

# **COUNCIL OF STATE DEBATES**

**(OFFICIAL REPORT)**

**Volume II, 1942**

**(21<sup>st</sup> to 29<sup>th</sup> September 1942)**

## **TWELFTH SESSION**

**OF THE**

# **FOURTH COUNCIL OF STATE, 1942**



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# COUNCIL OF STATE.

*Monday, 28th September, 1942.*

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 Sir Richard Tottenham (Home Secretary).

## QUESTIONS AND ANSWERS.

### RECOMMENDATIONS OF THE GRADY MISSION.

77. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH :** Will Government state the scheme by virtue of which the Government of the United States of America have made a loan to India, in an advisory capacity, of a Railway Administrator with two assistants as experts in operation and maintenance? What are their functions and the scope of their activities as well as their emoluments?

**THE HONOURABLE MR. C. MACI. G. OGILVIE :** The recommendation of the Grady Mission to which the Honourable Member refers has not been implemented as the personnel have not yet been selected by the United States Government nor have the terms of reference been decided. These matters have recently been taken up again with the Government of the United States by whom the question of emoluments has not yet been raised.

### CONFIDENTIAL COMMUNICATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF INDIA.

78. **THE HONOURABLE RAJA YUVERAJ DUTTA SINGH :** Will Government state whether they received any communication from Mr. Churchill, the British Premier, either directly or otherwise, before he left England for Moscow, about August disclosing his plans for talk with M. Stalin, as he communicated to all Dominion Prime Ministers, in accordance with the well established practice of inter-empire communication whereby the Dominions Governments are kept fully informed of the plans of the British War Cabinet?

**THE HONOURABLE SIR MAHOMED USMAN :** Government are not prepared to make any statement as regards confidential communications passing between them and His Majesty's Government.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Does the Honourable Member realize that the House does not want to know what the nature of the communication was? It only wants to know whether a communication was received in the same way as the Governments of the other Dominions received it.

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*N. B.*—Question, against the Honourable Raja Yuveraj Dutta Singh were put by the Honourable Pandit Hirday Nath Kunzru.

**THE HONOURABLE SIR MAHOMED USMAN:** I am unable to add anything further.

**THE HONOURABLE MR. HOSSAIN IMAM:** Would we be correct in inferring that no communication has been received?

**THE HONOURABLE THE PRESIDENT:** The Honourable Member has said that that is all the answer he could give. You may draw your own conclusion.

**THE HONOURABLE MR. P. N. SAPRU:** May I ask whether it is a fact that the Dominion Governments have received a communication from Mr. Churchill?

**THE HONOURABLE THE PRESIDENT:** That is not a question for this Government.

**THE HONOURABLE MR. P. N. SAPRU:** The question proceeds on the assumption that the Dominions received the communication. If we are told whether the Dominion Governments received a communication or not, then we can draw our own inference.

**THE HONOURABLE THE PRESIDENT:** That may be only non-official information; it is not official information.

#### DAILY EXPENDITURE ON DEFENCE.

**79. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH:** (a) What is India's defence expenditure for a day? (b) What is the expenditure per day in connection with—

(i) the American Army in India; and (ii) the Australian and Chinese Armies, if any, in India?

**THE HONOURABLE MR. C. E. JONES:** (a) The expenditure on Defence and on Supply brought to account in the books of the Military Accountant General is at present of the order of Rs. 1½ crores a day. How much of this will be charged to India and how much to His Majesty's Government cannot be estimated until the revised estimates for the current year are framed.

(b) There is no Australian Army in India. It is not possible to say at present what portion of the Rs. 1½ crores mentioned in my answer to part (a) relates to the American and Chinese forces in India.

**THE HONOURABLE MR. HOSSAIN IMAM:** Is it a fact that the cost of the supplies to the American Army is debited to Indian accounts?

**THE HONOURABLE MR. C. E. JONES:** I think possibly it is a little misleading to say that it is debited to Indian accounts. It is brought to account in the books of the Accountant General, Defence Services, means that it is military expenditure which is allocable at the end of the year between India

**THE HONOURABLE MR. P. N. SAPRU:** What is the exact distinction between the two positions?

**THE HONOURABLE MR. C. E. JONES:** The expression "debited to Indian account" might be regarded as implying that the cost of the supplies is a liability on the revenues of India; to say that it is brought to account in the books of the Accountant General, Defence Services, means that it is military expenditure which is allocable at the end of the year between India and His Majesty's Government.

**CONFIDENTIAL COMMUNICATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF INDIA.**

**80. THE HONOURABLE RAJA YUVERAJ DUTTA SINGH:** Have Government received any invitation from President Roosevelt to send a representative to the United States for consultation, in the same way as Australian, South African and New Zealand Prime Ministers were invited recently?

**THE HONOURABLE SIR MAHOMED USMAN:** Government are not prepared to make any statement as regards confidential communications passing between them and His Majesty's Government.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Is it a confidential matter? If President Roosevelt asks the Government of India to send a representative to the United States of America is that to be treated as a confidential matter?

**THE HONOURABLE SIR MAHOMED USMAN:** Yes, it is a confidential communication.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** We have sent our representatives to the War Cabinet and the Pacific War Council; but that has not been treated as a confidential matter.

**THE HONOURABLE SIR MAHOMED USMAN:** I have already clearly said that Government are not prepared to place confidential information before the Council.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Will the Honourable Member condescend to give some reason for what he has said?

**THE HONOURABLE SIR MAHOMED USMAN:** No reasons are to be given.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** No reasons are to be given, but your power is to be exercised?

**CLERICAL CADRE OF THE POSTS AND TELEGRAPHS DEPARTMENT.**

**81. THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR:** (a) Is it a fact that formerly recruitment to the clerical cadre of the Posts and Telegraphs Department was mainly from outsiders, and that after Government had fixed the percentage of Muslim representation in the Services at 25 per cent, half the number of vacancies in the clerical cadre has been reserved for Departmental officials, to be filled up by promotion? Did this not result in reducing the number of first appointments, to which alone the Government order on communal representation is applicable, by 50 per cent, with the result that the Muslim representation works out practically to 12½ per cent, instead of 25 per cent.?

