommended. I think the Controller stated that his estimates had been approved by the War Resources Committee of Council. They were certainly recommended by the Labour Department for acceptance, and the Finance Department accepted them. On the 21st of January we received the budget note from the Accountant General, Central Revenues, relating to this head, which repeated the same figures, and which we naturally assumed was the latest estimate based on the progress of actuals in accordance with our usual practice. Five days later a different section of my office, which deals with supplementary grants, received the Controller's estimate of the supplementary grant that he would require and that showed a very considerable reduction over the figure which we had accepted for revised estimates. On account of pressure of budget work resulting in a lack of liaison between different sections of my Department it was not noticed that this indicated a revision in the revised estimates. The result is that the revised estimate as shown in the accounts for Stationery and Printing is likely to be some Rs. 3½ crores in excess of the amount which is likely to be spent and the budget estimate for next year will exceed the probable requirements by something like Rs. 2 crores. I should hasten to add that the demand is for net expenditure and as the figures for recoveries are equally affected the net revenue position of the Government is not affected by this oversight! The excess provision could have been avoided had the Controller sent his December estimates to the Accountant General, Central Revenues, as I think he should have done; but the fact remains that this discrepancy, which my Honourable friend has detected, is there, and we regret it. I rather welcome this opportunity however of bringing before the Honourable Members of this House the conditions of strain and pressure under which in present circumstances the work of budget preparation proceeds. Budget making in fact becomes increasingly difficult in war conditions with every year that passes. Major decisions crowd upon us right up to the very end; decisions, in fact, have to be delayed till the very last moment, and sometimes in the end we have to prepare our estimates in the absence of any such decisions at all. Dispersal of various Departments whose figures have to be swept into our budget to different parts of the country; the separation of our staffs between Delhi and Simla; postal delays which involve recalculations and corrections—and every single figure that is corrected involves carrying that correction through the entire body of the budget accounts—all this, coupled with this over-riding drawback of delayed decisions on major questions of policy, has meant for my staff (and as can well be imagined the same applies to the Military Finance and the Supply Finance Departments) a tremendous strain, which would have made it absolutely impossible to prepare the budget by the due date but for the extreme loyalty, hard work and willing sacrifice on their part, to which it gives me the greatest pleasure here to pay a tribute. (*Hear, hear.*) I would like to mention in particular my Deputy Secretary and Budget Officer, Mr. Sundaresan, who during the busiest period of the budget preparation was affected by a severe congestion of the chest and throat but who yet carried on in spite of it, and Mr. Negi, my Budget Superintendent, who has carried on his shoulders this particularly difficult piece of work this year. It is a matter of pride and honour to me to be associated with the Department's work this year.

The next point, which was raised by the Honourable Mr. Hossain Imam, was in respect of Central Government's Police expenditure with particular reference to the grants which have been made to the provinces in respect of their excess Police expenditure this year and the next. He raised two questions. One was, whether the general principle had been accepted in advance by the Standing Finance Committee; and the second was, on what conceivable basis could this distribution of grants have proceeded to have produced the results which were given to him by the Honourable Mr. Conran-Smith the other day. Well, Sir, it is a fact that the Standing Finance Committee had already accepted the need for employing additional police forces in this country under war conditions, and for the payment of grants under section 150 of the Government of India Act, as long ago as September, 1940. That was an accep-

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tance by the Standing Finance Committee of the general principle. Then, I would remind Honourable Members that early in this financial year, when conditions were threatening—the entry of Japan into the war and her rapid progress towards the frontiers of India; the successes of the German troops in South Russia and in the Middle East; and, coupled with these facts, and possibly because of them, the danger hanging over us of widespread civil disturbances within the country—it was inevitable that the Provincial Governments would have to review their whole system of security and police measures to see whether they were in a position to deal with such disturbances as seemed only too likely to arise. The threat was so imminent and the risk to the public well-being was so real that they were advised to carry out their investigations strictly in accordance with what they thought should be done, regardless of the amount of expenditure involved and who was to pay; and they were assured that when we had examined their proposals and got some idea of the financial cost, we would deal with them not ungenerously in helping them to meet the excess. All this was strictly in accordance with the policy which had been accepted by the Standing Finance Committee previously. Provinces acted accordingly. As to the basis on which assistance was given, I could not do better than read out the relevant portion of the letter to the provinces in which they were asked to attend to this matter. It said:—

“The Government of India have now arrived at their conclusions as to the form which their assistance towards the cost of additional police should take. They have examined for each province the expenditure on the police forces as a whole, the proportion it bears to the revenue of the Province, the cost of the expansion already undertaken and that likely to be undertaken in 1942-43, and the general budgetary position of the province”.

In the light of these considerations and the proposals put forward by Provincial Governments, it was decided by the Central Government how much should reasonably be paid to the various provinces. Roughly, the general principle was a certain percentage of the excess of police expenditure over the 1941-42 figure. These proposals have been generally acceptable to, and accepted by, the provinces concerned. The reason why in some cases provinces get more next year than this, and in other cases provinces get more this year than next, is that some provinces have gone ahead quickly with those arrangements which involve non-recurring cost, and others have been a little slower in making these arrangements of a capital nature which will throw more expenditure, relatively, in the next year than this.

THE HONOURABLE MR. HOSSAIN IMAM : Was the Home Department consulted on this matter?

THE HONOURABLE MR. C. E. JONES : Most certainly, Sir. In fact, the Home Department attended to this matter, and it was the Finance Department which was consulted.

The expenditure was not actually incurred until the matter had again been placed before the Standing Finance Committee. Although, admittedly, commitments had been entered into, the actual disbursements were made only after the whole matter had been explained afresh to the Standing Finance Committee and their approval obtained.

THE HONOURABLE MR. HOSSAIN IMAM : On what date?

THE HONOURABLE MR. C. E. JONES : On the 13th March, 1943.

THE HONOURABLE MR. HOSSAIN IMAM : It was passed only this month.  
*Post facto.*

THE HONOURABLE MR. C. E. JONES : Sir, the Honourable Mr. Hossain Imam was also responsible for another suggestion, namely, that the Reserve Bank should buy sterling, not at the controlled rate of 1s. 6d. to the rupee, but at 1s. 6 3/16d. to the rupee, which is the maximum statutory rate, and that the Government should bring some pressure to bear on the Reserve Bank to ensure that being done. I do not know to what extent this proposal for a rise in the effective exchange rate would appeal to the majority of Honourable Members of this House, but I do know that the suggestion betrays a very strange notion of the relations which exist, and should exist, between the central bank of the country and the Government of the country. Also, the basic assumption underlying such a proposal that the operations of the central bank of the country should be carried on primarily with a view to profit is a view which is not in accordance with the basic principles of central banking. I have no wish to say anything more on that head, except that, if that principle of maximum

profit for the bank were to be the policy guiding central banking institutions, the consequences and repercussions would far exceed any financial profit that might for the time being be made.

Another point of some interest which the Honourable Mr. Hossain Imam raised was the desirability of our Income-tax Department and Excess Profits Tax Department giving increased depreciation allowance for double and treble shift working. Now, Sir, it is an established fact that plant and machinery do not depreciate in strict and direct proportion to the number of hours per day for which they are worked. The request, therefore, that double and treble the ordinary rates of depreciation should be given for working double and treble shifts, though it may look plausible at first sight, has really no relation to the facts. The present schedule of rates of depreciation, which includes a provision for multiple shift working, was fixed after a conference which the Central Board of Revenue had with the representatives of industries of the country. At the time these rates were fixed they met, on the whole, with a favourable reception. Since then the introduction of the excess profits tax has led to industrial concerns seeking higher rates of depreciation. *In so far as* this seems to be an attempt to reduce tax liabilities, Government must strenuously resist it; *but*, on the other hand, if satisfactory and reasonable proof is forthcoming that the basic rates or the rates for multiple shifts in any industry are inadequate, Government will be prepared to raise them to the proper level. I think that assurance is as much as Honourable Members would expect me to give.

The Honourable Mr. Padshah raised the question of the dearth of small coin. So much has been said on this matter in the past, and indeed in the recent past, that it is a matter on which the Government really have nothing more to say. But I must impress upon Honourable Members the necessity of giving due consideration to the points that Government have made. We have already published the fact that our output of small coin has gone up something like eight-fold without any real increase in our minting capacity. The output before the war was 16 million pieces per month. The present rate of output is 125 million pieces a month. Since the war broke out we have put out more than 2,000 million small coins. We are working our plant 24 hours per day, at the great risk of a breakdown and collapse of the plant much of which, unfortunately, is old. We decided that the risk had to be taken and we are taking it. We are working our staff, especially the supervisory staff, to capacity. We are arranging to instal a new mint, and the arrangements are far advanced; but we are in the midst of war and we have difficulty in getting the equipment. We are still hoping that the new mint, the third mint, will open by about June. But I would ask Honourable Members to realise what an immense effort, without any appreciable increase in one's production capacity, a multiplication of output by eight times means. It means a big strain on staff and plant and we are doing all that we physically and humanly can to meet the situation. While we recognise that, with the expansion of currency and the expansion of business activity that has been going on, the demand for small coin will legitimately be considerably in excess of what it was before the war, the degree of that excess cannot possibly be anything approximating the extent to which we have stepped up our output, and we are confident that the hardship that the country is suffering, of which the Government are fully aware and which they deeply regret, is the result of personal individual hoarding. That is proved by a number of things, particularly the suddenness with which this great scarcity arose. It is of comparatively recent origin and within a comparatively short time the country was almost denuded of small coins. It came upon us like a thunderbolt and we are doing all we can to meet it. We are trying to secure conviction of the offenders, for which we need the co-operation of the public to whom we are offering rewards. But there again, that is a matter which Government cannot control. We get a case, say, where an individual is found hoarding Rs. 300 or Rs. 400 in small coin. Honourable Members need no telling what a vast bulk of coin that value represents. The Magistrate calls it no more than reasonable personal requirements and the man is acquitted. Over matters of that sort Government have no control.

**THE HONOURABLE MR. HOSSAIN IMAM :** An Ordinance is required to clarify the position.

**THE HONOURABLE MR. C. E. JONES :** The matter is beset with difficulties. I do assure Honourable Members that the Government are doing what they humanly

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can and again I request the active co-operation and assistance of the general public to safeguard the general community from being exploited by such selfish people.

THE HONOURABLE MR. HOSSAIN IMAM : May I say, Sir, that the Imperial Bank complains of not getting enough small coins for its requirements? I have heard that in three districts, Sir.

THE HONOURABLE MR. C. E. JONES : I cannot answer individual matters like that, Sir, without inquiry. But I think it is quite possible, because demands in some cases have increased twenty-fold and even more and it is physically impossible to meet the full demands from every quarter.

The Honourable Mr. Kalikar raised the question of our silver policy. Sir, this is a big question which it will be quite impossible for me to attempt to go into in the limited time available to me. But I would like to remind Honourable Members that the Government have explained their position in answers to questions both in the Legislative Assembly and in this House, as also in Communiqués which have been put out, especially the lengthy Communiqué which was issued in connection with our demonetization programme. I would like to mention here, however, that the reason for our withholding information, or up-to-date information, in respect of our recent silver transactions and present stocks is not merely to withhold information for the sake of withholding it. It is a fact, as Honourable Members will realise, that the silver market is one of the most sensitive and one of the most highly speculative markets in the country. It is intimately bound up with other speculative markets such as the cotton market and so on, and for Government to give recent or anything like up-to-date information in respect of transactions and stocks would simply be to play into the hands of those people whose activities Government regard as anti-social to a high degree. Government will have to maintain the position, which they have invariably maintained in the past, that information about recent silver transactions cannot in the public interest be given.

Now, Sir, I will say just a few words about one or two of the major questions which have been dealt with in the Budget speeches and about which much has been said during this debate. The first one on which I would like to say a few words is the problem of currency expansion, prices, and—although I dislike using the word—inflation. I said much on this subject in reply to the debate on the Honourable Mr. Dalal's Resolution a short time back, but unfortunately I had not then time to finish my remarks. I explained the inevitability in war conditions of an expansion of currency, for the formation, maintenance, supply and movement of large armies, for the needs of the accompanying and indisputable increase in industrial and business activity which is inevitable in time of war, and for a very understandable preference for liquidity on the part of individuals, businesses, firms and also banks. I also explained the inevitability of a considerable curtailment of consumer goods, in war conditions, both those internally produced and those imported from outside. Now, Sir, the operation of these two factors is bound to some extent to result in a rise of prices. The Government definitely consider however that the expansion that has taken place in the currency up to date, having regard to the currency requirements of the country in the circumstances that I have just explained, does not and cannot fully explain the rise in prices that has taken place. Much of the expansion of currency is only of potential influence on prices because it is only that portion which is used for purposes of purchasing which affects prices and not that which people keep by them for the sake of having a greater volume of liquid cash and for the other reasons which I have just mentioned. That surplus remains dormant, Sir, until the psychological factors get to work, and the two most important of the non-monetary psychological factors are first speculation and secondly fear of inflation; and of those I would put the second one as the most important. Now, Sir, Honourable Members are all aware of the recent prolific writings and speeches of currency theorists, professors and so on, all using this word "inflation" as equivalent to an increase in price, and applying a sort of crude quantitative theory that as the volume of currency increases so must prices increase correspondingly. The effect of this on a population which is largely ignorant of technical currency matters, and of the stress that is constantly being laid on the so-called evaporation of the metallic backing of currency, ignoring real factors which give currency its real worth, such as the increasing productive capacity of the country itself, its large volume of external

assets and so on, is obvious. They stress unceasingly particular aspects of the problem, all the time talking of "inflation" and, when they think that that word is beginning to fail to create a sufficiently striking effect, they switch on to "naked inflation", to "galloping inflation" and we then get leaders in newspapers referring to "national bankruptcy". This sort of thing has been going on to a rapidly increasing extent, and this in a country where knowledge of currency matters is limited and a large part of the population is ignorant! It is this, Sir, which we feel is largely responsible for the wave of hoarding, panicky buying and panicky hoarding and speculation, which got into its stride from about the middle of 1942. The effect of psychological factors on price movements needs no stressing. Honourable Members will remember that shortly after the war broke out, prices shot upwards for a matter of a few months. There was no single real or monetary factor which could explain that rise in prices; the rise was purely and solely psychological. It is true to say generally that speculation and fear of inflation greatly accentuate price movements which might otherwise genuinely be caused by an expansion of the currency for, beyond what those factors would warrant and might often, as a matter of fact, eclipse them altogether. The Government are fully aware of the potential dangers of the situation and they will not hesitate to take whatever counter-action might seem to be indicated or called for should undesirable developments occur, and for that purpose they are determined to use all the resources at their command. Anti-inflationary measures generally speaking are not pleasant, but in so far as it becomes necessary to use them. I trust that they will receive the support of the Legislature and the people of this country in place of the purely destructive criticism which so often is the only reaction to Government action.