(b) If so, do Government propose to take steps for giving the Muslim community its proper share of 25 per cent, of the total number of appointments?

**THE HONOURABLE SIR MAHOMED USMAN:** (a) The facts are not as stated by the Honourable Member. Prior to 1937 unlimited preference was given to departmental candidates for promotion to the clerical cadre and direct recruits were taken only to fill vacancies for which suitable departmental candidates were not available. Since the introduction, from 1937, of the revised method of recruitment of clerks through the medium of an open competitive examination, 50 per cent, of the vacancies only have been reserved for departmental candidates who however have to appear at the same examination and

to obtain qualifying marks. If sufficient departmental candidates do not qualify in the examination, the balance of the vacancies reserved for them is filled by direct recruits to whom the communal recruitment orders apply. Experience of the examinations so far held has shown that the number of departmental candidates who succeeded in obtaining qualifying marks was only sufficient to fill about 3 per cent. of the vacancies, thus leaving 97 per cent. for direct recruits. The Honourable Member will, therefore, see that there has not been in fact any reduction in the number of appointments open to outsiders.

(b) Does not therefore arise.

**THE HONOURABLE MR. HOSSAIN IMAM :** Is it a fact that in no Department of the Government of India promotion to clerical staff is made from the menial staff ?

**THE HONOURABLE SIR MAHOMED USMAN :** I must ask for notice of the question. I shall examine it.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Member state whether the age limit for the menial staff is the same as for the clerical staff or there is an increased age limit ?

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

#### CLERICAL CADRE OF THE POSTS AND TELEGRAPHS DEPARTMENT.

**82. THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR :** Is it a fact that candidates between the ages of 19 and 21 alone are eligible for appointment to the clerical cadre in the Posts and Telegraphs Department and that owing to this restriction in the age limit an adequate number of candidates is not available from the Muslim community to fill the requisite number of vacancies in all the recruiting units ? If so, do Government propose to raise the age limit to 25 ?

**THE HONOURABLE SIR MAHOMED USMAN :** It is a fact that the age limit prescribed for candidates for appearing at the recruitment examination for posts in the clerical cadre in the Posts and Telegraphs Department is 19 to 21. Ordinarily, the number of Muslim candidates appearing at such examinations has been well in excess of the number of reserved posts for that community, but on certain occasions and in only two postal circles, the number has been inadequate. Government have no reason to believe that this was due to the existence of the upper age limit. The last part of the question does not, therefore, arise.

**THE HONOURABLE MR. P. N. SAPRU :** Will the Honourable Member be pleased to state why the age has been fixed for candidates to clerical appointments at 19 to 21 years ? Is the age not very low ?

**THE HONOURABLE SIR MAHOMED USMAN :** The upper age limit for entering the clerical service has been prescribed roughly to correspond to the pre-university age so that the candidates may not have to join the college and their guardians and parents are saved the needless expense of giving them costly university education.

**THE HONOURABLE MR. P. N. SAPRU :** Why has it been considered necessary to eliminate the university men from this competition ?

**THE HONOURABLE SIR MAHOMED USMAN :** The Government had to fix some age and they have fixed this age. If the Honourable Member has any concrete suggestions to make they will be considered. More than this I cannot say.

**THE HONOURABLE SAIYED MAHOMED PADSHAH SAHIB BAHADUR :** Since the introduction of the age limit of 19 to 21 what has been the effect of the operation of this rule? Have graduates been kept out from admission into the clerical service?

**THE HONOURABLE SIR MAHOMED USMAN :** I am afraid I cannot answer this question off-hand.

**THE HONOURABLE MR. HOSSAIN IMAM :** Does this age limit apply also to the menials or not?

**THE HONOURABLE MR. P. N. SAPRU :** My Honourable friend should not use the word "menial".

**THE HONOURABLE MR. HOSSAIN IMAM :** We have been talking about the ministerial staff and I think we should also know the position about menials.

**THE HONOURABLE SIR MAHOMED USMAN :** I must ask for notice, Sir.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I ask, Sir, if in any other Department of the Government this upper age limit of 21 has been introduced.

**THE HONOURABLE SIR MAHOMED USMAN :** I shall examine that question, Sir.

#### ADVISORY COMMITTEE OF THE UTILIZATION BRANCH OF THE GEOLOGICAL SURVEY OF INDIA.

**THE HONOURABLE THE PRESIDENT :** With reference to the announcement made by me on the 25th September, I have to announce that the Honourable Rao Bahadur Govindchari and the Honourable Sir Satya Charan Mukherjee having withdrawn their candidature for election the following Honourable Members have been elected to the Advisory Committee constituted by the Government of India to advise on problems connected with the work of the Utilization Branch of the Geological Survey of India :—

- (1) The Honourable Mr. Hossain Imam.
- (2) The Honourable Mr. N. K. Das.

**THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official) :** Sir, I beg to present the Report of the Committee appointed in pursuance of the Resolution adopted by the Council of State on the 21st of September.

#### REPORT OF THE COMMITTEE APPOINTED TO CONSIDER THE QUESTION OF THE SUSPENSION FOR THE DURATION OF THE PRESENT EMERGENCY OF THE RIGHT TO FREE HAULAGE OF A MOTOR CAR TO AND FROM DELHI BY MEMBERS OF THE COUNCIL.

We, the undersigned members of the Committee appointed in pursuance of the Resolution adopted by the Council of State on the 21st September have the honour to present our report.

2. The Resolution in pursuance of which we were appointed was adopted as an amendment to a Resolution recommending the suspension for the duration of the emergency of the right to free haulage of a motor car to and from Delhi and we have confined our deliberations to the question whether this right should be so suspended, and, if so, what alternative facilities should be provided.

## 3. We recommend—

- (1) that the right to free haulage be suspended for the period of the emergency ;
- (2) that with effect from the next session of the Council of State and for so long as the right to free haulage is under suspension, the conveyance allowances now admissible to a member who does not avail himself of the right to free haulage—Rs. 5 a day in case of a member residing outside New Delhi and Rs. 50 per mensem in the case of a member residing in New Delhi—be enhanced to Rs. 10 a day for all members irrespective of their place of residence.