I might mention in passing that the Honourable Mr. Dalal mentioned the question of tax reserve certificates. This question is again under the Government's consideration, but I would like to assure the Honourable Member that if we decide to issue them the amount of tax certificates taken out by any individual or company or business firm would certainly in no sense be regarded as any pointer to the amount of tax due from him. As a matter of fact the general arrangement with tax certificates is that they are encashable at par without interest at any time; but if taken out for a greater amount than the amount of tax to be paid, the assessee can tender the certificate, get the benefit of the interest on the amount of the tax due and a refund of the difference either in the form of another interest-bearing certificate or in cash; on the contrary, if the assessee buys a certificate for a lesser amount than the tax to be paid, he can tender the certificate, get the full benefit of the interest thereon, and supplement that by cash payment. Even at the expense of trenching on my rapidly evaporating time, I would like again to endorse and stress the point that the Honourable Mr. Dalal made that war savings is the crux of the present position. In a time of war when so much new currency has to go out into the country, the obvious way of immobilising the surplus purchasing capacity, whether held by big firms in the shape of huge profits or by the humbler individuals who are beyond the reach of our taxation measures, is to return that money to Government in the form of loans. That must be the major corrective measure. I mentioned just now the existence of India's external assets. Why I stressed the importance of that is that it is the existence of those assets which is bound to provide an automatic corrective in the time to come when the country will once again open its gates to imports on private and commercial account. The criticism that much of our sterling balances cannot be used for the purchase of plant after the war because it is required for the backing of the expanded currency is an entire misapprehension of the position. The position is what we might call self-liquidating. When imports again are possible exactly the reverse process will take place to that which has recently taken place when currency had to be expanded. The importer pays for the goods that he desires to import in rupees; those rupees therefore return from circulation; that releases a certain amount of sterling from the Issue Department of the Reserve Bank and that sterling can then be used for the purchase of the goods which the importer requires. The position automatically corrects itself and that is the vital difference between the position of this country and the position of certain countries which were defeated at the end of the last war and found themselves devoid not only of gold and valuable metals but of all external reserves, and therefore could get no outside goods into the country except by purely deflationary means of the worst type. This also



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indicates why we say that this inconvenience of a large currency expansion is essentially of a temporary nature, because in due course the position will correct itself; but we admit that in the interval there will be a constant pressure on prices exerted by the surplus purchasing power available in the country. Now, Sir, if people use that surplus purchasing power for laying by stocks of commodities—I have heard of one cotton mill which has invested something like Rs. 2 crores in building up cotton stocks—that certainly, Sir, is contrary to the interests of the community: it creates shortages, it creates rapidly rising prices and all the ill-consequences that flow from those conditions—if this surplus purchasing power can be diverted into the coffers of Government at interest, then, Sir, it is conducive to the well-being of the community in general and of the individual. I maintain, Sir, that if half or a quarter of the effort that has been employed on scare writing on the subject of inflation had been utilised for the purpose of a sincere effort to induce the people of this country to divert their surplus funds to the Government, then the position of this country in the matter of an inflationary rise in prices would be very different from what it is at the present time. When people draw a distinction between the effectiveness of control measures taken in the United Kingdom, the United States of America, Australia—it does not matter where, any country outside India—in the matter of controlling prices, and draw a distinction between that country and India, I would at once ask those people to remember the difference between the response to the appeals for public loans in those countries and in India. This work of stimulating public loans is uphill work. There is no glamour about it; it is hard work. There is nothing to show for it. No headlines can be written about it. But if we could secure the co-operation and assistance of public men, employers of labour, trade unions, and everybody with influence on those people who have extra money in their pockets towards securing a more adequate response to the Government's appeals for loans, then, Sir, I submit that we should go very far towards solving this question of surplus purchasing power.

On the question of sterling balances, Sir, I will confine myself to two points. They have both been mentioned this afternoon and I recognise that there is genuine anxiety regarding them. One is about possible depreciation in the value of sterling after the end of the war. That question was raised in this debate by the Honourable Mr. Hossain Inam and I think by the Honourable Mr. Sapru. The Honourable Mr. Sapru also mentioned the other point, *viz.*, of the limited use to which, it may be, after the war sterling balances can be put, his apprehension being that it will restrict the purchase of goods for that sterling to the United Kingdom only.

Now on the first point I would maintain, Sir, that there is no evidence whatsoever that His Majesty's Government intends to allow the pound to fall in the post-war period. I think if Honourable Members will recollect they will see that from every point of view it would be to the disadvantage of the country that that should be done. The United Kingdom, as an importer on a vast scale with her invisible income seriously diminished, will certainly not desire to see the value of the pound diminish for the simple reason that her foreign debtors on current trading account would not be willing to accept payment in sterling, and this would obviously be highly embarrassing to His Majesty's Government. But I think the most effective reason which will operate in securing a maintenance of the value of the pound after the war is that a tremendous amount of debt has been contracted by the Government of the United Kingdom to the people of the United Kingdom in the shape of small savings, deferred income-tax credits, deferred depreciation funds and so on, and if all this deferred spending power were lowered in value seriously it would be difficult even to maintain the stability of the country itself, and that obviously would be the last thing that the Government would be willing to encourage. In case some Honourable Members omitted to note a reference that was made to this very aspect of the question in the Right Honourable Winston Churchill's broadcast to the world I would just like to read the few sentences which he devoted to it. What Mr. Churchill said was:—

“At the end of this war there will be seven or eight million people in the country with £200 or £300 apiece, a thing unknown in our history. I am not one of those who are wedded to undue rigidity in the management of currency systems but this I say: that over a period of 10 or 15 years there ought to be a fair and steady continuity of values if there is to be any faith between man and man or between individual and State. We have successfully stabilized prices during the war. We intend to continue this policy after the war to the utmost of our ability”.

And as to the probable ability of the United Kingdom Government to maintain that control over prices and the value of the pound after the war I could quote Professor C. N. Vakil of Bombay in his pamphlet *The Fall in the Rupee*. He has maintained there that the purchasing value of the pound is not likely to depreciate markedly after the war in view of the success of the United Kingdom's system of price control. On these grounds, Sir, I feel that there is no adequate reason for the apprehension on the part of the people of this country that the value of sterling will heavily depreciate after the war. Then there is the other question of a possible limitation on the employment of sterling for the purchase of goods. That matter was mentioned by the Honourable the Finance Member in his speech in the Assembly the other day. I gather from certain remarks of the Honourable Mr. Sapru that he for one has not read that speech, and I think it would be as well if I read the relevant paragraph for the benefit of him and of other Honourable Members of this House who may not have had an opportunity of hearing what the Honourable the Finance Member said on that subject :—

"It will be clear to Honourable Members from recent messages from London which have appeared in the daily press that both the British and the American Governments have been pre-occupied with the future world monetary system. So far as the Government of India are aware, official conversations have not yet taken place between the two Governments and no agreement has therefore been reached, or even approached. Until the final stage is reached, it would hardly be possible for anyone to give positive and final assurances on the nature of the post-war British monetary position, or of the character of the world monetary organization into which it will be fitted. But there are indications, of which the recent press reports give proof, that the aim of the two Governments is the creation of a monetary system which will permit of multi-lateral clearings and so will afford to holders of one currency the opportunity of free exchange into other currencies".