4. The question was raised of the position of a member who having had a motor car hauled to Delhi in pursuance of the right to free haulage has since retained the car in Delhi. We recommend that a member in this position should be free at his option either—

- (1) to retain his right to free haulage of the car to his home whenever transport can be made available and in the meantime (if he resides elsewhere than in New Delhi) to draw the existing petrol allowance of Rs. 75 per mensem, but not (wherever he resides) the proposed new conveyance allowance, or
- (2) to draw the proposed conveyance allowance of Rs. 10 a day but not the existing petrol allowance and to relinquish his right to free haulage of the motor car to his home.

C. E. JONES.

MD. USMAN.

R. H. PARKER.

K. RAMUNNI MENON.

P. N. SAPRU.

HOSSAIN IMAM.

S. A. LAL.

SYED MD. HUSAIN.

NEW DELHI ;

*The 25th September, 1942.*


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 DELHI MUSLIM WAKFS BILL.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move :—

“That the following gentlemen be nominated to serve on the Joint Committee to consider and report on the Bill to provide for the better administration of Muslim Wakfs in the Province of Delhi in place of the Honourable Sir Feroz Khan Noon, Sir Muhammad Yakub and Mr. E. Conran-Smith who have ceased to be members of the Council of State :—

The Honourable Sir Mahomed Usman, Leader of the House.

The Honourable Sir Richard Tottenham, Home Department.

The Honourable Mr. Khurshid Ali Khan.”

The Motion was adopted.

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 RESOLUTION RE UNITED KINGDOM COMMERCIAL CORPORATION.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, the Resolution that I desire to move runs as follows :—

“ This Council invites the earnest attention of the Governor General in Council to the widespread apprehensions among the commercial community in India at the growing monopolist activities of the United Kingdom Commercial Corporation in India and elsewhere so far as the export and import trade of this country is concerned and recommends to him to take all proper steps to allay these apprehensions with all convenient speed.”

The House will observe that in the operative part of my Resolution all that I seek Government to do is to take proper steps to allay all these apprehensions with all convenient speed. I, in other words, would like Government to clarify and elucidate the position that exists in regard to the United Kingdom Commercial Corporation. For this reason there should be no difficulty on the part of Government in accepting my Resolution, because I am not asking the Government to commit itself to any position. I am seeking to do what Government has been trying to do through *communiqués* and through answering short questions in the Legislative Assembly. Therefore, so far as the operative part of the Resolution is concerned, there should be no difficulty in the way of Government accepting the Resolution.

Now, Sir, coming to the terms of my Resolution I would like to say—I do not say that I necessarily associate myself with that opinion but I would like to say—that this Corporation has been described as a new East India Company, almost as monopolistic in privileges in the matter of India's export trade as the old East India Company which founded Britain's Empire in this country was. Therefore, Sir, I should like Government to supply us with full information about the details of this organization, the aims and objects of this organization, the authorities through which and the manner in which it operates in this country and other countries.

Sir, it would appear that this organization came into existence in 1940 and I think Lord Simon was one of the sponsors of it. It was originally formed with the object of organizing Britain's trade with the Balkan countries and the countries of the Near East after war had been declared with Germany and before the entry of some of these Balkan countries into the war. After the Balkans had come under the control of Germany and her satellite, Italy, its activities, I mean the activities of this Corporation, were transferred to countries like Iraq, Iran, Saudi Arabia and India.

In the winter of 1941 we had a number of distinguished commercial men, I think Lord Swinton was also among them, here in Delhi, and they were staying in connection with the activities of this organization. The Corporation, Sir, has a capital which has been subscribed to entirely by the British Treasury, and in matters of broad policy it acts—so we have been told by the Government of India's Press Communique—in consultation with His Majesty's Government. In other words—I am merely paraphrasing the Government of India's communique—it is subject to the control of His Majesty's Government. The fact that the organization is financed, and to some extent controlled, by His Majesty's Government, makes it automatically an influential and powerful organization; and Indian commercial men have—now I do not know what the measure of truth in this assertion is; I would like Government to answer whether there is any measure of truth in this assertion or not—asserted that privileges conceded with are denied to other bodies in the matter of purchase and sale, and that it operates in the field of foreign trade under a favourable position. A complaint which has been made by Indian commercial interests is that—and the Indian commercial interests ought to count a normal country for after all, the country is the country of Indians—the Commerce, Supply and, the Transport Departments consider it their duty to supply this Corporation with whatever facilities the Corporation desires. Therefore, Sir, a point that needs elucidation is whether any Corporation of this character is operating in the British Dominions like Australia, Canada, South Africa or New Zealand. Why, Sir has it been considered necessary to have an export organization to encourage and assist export trade in this country? Is it not—now here again I am merely asking a question—I am not expressing an opinion because I should like to hear what the official Members have got to say—is it not a fact that

[ Mr. P. N. Saprū. ]

owing to the Axis occupation of several countries and to the difficulties of transport, India at the present moment enjoys certain advantages in the matter of the supply of raw materials to the countries situated in the Middle East? Now if my proposition is correct that India does enjoy certain advantages in the matter of the supply of raw materials to other countries, it would follow as a matter of logic that it is for these countries to obtain supplies from India. Why should the aid of the United Kingdom Commercial Corporation be sought to provide the supplies of essential articles such as food-grains for these countries? The answer of the Government is—and this is what I have been able to gather from the Press Communique and short notice question answers—the answer of the Government is that the privileges enjoyed by the United Kingdom Commercial Corporation are in respect of trading commodities essential for war purposes. Now, Sir, we know as a matter of fact that the volume of civilian trade has been very much restricted and reduced on account of restrictions in regard to priorities and shipping. If the object is merely to assist in the supply of commodities of military importance, and it is felt that this work of supplying commodities of military importance cannot be done by private concerns, then it strikes me that the Corporation should concern itself with carrying articles like arms, ammunitions, railway material and machinery only. The Corporation at the present moment does not confine its activities to these commodities only. It deals also with such articles as piecegoods, yarn, jute, jute manufactures, wheat shellac, tea, oil, oilseeds, rice and other raw materials and manufactured goods. Therefore, Sir, the activities on the part of an organization controlled by the British Government, as I have pointed out in the opening part of my speech, are open at all events to the suspicion that Government is interfering with the freedom of trade in its normal channels. Now, Sir, passing on to another kind of complaint, I would ask this question—Is it a fact that the Corporation is allowed, or can utilize semi-Government transport agencies or transactions in carriage denied to shippers and traders in this country? The case of the Government is that the Corporation handles operations which cannot be performed normally by commercial enterprise or by private trading concerns. Now is it a fact that trade with Russia, which used to be run directly between Indian trading interests and the Soviet Government and for which payment used to be made at the time of shipment by the Reserve Bank, has been directly affected by the activities of the United Kingdom Commercial Corporation? In regard to Iran, the position in regard to sugar was that it used to be exported to Iran by Indian shippers who had letters of credit in their favour by the Iran Government. To what extent—and this is a point which needs clarification—to what extent has the position of these Indian exports been affected by the Government notification of 18th April 1942? This notification gives almost a monopoly of the export of sugar by the sea route to Iran to the United Kingdom Commercial Corporation.

We read the other day that there has been a modification in the policy regarding the export of sugar from this country by sea. The Government of India are not going to ratify the International Convention to which this country was a party. Why has there been this reversal of policy? We were even originally opposed to this restriction on export of sugar by sea to other countries. But Government was not of our view? Why this change of attitude now? Is the unwillingness of the Government to adhere to this International Sugar Agreement due to the fact that it wishes to facilitate the work of this Corporation? That is a question which also needs to be answered by the Government spokesman.

I now turn to the position in regard to tyres. We also used to export to Iran some tyres and tubes brought through India. Is there truth in the statements which have appeared in the Press that the export of these commodities has been affected and is there truth in the further rumour that the export of tea will also be handed over to the United Kingdom Commercial Corporation by the Government? The position in regard to these matters requires to be elucidated and clarified.

Is it the contention of Government that merchants are not prepared to take risks in the present abnormal times? If that is so, Government should make the position clear. Will Government also make it clear that the Corporation has not in effect tendered to supply traders in Saudi Arabia with rice and other foodstuffs from Calcutta, Bombay and other places? Sir, there has been much criticism of the prices at which sugar has been sold by this Corporation in the Middle East; in Iraq the price at which the sale of sugar has been effected by the Corporation appears to one at first sight an exorbitant one. There are one or two questions I should like to ask with regard to this price business. Will Government enlighten the House as regards the price at which the United Kingdom Commercial Corporation purchases sugar in India and the price at which it sells it in markets supplied by it. Will Government also state what, if any, are the measures it has taken to ensure that the Corporation through these transactions does not make excessive or undue profits. Sir, I understand that the Corporation purchases sugar at the rate of Rs. 12-8-6 per maund in India and the price at which it sells it is something in the neighbourhood of Rs. 37 per maund. As the Corporation is not a corporation of Indian origin or Indian domicile, the excessive earnings derived by these transactions do not benefit the Indian exchequer or the Indian trader in any way whatever.

**THE HONOURABLE MR. HOSSAIN IMAM:** It harms the exchequer on account of the drawback of the excise duty.

**THE HONOURABLE MR. P. N. SAPRU:** Yes, it harms the exchequer on account of the drawback of the excise duty. The Honourable Mr. Hossain Imam is an expert in all financial and commercial matters and even though he belongs to the Muslim League and even though there is no agreement amongst us in regard to Constitutional Issues—so the Government at all events says—even though all these differences exist, in all matters of broad policy relating to the economic and financial position of this country the Muslim League and we are, more or less, at one always. Is it a fact that in making these purchases the United Kingdom Commercial Corporation demands unpriced invoices on the steamer thereby not disclosing the rate it has obtained for the goods? I would like, therefore, to know the manner in which the organization operates in regard to its prices. Take again wheat. The Government say that there have been no previous exports of wheat from this country to Persia. I shall assume the correctness of their position. What I would like to ask is, has the Corporation had sufficient expert knowledge and experience in this line of export of wheat to Persia? Take sugar Sir. Why has it become necessary to permit this organization to export sugar to Iran by sea particularly at a time when there is serious dearth of shipping and when in the interests of the Indian tax-payers the overland route should have been encouraged? The overland route has in fact been closed down. Is it a fact, Sir, that the Indian Sugar Mills Association was informed that no fresh licences would be issued to Persia except through the United Kingdom Commercial Corporation? If all this is correct, what is it except a monopoly that you have given to this newly formed East India Company or to what has been called the new East India Company for a resurrected British Empire?

[Mr. P. N. Saprú.]

If it is said that the purchases were made for the Ministry of Food, then why should not that Ministry have made the purchases direct? Why was it necessary for that Ministry to delegate its functions to this Corporation? It is these privileges which make many people think that the United Kingdom Commercial Corporation is a monopolistic concern. Is it a fact that the Corporation is obtaining priorities and special facilities in the matter of railway booking and that even the British Ministry of Shipping provides it with special facilities?