That, Sir, is as far as one can take the question at the present time. The conversations have not yet even officially begun. I think it is only reasonable to suppose that the United Nations will be determined to settle these post-war monetary questions on a basis which will permit the maximum latitude to world trade. Meanwhile, even apart from that consideration, I would remind Honourable Members that the sterling area is itself much wider in scope than the United Kingdom.

Well, Sir, I have only a few more minutes, and I would just like to say a few words on the subject of Defence expenditure. I was rather amazed at the attack that the Honourable Mr. Hossain Imam made on the question of joint war measures, because I had explained that very fully, and as I thought convincingly, in my Budget speech. I can only attribute it to the fact that the Honourable Member was not present when that speech was delivered.

THE HONOURABLE MR. HOSSAIN IMAM : And the Labour Department has not given me a copy.

THE HONOURABLE MR. C. E. JONES : Shortage of paper, Sir.

I have come armed with extracts of publications dating from three years ago to prove to Honourable Members that this conception of joint war measures in India is no new conception which has been foisted on the Financial Settlement since the Honourable the Finance Member's return from England. As time is short I will quote only one or two of the earlier ones, because possibly they are more convincing than the later ones. In his Budget speech for 1940-41, made in February, 1940, the Honourable the Finance Member said :—

"There is also a very substantial increase in our Defence expenditure owing to the putting into force of various war measures, some of which ..... are purely Indian liabilities, while others such as the expansion of various recruiting and training organisations, headquarters offices, etc., may be regarded as joint liabilities to be shared between the Indian and Imperial Governments".

And then, in the Appropriation Accounts for the year 1939-40, on page 6, paragraph 8 (a), you will read :—

"The amounts compiled against new Main Head 3 consist of, firstly, cash charges on account of Indian war measures classified directly to this Head as incurred, secondly a share of such charges on account of war measures for which the British and Indian Governments were jointly liable under the Settlement, thirdly sums representing India's liability for the cost of stores utilised and works carried out in connection with Indian war measures .....

and so on. Then it went on to say :—

"The joint measures comprised (1) those relating to the expansion of recruiting activities, (2) expansion of defence headquarters organizations. .... etc."

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Later on in the Report :—

"It may be added that the methods referred to above that were adopted for the purpose of assessing the amounts of the charges attributable to joint and Indian war measures between the two Governments concerned were examined and accepted as fair to both sides by the Director of Audit, Defence Services, on behalf of the Auditor General of India."

Then, Sir, the report of the Military Accounts Committee on the accounts for 1939-40 said :—

"We examined the method of determining the division of charges on account of war measures for which the two Governments are jointly liable with considerable care. As the result of our examination we are satisfied that in regard to the accounts of 1939-40 the terms of the Financial Settlement have been fairly worked to the detriment of neither party". (Page 43, Report of the Public Accounts Committee on the Accounts of 1939-40, Vol. I.)

Is it necessary, Sir, to multiply instances to show that the intention of the Settlement as understood from the very beginning was that in respect of expenditure incurred within India for the benefit of India, the broad principle was that the cost of Indian war measures should be borne by India and the cost of H. M. G.'s measures should be borne by H. M. G.; and that where you could economise by undertaking a measure which was in the interests of both, each should pay for his share of that measure according to the extent of his interest in that particular measure. It is only common sense. It seems to me to be altogether unreasonable to assume that in respect of a measure taken in India for the benefit of India, which in any case if not shared by H. M. G. would have to be undertaken by India at her own cost. His Majesty's Government should bear the entire cost if it could be shown that they had even the slightest interest in the measure instead of paying according to the extent of their interest on the measure. I submit that that would be entirely unreasonable, and was never intended. The fact remains that the Settlement was favourable to India. It has been worked to, and, as the budget speech showed, we are still working to it.

But then the question is asked: Is the Settlement achieving the main object for which it was designed, namely, limiting the Defence expenditure of India to India's financial capacity? Now, I would ask—and I will soon be done—when this expression "financial capacity" is introduced, "Who is to judge, and how is one to judge what is the financial capacity of India?". When a war is in progress, and the economic activity of the country is quickened, taxable capacity, Sir, is not a fixed and invariable thing; it is a fluctuating thing. We can only judge by results. And what is the result in the case of India, as it will be viewed, say, by the nations who will sit at the peace conference after the war and to whom possibly India may go and present her case as having been harshly treated over the war demands that have been made upon her and upon her economy? What is the result that India will be able to show? India will be able to show that as the result of the working of the Settlement she has paid her debts to the outside world. In addition to that, she will be able to show that she has piled up huge claims on the future productive capacity of the outside world. She will be able to show that her internal public debt has increased—but, I submit, increased to a moderate and manageable extent, the servicing of which imposes no undue strain on the country with its enhanced taxable capacity. But in any case the question of internal debt in time of war is never regarded as other than a domestic internal problem of distribution of wealth. She will be able to show a considerably expanded industrial system. She will be able to show a considerable improvement in her communications system—air communications, ports and harbours, roads, telegraphs, telephones. She will be able to show a new and vast body of trained industrial and technical human labour which will be a tremendous post-war asset to the country. I submit, Sir, when one looks at it from that point of view, it is difficult to say that this Settlement is working to the detriment of India or that it operates in any way harshly, and the wonder is that people can come forward and criticise arrangements which produce such results as involving too severe a strain on the country. There can be no doubt, Sir, I submit, that the price India is at present paying for her present defence and security and her future participation in the fruits of victory is extremely moderate. I got my office to compile, in so far as information was available, for various countries among the United Nations, statistics from the pre-war time up to the present year showing

for each country the increase in defence expenditure, the increase in taxation receipts and the increase in the public debt ; and although one cannot be sure of the strict accuracy of these figures or be certain that they are on a strictly comparable basis, I can say this that the figures showed a result which was broadly and definitely favourable to India. I suggest for the consideration of Honourable Members that very few countries in the world today can show a sounder budgetary position or a brighter prospect for its post-war position, budgetary and otherwise.

I have said nothing on the matter of taxation, Sir. Of the taxation proposals there has been very little criticism today and I assume that they have received general acceptance. I merely ask this House to view the proposals as a whole and in so far as they are covered by the Bill before the House to give them their support.

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

“That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942, to fix rates of income-tax and super-tax, to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, and to amend the Indian Finance (Supplementary and Extending) Act, 1931, as passed by the Legislative Assembly, be taken into consideration.

Question put : the Council divided :

**AYES—19.**

Charanjit Singh, Hon. Raja.  
Conran-Smith, Hon. Mr. E.  
Das, Hon. Rai Bahadur Satyendra Kumar.  
Devadoss, Hon. Sir David.  
Ghosal, Hon. Sir Josna.  
Greenfield, Hon. Mr. H.  
Hartley, Hon. General Sir Alan.  
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.  
Jogendra Singh, Hon. Sir.  
Jones, Hon. Mr. C. E.