I now turn to another aspect of the matter. It appears that an arrangement has been arrived at between the United Kingdom Commercial Corporation and the British Government whereby Turkey's trade with the British Empire will be maintained through the medium of this United Kingdom Commercial Corporation. If this a fact, then the position is that trade between this country and Turkey will hereafter be in the hands of the United Kingdom Commercial Corporation and Indian merchants, exporters and shippers, will be deprived of their opportunity of establishing—and from our point of view it is very important because we want to establish commercial relations with foreign countries—exporters and shippers will be deprived of their opportunity of establishing direct contact with commercial interests and markets outside India. Then, Sir, I shall come to the question of the relationship of this organization with the Supply Department of the Government of India. This is a question which I should like to ask. What is the nature of the purchases which the Supply Department of the Government of India makes on behalf of the Corporation and the procedure which the Supply Department follows in this matter? The question, Sir, is of some importance as the purchases made by the Supply Department are made at controlled rates. An arrangement like this, assuming that there is an arrangement of this nature, strikes one as hardly fair to Indian commercial interests. Sir, the explanation given by Government is that the Supply Department wishes to avoid competitive buying and that the Supply Department does not wish to be interfered with in getting the requisite quantities of commodities it requires at satisfactory prices. Sir, if this explanation is the only explanation that Government has to offer, is it unreasonable for us in the circumstances to infer that the United Kingdom Commercial Corporation activities constitute competitive buying? Is it proper for Government in these circumstances to permit such activities? Sir, assuming that it is necessary at this moment of the war for Government to have an independent body to conduct operations which cannot be adequately performed by ordinary commercial people and which in war time ought to lie beyond private commercial enterprise, the question that we can ask legitimately is, why has not an Indian body been set up for the purpose of doing the export trade of this country? No Indian Government, whether it be of the Muslim League or of the Hindu Mahasabha or of the Congress or of any other organization, would allow facilities in the shape of priorities and price advantage to an organization not belonging to the people of the soil and permit it to function in markets and trades connected with the export and import trade of India. Government have said nothing in their communique—at least I have not been able to find anything in their communique—as regards the suggestion that an Indian agency of organization should be established for the sort of work the United Kingdom Commercial Corporation is called upon to do. The case of the Government of India is that the Corporation is a measure for war expediency. I should like to ask this question. Is that the view of His Majesty's Government also? Do His Majesty's Government contemplate its dissolution after the war? The question of international trade in its higher

aspects, export and import aspects, is getting linked up with political issues. And let us be clear about the situation with which Great Britain will be faced after the war. President Roosevelt's policy has unified the Americas. Great Britain has lost, as was said by one of the junior Ministers, ground. Mr. Harward Johnstone said so in his speech which was subjected to much criticism by the Leftist press. President Roosevelt's policy has unified Americans, the result of which will be that Britain will lose a good portion of her trade with South America. She had a flourishing trade, before the war with South America; she will lose a very good portion of it after the war. In the Balkans also she will have to face fierce competition in the post-war world. For the Russian market there will be fierce rivalry between England and the United States. Russia for her—I do not say resurrection in the case of Russia at all—Russia for rebuilding her strength will require finance and capital from the United States and the United Kingdom and there will be competition between these two countries for the Russian market in this respect also. Then the post-war period will be characterized by possibly a slump in trade and Britain will have to become to a large extent a debtor country to the United States. It will be vital for her for this reason to maintain her export trade and because of her heavy financial indebtedness it will be necessary for her to maintain her export trade. Now in that post-war period marked by these characteristics big commercial organizations having State backing controlled by the British Government will be regarded as pillars of British financial and economic prosperity. Therefore, Sir, on these broader grounds this organization ought not to be allowed unduly to interfere with India's trade. Sir, we have been hearing a great deal about Britain's obligations towards this minority and that minority, towards Indian States, towards Depressed classes and towards a hundred other minorities and interests which will be multiplied before self-government is conceded to this country and the theory of trusteeship is being trotted out every day in our face by our British masters. May I ask whether they are trustees only for these interests for the purpose of delaying Indian freedom or whether they are trustees also for the purpose of seeing that proper justice is done to every interest in India, to commercial interests and to small business and big business? I have never been a supporter of big business. As the House knows my sympathies are in the leftist direction and I have always been a supporter of the under-dog. That is why I find myself absolutely opposed to the Tory Party in England and I am even more opposed to Nazism and Fascism. I certainly want Indian interests—if you are not going to abolish big business altogether or if you are not thinking in terms of socialization of industry altogether—I certainly want Indian business to have fair play. I do not see why I should be ashamed of supporting big Indian business when my friends can support big British business. Therefore, Sir, these are the reasons why I think Government should make its position clear in regard to this organization. I have already pointed out that my Resolution is so worded as to make it possible for Government to accept it without any amendment.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) :** Sir, I rise to support the Resolution which my Honourable friend Mr. Sapru has moved. Before the last Great War the policy of the United Kingdom was that of free trade, but when the Government of the United Kingdom realized that free trade was not at that period in the interests of Great Britain the principle of free trade was put aside and protective tariffs were introduced and a heavy wall was put against the foreign imports. Now, Sir, what we find is that the Government in this war has had to undergo a further change and that is that in India but in no other British country they are introducing British firm United Kingdom Commercial Corporation who have been given sole monopolies of export trade. As far as my information goes no such concern has been established in Australia, South Africa, New

[Rai Bahadur Lala Ram Saran Das.]

Zealand or other Dominions of the British Empire. Why has India been singled out for that step-motherly treatment? I call it step-motherly treatment, Sir, because we all know and particularly the businessmen know it very well that India since some years back has established its connections so far as trade is concerned with Iran, with Turkey, and with other ports in the Red Sea and even as far as East Africa. It also cannot be denied that Indian exports are also made to Iraq and other ports in the Persian Gulf, of sugar, tea, wheat, flour, and other materials and that trade was passing through the land route. It is now not a closed secret that the new railway line which was recently constructed to feed Russia with military stores goes as far as Zahidan in the Persian territory. Its extension of Quetta-Nushki Railway to Zahidan and from Zahidan the motor transport takes goods to Russia by road. That route was also adopted by the Indian firms who exported sugar and other materials to and through Iran.

Now, Sir, we find all of a sudden the British Government have forced the Indian Government, and the Indian Government readily consented to this dictation. In my opinion the Indian Government has made a great blunder which will be instrumental in breaking down the Indian export trade which has been built up during the past forty years. My information is, Sir, that the United Kingdom Commercial Corporation takes blank invoices from the Indian merchants and buys material at controlled prices and sells them in foreign countries like Iran, Arabia and Turkey at the prices they like. My information is—and if I am wrong the Honourable Sir Alan Lloyd will put me right—that this United Kingdom Commercial Corporation has been buying sugar in India at Rs. 12-3-6 per maund and selling it in Persia at Rs. 35 per maund. Now why should not the Indian merchants be allowed to reap that huge profit which Government by force—I say by force because they having been dictated by the United Kingdom Government—have surrendered to the United Kingdom Commercial Corporation and have adopted a policy which hitherto, the British Government have hated—the policy of monopolies—the policy of big and huge combines? Why, now when it suits British traders to make huge profits through this Commercial concern at the expense of Indian interests should Government be a party to such an arrangement? Why should not the Government regulate the profits being made by the United Kingdom Commercial Corporation Agency in foreign countries? The reply given by His Majesty's Government is not convincing at all. The United Kingdom Commercial Corporation is a new concern, practically a Government concern, financed by Government, helped by Government and helped also by the Government of India. Sir, this clearly shows that the interests of the Indian export trade are being sacrificed at the hands of His Majesty's Government. We have a Supply Department here, a very well-organized department which is functioning so well. Why should not His Majesty's Government place all their orders with the Supply Department if they find that the Indian merchants are not capable to deliver goods as they desire, although I differ from that view because I hold that since some years past the Indian trade has been successfully growing in Persia, Iraq and Turkey, in the ports in the Arabian Sea, the Persian Gulf and in the Red Sea. A denial of that freedom to Indian merchants to continue business in export trade developed by them at the present time of war when you want sympathies of all the Indian people would alienate their sympathy and, mind you, businessmen are endowed with a strong commonsense. Is it justified in the interests of winning the war? Is it justified in the interests of the Indian export? and is it justified when Indians can do the job to suppress that Indian enterprise and to oust it by force by a British concern?