Khurshid Ali Khan, Hon. Nawabzada.  
Lal, Hon. Mr. Shavaz A.  
Mahomed Usman, Hon. Sir.  
Menon, Hon. Sir Ramunni.  
Mukherjee, Hon. Sir Satya Charan.  
Ogilvie, Hon. Mr. C. M. G.  
Pillai, Hon. Mr. N. R.  
Prior, Hon. Mr. H. C.  
Sobha Singh, Hon. Sardar Bahadur.

**NOES—12.**

Abdool Sattar, Hon. Mr. Abdool Razak  
Hajee.  
Chettiyar, Hon. Mr. Chidambaram.  
Das, Hon. Mr. N. K.  
Hossain Imam, Hon. Mr.  
Kalikar, Hon. Mr. V. V.  
Kunzru, Hon. Pandit Hirday Nath.

Mahtha, Hon. Rai Bahadur Sri Narain.  
Mitha, Hon. Sir Suleman Cassum Haji.  
Padshah Sahib Bahadur, Hon. Saiyed  
Mohamed.  
Ray Chaudhury, Hon. Mr. Kumarsankar.  
Sapru, Hon. Mr. P. N.  
Sinha, Hon. Kumar Nripendra Narayan.

The Motion was adopted.

**THE HONOURABLE MR. HOSSAIN IMAM :** Not a single elected member has voted with the Government, Sir.

**THE HONOURABLE SIR DAVID DEVADOSS :** I certainly protest against this sort of insinuation. It is absurd. It is as if they only have got consciences and not others. We have been very patiently bearing these insinuations. What is the meaning of it? Are these people the only ones who have conscience? They ought to look into their own conscience and see why they vote against Government. It is done on principle. It is because certain things have not been given to them. There is a limit.

**THE HONOURABLE MR. HOSSAIN IMAM :** I did not make any remark. Facts cannot be denied.

**THE HONOURABLE THE PRESIDENT :** Still you had no reason to make that remark.

**THE HONOURABLE SIR DAVID DEVADOSS :** The insinuation is quite clear.

Clause 2 was added to the Bill.

Clauses 3, 4, 5, 6 and 7 were added to the Bill.

Schedule I was added to the Bill.

Schedule II was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**THE HONOURABLE MR. C. E. JONES :** Sir, I move :—

“That the Bill, as passed by the Legislative Assembly, be passed.”

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) :** Mr. President, we have so far refrained from

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commenting on the absence of the Honourable the Finance Member from this House. It was expected therefore that the Honourable the Finance Secretary would offer some explanation for it.

THE HONOURABLE THE PRESIDENT: I gave the explanation to some Members who asked me about it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I think, Sir, the Finance Secretary owed it to us to tell us why the Finance Member was absent from the House on this important occasion.

THE HONOURABLE THE PRESIDENT: Nobody questioned him during the first reading of the Bill.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: We kept quiet thinking that the Finance Secretary would be able to give some reason for it. But the Finance Secretary has kept absolutely silent on that point. If the inference—and it would be a justifiable inference to draw from his silence—that the Finance Member has stayed away during the discussion of the Finance Bill from this House for no adequate reason and in spite of his having no duties occupying him in the other House, he has been guilty of being grossly discourteous to this House.

THE HONOURABLE THE PRESIDENT: Excuse me, I have no reason to intervene in your speech, but I may tell you that I told several Members that he was not feeling well and not up to the mark and he was not able to come and bear the strain.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, the Council as a whole is not aware of his being unwell. The Government representative ought to have considered it his duty to give us some information on this point: he should have realised that the absence of the Finance Member here would be a matter of comment.

Sir, the speech of my Honourable friend Sir Mahomed Usman leaves me with no alternative but to protest strongly against the attitude which he adopted. I do not expect Government to accept our views but we do expect the Honourable Sir Mahomed Usman as the Leader of the House to set an example in self-restraint and dignity to this House. In this respect, Sir, he might well copy the official sitting behind him, my Honourable friend Mr. Conran-Smith, who even when he disagrees strongly with us expresses himself in a manner which has won for him the appreciation of the whole Council. Sir Mahomed Usman not merely adopted a tone and language ill-befitting his position, ill-befitting even a man occupying a subordinate position, but has expressed opinions which I can only characterise as outrageous. The Honourable Member spoke in such a way as to make it appear that the British Government were opposed to the establishment of democracy in this country and that they wanted to establish a kind of dictatorship here. He further said that people who were criticising the Government were indirectly helping the Congress and that rigorous censorship was therefore perfectly justified. Sir, if all criticism of Government is to be regarded as unjustified and as an encouragement to the forces of violence, is not this Government then an undiluted tyranny between which and the Nazi and Fascist Governments there is little difference. My friend Mr. Arthur Moore stated in the course of a press interview in February, last when Gandhi was fasting that if he were released he felt certain that he would work for the bringing about of a better understanding between the Congress and the Muslim League but the censor did not allow this to be published. Is this a statement which any man can regard as inimical to the maintenance of law and order in this country? If Mr. Rajagopalachariar asks that in the interests of future world peace Government should recognise their responsibility and release Mahatma Gandhi so that a settlement might be arrived at with the various parties on the political question, is he guilty of inciting the people to oppose the prosecution of the war and to take part in acts of violence? If we protest against the policy of the Government, is censorship over our statements to be justified on the ground that we have the misfortune to find ourselves at variance with the Government on certain crucial matters? If it is thought dangerous by this Government to allow opinions different from its own to be expressed, it is in a very perilous condition indeed. But whatever the danger from a free publication of our views in this country might be, would a revolution have set in England or in the United States of America if the statement which I read out in this House on behalf

of my Party on the 22nd of February, regarding policy followed by Government in connection with Mahatma Gandhi's fast had been allowed to be cabled to those countries?

My Honourable friend Sir Mahomed Usman, I am constrained to say, spoke without any sense of responsibility when he indulged in the extravagant language which he used. Sir, I do not want to prolong this unpleasant controversy any further\* but I should like to know whether it is the considered view of the Government of India that democracy should not be established in this country and the expression of views different from its own should be banned because their publication is a danger to the maintenance of law and order in this country. If this is the opinion of the Government of India, and if it has been supported by the Indian members, then I say with a full sense of responsibility that the expansion of the Executive Council has been a curse to this country (*Hear, hear*) and that what is urgently needed at the present time is its contraction and the expulsion of its Indian members. (*Hear, hear.*)

Sir, I now turn to the speech of my Honourable friend General Hartley, who represents a type with which we are only too familiar in this country. He was so irritated by certain remarks of mine regarding the character of the present Army that he lost control over himself almost completely.

THE HONOURABLE THE PRESIDENT: I think he was very polite in his remarks and he did not show any temper.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I heard him myself and I think he was very irritated—.

THE HONOURABLE THE PRESIDENT: I do not think you are justified in making this remark.