Sir, the very nature of favourable situation of India for supplies places it in a unique position. In the first place, Sir, may I ask the Government how are they justified in sending all the material by sea when there is such paucity of ships. Why should all the shipping space be placed at the disposal solely of the United Kingdom Commercial Corporation ?

Then you say, Sir, that your object was to entrust to this concern only military requirements. As far as military requirements are concerned, Sir, wheat, flour, tea, sugar, piecegoods and such like material should not be considered as purely war material which the Indian exporters used to trade or to place on foreign markets. In practice, Sir, we find that everything which is exported can be defined as a military requirement, and that I think is also not justified. Indian export trade with foreign countries has not been built up in a few years. It has taken forty years to develop and when trade connections have been so established, the Government has taken this unwise action in putting a stop to the export trade by Indians and thus doing the greatest harm to those unfortunate people who adopted export trade as their business.

Sir, all the concessions that are now existing in India—such as priority in railway booking, priority in many other respects, buying at controlled prices, are enjoyed by the United Kingdom Commercial Corporation. I think it is the solemn duty of the Government of India to incorporate a similar Corporation in India consisting of those Indians who have experience of foreign trade and give them a monopoly. Then we may deem that the Government of India is working for Indian interests, and in the interests of advancing the trade and industry of this country.

Well, Sir, it is my unfortunate task to tell the Government not to alienate the feelings of the masses and of the businessmen. You want everybody to sympathize and everybody to be helpful to you in these days of war. But to give a British concern (semi-Government) the sole monopoly of the Indian export trade is very wrong and is neither in the interests of India nor is it in the interests of the Government of the United Kingdom. I would therefore earnestly request the Government of India to put a stop to this favouritism and to this racial discrimination. Racial discrimination is one of the evils—nay is in fact the root of discontent. Past history tells us what has been the results of racial discrimination. Racial discrimination has been proved, I am sorry to say, in the case of the Indians living in Malaya and in Burma, in the treatment meted out to them by the authorities. The evacuees who have come from both these places tell us horrible stories about the colour complex and racial discrimination. At this time, Sir, all people should co-operate with the Government to win the war, and it is necessary to apply the purpose for which the war is being fought to India as well. The Atlantic Charter ought to be extended to India. The denial of the extension of the Charter to India has injured Indian feelings, and I think, Sir, that to omit India from the application of the Atlantic Charter is one of the grossest blunders of the British Government. I will not take much time, Sir, and I would strongly request the Government of India to do away with the sole monopoly of the United Kingdom Commercial Corporation and incorporate an Indian Corporation in India, giving all the concessions that were given to the United Kingdom Commercial Corporation to them.

\*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, the Resolution before the House has been moved by my Honourable colleague Mr. P. N. Saprú in such mild and reasonable terms that I do not see how even this irresponsible Government can, consistently

\*Not corrected by the Honourable Member.

[Mr. Hossain Imam.]

with its dignity and professions, get out of it. Mr. President, as the Honourable Member said in the beginning of his speech, it is a Resolution designed to elucidate and get information on certain aspects of the matter : and if the reply of the Government is satisfactory, there will not be any need to press this Resolution. But if it is unsatisfactory, then of course we will have to put this Resolution to the vote.

The Honourable Mr. Sapru has made it clear that it is not spirit of support for big business which has prompted him to bring forward this Resolution. I and my friend feel alike over big business. We are more often against it than for it, and it is the Government which has usually taken up the cudgels on behalf of big business. At the moment, Sir, when it is a question of big business *versus* small business or the consumers, the Government sides with big business : but where big business comes in contact and in clash with British interests, well they are bigger, they naturally get the support of the Government, and when it is a question of His Majesty's Government, of course a subservient Government having no existence outside its own imagination cannot fight on terms of equality, and it has always got to give in. If thus our Government has been forced to do it, I would regret it, but would not blame the Government. But if it was a willing surrender, then I think, Sir, that they had no right to surrender.

I also had some questions to ask and elucidate but many of them have already been traversed by my two friends who preceded me. Therefore, Sir, I shall be very short in my discussion of the question. The excuse that has been trotted out in the Government communique of which I have got a copy by the courtesy of the Commerce Department is that the United Kingdom Commercial Corporation really does business for Russia and only incidentally for other Eastern countries where ordinary trade cannot participate. These are days of difficulty when the normal course of trade is not open and abnormal steps are being taken. Firstly, there is the new innovation in the opening of credit accounts. The Government opens a credit account for a foreign country to get goods in the country and payment is made by the Government of the country and they make some sort of settlement either through exchange of goods or for future settlement like lease-lend or other things. Do we take it that the trade of Russia is being financed on a cash basis or on the basis of accommodation by His Majesty's Government ? That is my first question. My second question is, how is this trade financed ? How does His Majesty's Government get hold of rupees ? Is it one of those things which go up and multiply in the shape of our sterling balances and payments by His Majesty's Government at the end of the year or is it a day-to-day purchase by United Kingdom Commercial Corporation of sterling through the Reserve Bank ? The difference between the two measures would be enormous. We know how anxious His Majesty's Government is to reduce our sterling balances by fair means or foul. If that is being followed, I for one would not be a party to any continuance of this activity for the simple reason that I do not want my money to be locked up in England which I cannot get delivery here, and even if it is operating through the Reserve Bank I wish to enter my emphatic protest against the manner in which the Reserve Bank is at the moment trying to help British business by means of a subsidy against Indian business. The Reserve Bank of India is, under section 41 of the Act, bound to take sterling payments for rupees if any one tenders at the rate of 1s. 6 $\frac{3}{4}$ d. But I have seen three reports of the Reserve Bank and all throughout purchases have been made at 1s. 6d. That means it has been an open market purchase and not a tender under section 41. If the Reserve Bank were to keep out of the market and