THE HONOURABLE MR. HOSSAIN IMAM: I think he was very polite.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Perhaps, the Honourable Member did not hear him. He thought that I had brought an unfounded accusation against the Army when I said that it was the greatest agency for fostering racial prejudice, and racial arrogance in this country. I will ask men like him who find our opinions on this subject unpalatable, to read that chapter in the life of Lord Kitchener which relates to the appointment of Indians as officers. He will find that although the question was raised on many an occasion its solution was held up because of the prejudice of British officers against serving under Indian officers. If he is not satisfied with that let him turn then to the biography of Lord Rawlinson. He will find there that Lord Rawlinson regarded Indianisation as a very difficult problem and thought that if British officers were going to be placed under Indians—.

THE HONOURABLE THE PRESIDENT: But he did not speak about Indianisation.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The position would be serious.

THE HONOURABLE THE PRESIDENT: But he did not say anything against the Indianisation of the Army.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He controverted the opinion that I had expressed.

THE HONOURABLE THE PRESIDENT: That he was bound to do if he differed from you.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He can, but if he considers that there are no facts justifying that opinion I am bound to point to publications written not by Indians but by his own countrymen which contain ample material justifying an opinion like the one that I expressed yesterday. If it is necessary to refer to any other publication I would refer to the Report of the Skeen Committee wherein he will find an appendix relating to the same question.

Sir, however unpalatable it may be to men like my Honourable friend, General Hartley, it is a fact that no nationalist can but regard the Indian Army of this existing type as a symbol of British domination and the subjection of India to foreign rule.

Sir, I did not expect that my views would be acceptable to Honourable Members opposite but as we have borne with them for generations I hope it is not too much to expect of them that they will try to look at the question of Indian defence from

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the Indian point of view now and ask themselves what their feelings would have been had they been citizens of this country.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): I would request my Honourable friend Pandit Kunzru not to be annoyed at the speeches made today just like the speech of the Leader of the House. In my opinion it is not the Honourable the Leader of the House speaking but the constitution; in my opinion he is voicing his master's voice. If he had been responsible to us he would never have made that speech. I am perfectly sure of it. I would therefore request my Honourable friends on either side of me not to be annoyed. They are at their places at the behest of White-hall. Some are more enthusiast; some are less enthusiast.

Sir, really one feels disgusted with the system of the present Government. A statement made in this House by a leader of a Party on a certain issue has been censored. Why did they allow the House to hold a session if they wanted to censor the statements made here? You allowed the public to come into the House. The public could hear that statement when it was made by my Honourable friend Pandit Kunzru. I cannot follow the attitude of the Government. If you really wanted to censor that statement—I was not here on that day, unfortunately; I was ill—if you really wanted to censor it, why did you not close the public galleries and the press gallery? If you really want to censor the speeches made by members in this House, why do you hold these sessions of the House? Shut up the whole show. If you think that we express views which are not agreeable to the present Government, which are not agreeable to Britain, shut up the whole show and carry on your work. Instead of doing that, why do you make a show of it and hold the sessions? Any member having self-respect would be disgusted with your action. But I request my Honourable friends here again not to be annoyed. It is after all a political game. Somebody makes them speak like that. Therefore we have to put up with it.

I have nothing further to say, because all the points about the Defence services have been covered by my Honourable friend Pandit Kunzru. But I request the Leader of the House to be more courteous in his statements, so that this sort of annoyance may never occur in this House.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadian): Mr. President, when I heard the Leader of the House, I was reminded of a scene in my younger days, in one of the rooms in Magdalen College, at a society with which I was connected, and with which Mr. Anthony Eden was also connected—the Oxford University Asiatic Society.

THE HONOURABLE THE PRESIDENT: Unfortunately you were not present when the Honourable Mr. Hossain Imam spoke with vehemence yesterday about many matters. You did not hear him then.

THE HONOURABLE MR. P. N. SAPRU: Sir, I have no brief to hold for Mr. Hossain Imam except to say this, that there are many things in common between him and me, and we shall agree and shake hands; but the Leader of the House and I will never shake hands.

THE HONOURABLE MR. V. V. KALIKAR: Yes, you will. When he comes out off the Treasury benches, you will shake hands with him. I am sure about it.

THE HONOURABLE MR. P. N. SAPRU: Sir, we used to have a weekly meeting, and I was asked to read a paper on Indian home rule. Our chief guest of the evening was Mr. Lionel Curtis, whom I used to know well in those days, and whose friendship I treasure even to this day. After I had made my speech, and I think it was a fairly moderate speech, discussion on it was opened by a retired member of the Indian Civil Service, who was a Don in Oxford in those days. I do not know the Leader of the House personally very well; so I cannot say whether he has that quality which the Don had or not. Personally, the Don was a most delightful person in ordinary life. I used to have many interesting conversations with him. I was indebted to him for many acts of kindness. He was scholarly. He had a certain objectivity of view. But in politics he was an absolute die-hard. And he did not conceal that he was a die-hard. When I had finished my speech, the discussion was opened by this retired Civil Servant, of whom I have personally very

pleasant memories. He said: "Well, Mr. Sapru talks of dominion status and self-government. He is a visionary—an idealist. We can never give dominion status to India, for the simple reason that we have very vital interests in India. There is a conflict of interests between India and England. Incidentally, the Indian cannot also govern himself. But the major reason is that we have to exist as a country and we can only exist at the expense of the people of India". Mr. Lionel Curtis in winding up the debate, said that he had heard England vilified many times before in his life, but he had never heard it vilified in the manner in which it had been vilified by this Civil Servant. And then he went on to say that if the Civil Servant represented the real mind of England, then India would be justified in revolution, in rebellion, in direct action, in every conceivable form of action, because freedom was something worth having, and the purpose and the function of the British Commonwealth was to spread freedom and democracy throughout the world. My friend the Civil Servant left the meeting in a huff. He was very angry; and next day when I was going to the Bodleian, I met him there, and he reminded me of the night before and said that Curtis had been very hard on him. Well, I took a different view, and we agreed to differ, and he eventually invited me to a meal, and we had a very good meal together. (*Laughter.*)

When I heard the Honourable the Leader of the House, I felt that the British Government, with that bankruptcy of statesmanship which has characterised them during recent months, had selected not only a Rip Van Winkle, but also a person who knew the art of vilifying England to perfection.

**THE HONOURABLE THE PRESIDENT:** You have a meal with him and settle the matter.

**THE HONOURABLE MR. P. N. SAPRU:** He has made statements which even Mr. Winston Churchill and Mr. Amery would probably repudiate. Mr. Amery has never said that democracy is not the goal or objective of Indian policy. Not even Mr. Churchill has said anything like that. They have laid down certain conditions for its fulfilment. I am quite sure that, with the mentality which the Leader of the House possesses, we can make a present of him to Hitler, Mussolini or Tojo. Only what they will say is that he has not enough ability to be of much service to them and that he is not of much use to them.

Now, Sir, let us be frank about it. He has charged us with being pro-Fascist in our leanings. I can say this about myself. I read international papers rather carefully. I do not know much about finance, but I know something about international affairs. I can trace the foreign policy of England since 1920, and I can trace the foreign policy of the Indian National Congress and other political organisations, and I can show him that there were tendencies of a pro-Fascist character in British politics which we did not have. I suppose he has heard of his great master, Mr. Amery. Mr. Amery is a very great friend of the Chinese people today. In 1931, he spoke very disparagingly of these great people. I do not happen to have the quotation here with me; I can get the quotation for the Leader of the House if he wants to read it and educate himself. Mr. Amery, in 1931, said that Japan was a civilising agency, and that she was doing exactly the same thing that Britain was doing in India.

**THE HONOURABLE THE PRESIDENT:** Nine years is a long time.

**THE HONOURABLE MR. P. N. SAPRU:** His son is still in Berlin. And many of those British Conservatives, until they were forced into the war by Hitler's action at Danzig, used to hold that opinion. Even today there are strong pro-Fascist parties in Great Britain and in the United States of America. Vice-President Wallace had these parties and groups in mind when he spoke of World War No. III. Therefore, pro-Fascism is not the monopoly of any particular creed or class. I think that there is much less pro-Fascism in India than in any other country. How can we be pro-Fascists? We are working for the establishment of freedom. There is an inter-connection between Fascism and Imperialism and it is nonsense, it is unjust, it is untrue, to say that our policies have been pro-Fascist. We did not connive at the conquest of Abyssinia. We did not connive at the annexation of Manchukuo by Japan. We did not close the Burma Road. We did not dis-member Czecho-Slovakia. We did not support, by our so-called neutrality, Franco's Spain. We had a consistent foreign policy, and if we find ourselves unable wholeheartedly to support the cause of the United Nations, what is the reason therefor? The reason



[Mr. P. N. Saprū.]

is that like human beings, with feelings and ambitions very much similar to those which are possessed by the White nations of the world, we also want a place under the sun. We want freedom for our country. The Honourable the Leader of the House has flourished under the present system of administration. If there had been a democratic system of administration he would not have been occupying the position that he is doing now—

THE HONOURABLE SIR DAVID DEVADOSS : This is too personal.

THE HONOURABLE THE PRESIDENT : Please avoid personality.

THE HONOURABLE MR. P. N. SAPRU : We who have greater confidence in our capacity to run our country take a different view from the view that he has taken. We treat him—I will not say the entire Indian element—there are certain men I have respect for, e.g., my old friend Sardar Sir Jogendra Singh, and I have a certain partiality for Dr. Ambedkar who has been a good labour leader in his days—as hostile to our aspirations. I will not therefore say what I feel about the entire Indian element but I certainly would associate myself with the remark that Indianisation has proved a complete curse, and that what we want is popularisation and democratisation of the administration and I would beg of my Honourable friend Dr. Kunzru, who is so fond of this word “Indianisation” to give it up, to blot it out from our Dictionary and our vocabulary. This is all that I have got to say with regard to the observations of a very unwise nature which were made by the Leader of the House. I remember occasions when some unwise observations were made by two Commanders-in-Chief in this House. They had to withdraw those observations. I do not know, Sir, whether the Honourable the Leader of the House will ever do this, but let it be understood that he counts for nothing in this House.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, —

THE HONOURABLE THE PRESIDENT : I do not think you have any grievance considering the charges you levelled against Government yesterday.

THE HONOURABLE MR. HOSSAIN IMAM : If you do not want to allow me to speak, Sir, I shall not speak.

THE HONOURABLE THE PRESIDENT : I only said you have no personal grievances considering the charges you levelled against the Government yesterday.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, permit me to say that the Chair has no business to interfere with the discussions—

THE HONOURABLE THE PRESIDENT : I have every right to interfere.

THE HONOURABLE MR. HOSSAIN IMAM : If we go outside our limits you have every right to control us, but before I open my lips, for you to pass remarks, Sir,—I take strong exception to that.

THE HONOURABLE THE PRESIDENT : You yesterday levelled charges against the Government. You cannot deny that. Your speech will show.

THE HONOURABLE MR. HOSSAIN IMAM : If I made any remarks, the Honourable Members sitting on the Treasury Benches can say that there is no case and that they do not propose to reply to me. But it is not for you, Sir, to safeguard their interests.

THE HONOURABLE THE PRESIDENT : Perhaps you do not know. You have not read the rules. The rules say that the President has every right to take part in any debate. You do not know that. Hitherto I have refrained from taking any actual part but I have got the right to take part in any debate that takes place under the rules.

THE HONOURABLE MR. HOSSAIN IMAM : If I had exceeded, Mr. President, I humbly say that you have every right. But before I open my lips, for you to make that remark—I take objection to that. I have not opened my lips. You allowed three Members from one Opposition Party to take part in the debate, but when I stand up, before I have opened my lips, you butt in—

THE HONOURABLE THE PRESIDENT : I merely asked you whether you have any grievances.

THE HONOURABLE SIR DAVID DEVADOSS : It is already 6 P.M. Have some mercy on us.

THE HONOURABLE MR. HOSSAIN IMAM : I do not wish to indulge in hysterics. But if I am provoked, as has been the case with the Chair, I am afraid I will not be responsible for what I may say. I stood up to throw some oil on troubled

waters. My intention was to try and establish greater harmony than was apparent when the last speech was finished. But man proposes and God disposes, and in this House you dispose, Sir.

Sir, I do not wish to intervene in this debate in order to get a second opportunity of giving a speech on the Finance Bill, although I have very great differences with General Hartley as far as the administration of martial law is concerned. I am not going to utilise this opportunity for that purpose. I also admit I can spend some time in speaking about the points which were made by the Honourable Mr. Jones when he dealt with the Financial Settlement. But, Sir, I shall confine myself to the later aspects to the speech of the Honourable the Leader of the House and the third reading speeches delivered by my Honourable colleagues of the Opposition. I feel, Sir, as a representative of the Muslim League, that I must make my position clear. We do not believe in the Western type of democracy as suited to India, and therefore I cannot find any fault with the Honourable the Leader of the House for having stated what is felt not only by him but by 100 millions of my people. I will also say that others—the non-Brahmans—are also not very much enamoured of it. I do realise that the present Executive suffer under great disabilities. As I said yesterday and today, to which you, Mr. President, made a reference, I realise their utter incapability to do good. I wish especially to indicate to my Honourable friend Mr. Sapru that as far back as the 28th March, 1941, before this expansion had taken place, I had said in this House in connection with the Finance Bill as follows :—

“ I personally believe that until you have available a correct, well-balanced, indigenous system of democracy, you must insist that your executives belong to political organisations ; otherwise there will be no check on those whom you place at the highest pinnacle of power. Even the highest man, Mr. Churchill, is subject to Parliament. To whom will you make the central minister responsible ? To the Viceroy ? ”

Consider it not from the narrow point of view of the Bombay Conference, but from a higher place of political thought. Is it wise to give powers to those who are responsible to no one ? ”

And I would remind the Honourable Mr. Sapru that it was the Bombay Conference which brought this curse or blessing on our head, it is for you to decide. But it was brought about by Sir Tej Bahadur Sapru. The British Government had given up all hopes of expanding the Council and they were hopeless, because the Congress was holding them on one side and the League was holding them on the other side and it was the unwise action of the Bombay Conference which gave the British people a handle.

THE HONOURABLE MR. P. N. SAPRU : The Bombay Conference Resolution was quite different.