enforce the bankers and the sterling holders to get rupees by means of tender under section 41, we would have got something like Rs. 2½ crores more than we have got, and our resources are more than sufficient to finance our needs. The payments made by His Majesty's Government, together with our holdings on the 30th August, 1939, were more than enough to meet all our expenses and leave a margin. The purchase of 260 millions of sterling has been made by a method which should not have been adopted, namely, at a lower rate than we could have got if we had stood by section 41 of the Reserve Bank of India Act. I doubt, Sir, whether it is not in order to give facilities to people of this kind, the United Kingdom Commercial Corporation and other big trading interests that we are selling in the market. When you have got enough supply, there is no reason for the Reserve Bank of India to get into the market every day and thereby incur a loss of Rs. 2 to Rs. 3 crores to the Indian taxpayer. Then, Sir, I find that this Corporation is trading in commodities which are scarce in India itself. This is a thing of which any National Government which had even a pretence to that name will be ashamed of indulging in. We are short of rice and yet rice exports are taking place to countries like Ceylon which have never treated our nationals fairly, which have discriminated against our trade, and yet, while rice is selling at scarcity prices in parts of this country, we are exporting rice. Wheat is almost in the same category. We have not enough for our own needs. Of course I will not mind the export of wheat to countries where our own nationals are, for instance, for our army in Persia and Egypt. I would not mind export being made to these countries for military needs and for civilian needs also because there are certain civilian employees of ours who are living there with the army. But you should not make it general. There are certain items in which we would like to encourage the export trade. For instance, jute and cotton. A National Government ought to use its power of restriction and encouragement in order to meet the requirements of the country and it should not play second fiddle to anybody, even to His Majesty's Government. I have looked into the Press statement issued by the Government to find out if they have indicated anywhere that they exercise any sort of control over the commodities which the United Kingdom Commercial Corporation export. I have not found any restriction being put on the United Kingdom Commercial Corporation.

**THE HONOURABLE THE PRESIDENT :** You have exhausted your time.

**THE HONOURABLE MR. HOSSAIN IMAM :** I have not very much more to say, Sir. Many points have already been covered. I will be very brief, Sir. I will refer to the export monopoly. I find two statements, one by the Government and the other by the Federation of Indian Chambers. India was unfortunately a party to the unlamented sugar agreement which was entered into in opposition to Indian public opinion. I want to know whether the export took place before the demise of that agreement or after. You say that it was only through the Ministry of Food which got special permission to export sugar in spite of the agreement.

**THE HONOURABLE SIR ALAN LLOYD :** I can answer that at once—  
“before”.

**THE HONOURABLE MR. HOSSAIN IMAM :** If India had entered into an agreement not to export sugar, how was the export being made ?

**THE HONOURABLE SIR ALAN LLOYD :** May I answer at this stage in order to save time ? The International Sugar Committee gave permission for India to export sugar for the requirements of His Majesty's Government but did not give permission for any other exports. The sugar was exported to the order of His Majesty's Government and was not bought by the United Kingdom

[Sir Alan Lloyd.]

Commercial Corporation which in these transactions only served as the transport agency for His Majesty's Government. The sugar was actually bought by other agencies in India, mainly under the direction of our Sugar Controller.

THE HONOURABLE MR. HOSSAIN IMAM : That, Sir, gives us a very good reason. If it can be done once, why can't it be done again ? Why give the monopoly to the United Kingdom Commercial Corporation ? That was the reason why I put that question. Once you have done it, you can do it again. There is no earthly reason why it should not be done by private interests. You have given your own case away. So far as the question of tea is concerned, I was unable to understand because I learn that the Ministry of Food Production has purchased the entire exportable quota of tea. How can it be possible for private interests to export any tea ? I should like the Commerce Department to enlighten us on that question.

Then I come to the question of the exports to Saudi Arabia. I wish to draw the attention of the Government to the fact that this is the pilgrimage season. Our own people are going there and the price of wheat especially is very high. If wheat can be exported to other countries where our interests are not concerned, I think Hejaz has a prior claim ; especially at this moment when Indian pilgrims are going there in thousands. I hope that the Government will give facilities to private interests to export a small amount. A thousand tons would be more than enough for the whole of Saudi Arabia for the season. Such a small amount the Government could very easily permit private interests to export. There is a question as regards the business for the United Kingdom Commercial Corporation by the Supply Department. I should like to know whether the Supply Department charge any commission on these transactions. We have sad experience. In the beginning we used to levy a small charge on account of commission for purchases made on behalf of His Majesty's Government. Although our supply organization has increased out of proportion and the expenditure has gone sky high, yet the small charge we used to make on His Majesty's Government has been dropped and the whole of the cost of the Supply Department is now borne by Indian revenues. Is it the same case with the United Kingdom Commercial Corporation also ? Is it treated as part of His Majesty's Government and no commission charged ? Our men are employed on the work and I claim, Sir, that we have a perfectly justifiable right to ask for a *quid pro quo*. In the first place, business should not have been done. If it had been done, it should be charged. I would further like the Commerce Secretary to enlighten us what is the position of the Indian trade *vis-a-vis* Turkey. Is it under any sort of credit upon His Majesty's Government or is it a cash transaction ? If it is a cash transaction, I claim that our nationals have a prior right to it, because I feel, Sir, that we do not want to get any more sterling. Sterling acquisition has become a dangerous thing because it is so tempting to His Majesty's Government that they always look upon it as a thing that they can readily wipe off the slate.