THE HONOURABLE MR. HOSSAIN IMAM : I beg to differ. The basic principle is there. Mere Indianisation has made us get no blessing. It is really not the men we elevate but the power behind the men which matters. If my Honourable friends who are sitting on the Treasury Benches had the backing of the public behind them they would have fared much better ; and their failure to do things is not due to any intrinsic defect in them but because of the lack of this backing. It is due to the selection which the Government has made. *Government has deliberately excluded the people who could deliver the goods on one plea or the other.* As was said in the other House by the Deputy Leader of the Muslim League Party, once you call the Congress a rebel ; then you tell me to go and compose our differences. What sense is there in this ? Take back your charter. I asked my Honourable friend Mr. Conran-Smith to tell me whether he intends to proceed against Mr. Gandhi or not, but he evaded the issue. You must decide this yourself whether you regard him as a rebel or as a representative of India. You have got to make up your mind. Do not trot out and say “ You have not composed your differences with the Congress, therefore I will not give you power ”. It is absurd.

Sir, I have no intention of trespassing on the time of the House further ; but when one is provoked, one is not responsible for what he says. My intention was to bring about harmony and the beginning was anything but harmonious.

THE HONOURABLE THE PRESIDENT : I never doubted it.

THE HONOURABLE MR. HOSSAIN IMAM : I do hope that the Honourable the Leader of the House as well as my colleagues on the right will realise that it does not pay to indulge in personal bickerings. We must realise what is wrong with the system and try to make that up. My friends should realise that if they wait and

[Mr. Hossain Imam.]

trust the British people that they will hand over power after their victory, they will remain in dreamland. The same story which happened in 1917 will be repeated. We were promised many things by Montagu and got very little. Similarly you may be promised much, but you will get very little. *If you want to have power, do realise that you cannot have it alone.* This is the mistake of my friends. They think and feel that they can get whatever they want without the support and co-operation of the Mussalmans. You are labouring under that misapprehension. You would rather refuse to have power, you would prefer to remain slaves rather than give a particle of the power to Mussalmans. That mentality is responsible for our slavery. I do not enjoy slavery. I suffer more than you. I hate slavery more than you. But what is it that we demand and which you are not quite prepared to give us? You would rather not take 12 annas than give 4 annas to us; and yet you hope to rule India. Do realise that these empty promises of the British people and these geographically one formula tangle can take us no further. We will remain slaves. We can remain united, only as slaves. If you want to have freedom, let us be separate, but on the best understanding and friendship.

THE HONOURABLE SIR MAHOMED USMAN: Sir, the speeches of my Honourable friends opposite have not thrown any light on the subject but have only exhibited heat. As for the failure of democracy in India the Honourable Mr. Hossain Imam has now given the reply. How would democracy in this country succeed when 100 million Mussalmans do not believe in it? I think I am absolutely justified in my remark.

THE HONOURABLE SAYYED MOHAMED PADSHAH SAHIB BAHADUR: The Non-Brahmins also do not believe in it.

THE HONOURABLE SIR MAHOMED USMAN: So many people in India do not believe in the democratic form of government. I have simply pointed out certain facts. It has been said that I have been discourteous, and I have not been polite. Where do discourtesy and politeness come in? I have pointed out certain facts and if those facts are not palatable to some Honourable Members I cannot help it. As for discourtesy and want of politeness, my Honourable friends opposite have set the worst examples for the last so many days. I would appeal to you, Sir, to say whether what I am saying is right or not. On one occasion I objected to some of the remarks made and you entirely agreed with me. Honourable Members opposite have been abusing Members of the Government of India and the British members of this House. Is this politeness? Is this courtesy? Is this chivalry I ask? They want to teach me lessons on the politeness and chivalry. I am not going to take these lessons from them. There is an Arabic proverb which says "Truth is bitter". If I have spoken the truth and my Honourable friends are bitter about it, I cannot help it. All that I will say is that if my speech has served the cause of truth, I congratulate myself.

THE HONOURABLE THE PRESIDENT: Motion made:  
"That the Bill, as passed by the Legislative Assembly, be passed."

Question put: the Council divided:

AYES—20.

Charanjit Singh, Hon. Raja.  
Conran-Smith, Hon. Mr. E.  
Das, Hon. Rai Bahadur Satyendra Kumar.  
Devadoss, Hon. Sir David.  
Ghosal, Hon. Sir Joana.  
Greenfield, Hon. Mr. H.  
Hartley, Hon. General Sir Alan.  
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.  
Jogendra Singh, Hon. Sir.  
Jones, Hon. Mr. C. E.

Khurshid Ali Khan, Hon. Nawabzada.  
Lal, Hon. Mr. Shavax A.  
Mahomed Usman, Hon. Sir.  
Menon, Hon. Sir Ramunni.  
Mukherjee, Hon. Sir Satya Charan.  
Ogilvie, Hon. Mr. C. M. G.  
Pillai, Hon. Mr. N. R.  
Prior, Hon. Mr. H. C.  
Roy, Hon. Mr. S. N.  
Sobha Singh, Hon. Sardar Bahadur.

NOES—12.

Abdool Sattar, Hon. Mr. Abdool Razak  
Hajee.  
Chettiyar, Hon. Mr. Chidambaram.  
Das, Hon. Mr. N. K.  
Hossain Imam, Hon. Mr.  
Kalikar, Hon. Mr. V. V.  
Kunzru, Hon. Pandit Hirday Nath.

Mahtha, Hon. Rai Bahadur Sri Narsain.  
Mitha, Hon. Sir Suleman Cassum Haji.  
Padshah Sahib Bahadur, Hon. Saiyed  
Mohamed.  
Ray Chaudhury, Hon. Mr. Kumarsankar.  
Sapru, Hon. Mr. P. N.  
Sinha, Hon. Kumar Nripendra Narayan.

The Motion was adopted.

## STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

**THE HONOURABLE THE PRESIDENT :** Honourable Members, with reference to the announcement made by me on the 25th March, 1943, regarding nomination to the Committees I have to announce that the following Honourable Members have been nominated for election to the Standing Committee to advise on subjects with which the Labour Department is concerned :—

1. The Honourable Rai Bahadur Lala Ram Saran Das.
2. The Honourable Sir Ramunni Menon.
3. The Honourable Maulvi Ali Asghar Khan.

There are three candidates for three seats and I declare them duly elected.

## DEFENCE CONSULTATIVE COMMITTEE.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Defence Consultative Committee :—

1. The Honourable Pandit Hirday Nath Kunzru.
2. The Honourable Mr. V. V. Kalikar.
3. The Honourable Sir A. P. Patol.
4. The Honourable Sardar Buta Singh.

There are four candidates for four seats and I declare them duly elected.

## STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects in the Department of Commerce :—

1. The Honourable Sirdar Saheb Sir Suleman Cassum Mitha.
2. The Honourable Mr. Chidambaram Chettiar.

There are two candidates for two seats and I declare them duly elected.

## STANDING COMMITTEE ON EMIGRATION.

**THE HONOURABLE THE PRESIDENT :** The following Honourable Members have been nominated for election to the Standing Committee on Emigration :—

1. The Honourable Pandit Hirday Nath Kunzru.
2. The Honourable Mr. P. N. Sapru.
3. The Honourable Rao Bahadur K. Govindachari.
4. The Honourable Saiyed Mohamed Padshah Sahib Bahadur.

There are four candidates for four seats and I declare them duly elected.

The Council then adjourned till Eleven of the Clock on Monday, the 29th March, 1943.