Well, Sir, our Indian friends in the Executive Council have now an opportunity of proving or disproving what is being said in the country. The Congress has given them a nickname which was stated in the law courts when a procession passed. The Muslim League regards them as unrepresentative and my Honourable friend Mr. Sapru gave them an epithet which was resented by them. But I think if Honourable Members would consider it they ought to be proud of the title. That was the title which was given to the British expeditionary force in the Great War, "the Contemptibles" and they won the war.

Sir, my objection to this Corporation is that it is not in the interests of the people of India or the Government of India. A Government organization should be an organization of the Government of India and not that of the United Kingdom. Here I should like my Executive Councillors to enlighten us whether this matter had been before the Executive Council or not. If it has not been before the Executive Council, I think it is about time that the Members asserted their right and had this matter threshed out. Then, we will know where the responsibility lies, whether with the collective Government of India as they say or with the individual Department as I believe.

In conclusion I should like to say that I hope the Government will give us an answer which will not only satisfy us but which will remove the doubts which exist about the *bona fides* of the Government at the present moment in the country.

Sir, I support the Resolution.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, several speakers have spoken about the origin of the United Kingdom Commercial Corporation. Nevertheless I think something can be usefully added to the information that they have already given. I take the information that I am going to place before the House from an article that appeared in the issue of *The Economist*, dated the 17th January, 1942. It appears from what the writer of the article says that the United Kingdom Commercial Corporation was registered early in April, 1940 with a capital of half a million pounds, wholly subscribed by the Treasury. The capital was raised to 1½ millions in August, 1940 and to 3 millions in July, 1941. It was originally formed for pushing on British trade in the Balkans. It has also been utilized in the interests of British trade in countries like Turkey, Spain and Portugal where trade is carried on not on ordinary commercial lines, but with the political help of the Governments of the merchants concerned. The writer of the article that I have already referred to says :—

“ For such operations, which are largely divorced from the competitive level of world prices, the normal channels of foreign trade will not serve. An organization such as the United Kingdom Commercial Corporation through which can be mobilized the financial and economic power of the country, is required. Serving in this capacity, the United Kingdom Commercial Corporation has acted as the highly effective spearhead of our trade offensive, acting in close collaboration with the Foreign Office and the Ministry of Economic Warfare and ultimately under the broad directive of the War Cabinet.”

The question is whether the commercial association I have referred to under the circumstances is likely to end its activities as soon as the war is over. The writer of the article that I have referred to more than once refers to the fact that at the present time the bulk of British overseas trade is transacted by the Government. At the same time he says :—

“ But there is another aspect of this Government encroachment on the field of overseas trade which, though less generally known, is more significant and perhaps more permanent than the direct bulk operations of the Ministries ”.

He then refers to the activities of the United Kingdom Commercial Corporation and its various branches. It is natural, Sir, that when there is such an organization which is backed by all the resources and the might of the British Government and which might become a permanent organization for the expansion of British trade in other countries there should be an apprehension in India that its operations might ultimately be to the detriment of Indian commercial interests. Many complaints have been made on this score. The Government of India dealt with these complaints in a Press Note issued by them on the 5th August. It is dated New Delhi, August 5th, but I have got a cutting from the *Tribune*, dated the 8th August.

THE HONOURABLE SIR ALAN LLOYD : It was published on Friday the 6th.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** The Press message is dated New Delhi, August 5th. Well, anyway the date of the communique does not matter at all. Government have by this communique tried to deal seriatim with the complaints made by Indian business men with regard to the activities of the Corporation and their apprehensions with regard to its effect on the future of Indian trade outside India. Now, this Press Note itself shows in my opinion that the United Kingdom Commercial Corporation has already in some instances acted in such a way as to justify the fears of Indian business men. I shall refer, Sir, first to the export of sugar. I do not want to repeat what the previous speakers have said but I want to deal only with the reply given by Government to the complaints of Indian business men. Government have said that it is wrong to assert that a monopoly of sugar export to Persia has been given to the United Kingdom Commercial Corporation. The fact is that sugar has been sold by India to the Ministry of Food, which has decided how the sugar that it has purchased should be sent to Persia. Now what does this mean, Sir? It means that the British Government having got certain commodities here are taking advantage of their resources and authority to create business for their nationals. Is that the position that the Government of India are going to accept? Whether the sugar was sold to the United Kingdom Commercial Corporation or to the British Government the effect of it is the same. Whether the British Government buy sugar and then make it over to their nationals for export to Persia or whether a commercial corporation buys it and then exports it to Persia the effect of it on India is just the same. There was no reason why the Government of India should have sold sugar either to the Ministry of Food or to the United Kingdom Commercial Corporation. They could have themselves sent the sugar wherever the British Government desired.

In this connection, Sir, I should like to inform the House that there is in the Middle East a Corporation known as the Middle East Supply Commission or Corporation. Now we have received no exact information with regard to the activities of this organization and I hope that my Honourable friend Sir Alan Lloyd, when he replies to the debate, will be able to throw some light on the subject. When was this Association established and what are its exact functions? These are the points we would like to be enlightened on. Well, while in the Middle East there is this Association, in India there is the Supply Department of the Government of India which has in certain instances according to the Press Note issued by Government helped the United Kingdom Commercial Corporation to buy the things it required. If the Government of India can help the United Kingdom Commercial Corporation in this way through one of their Departments why cannot they ask this Department to establish a branch in the Middle East which, after receiving the goods from India, can hand them over to the Corporation, that I have referred to. When there are these two organizations at either end of the line what is the need for having a third organisation intervening between them? That is an important point on which I should like to have information from Government.

Again, Sir, take the case of tea. My Honourable friend Mr. Hossain Iman referred to tea and wanted to know what the intentions of the Government in regard to its export were. Well, a question was put on this subject in another place by Mr. Jamnadas Mehta and the Honourable the Commerce Member replying to his question said:—

“The entire Indian exportable surplus of tea would, under the block purchase scheme, be sold to His Majesty's Ministry of Food. The machinery which they would arrange for the distribution of the consuming countries other than the United Kingdom was still under discussion”.

Now the monopoly of export of tea has been given to His Majesty's Government. The only question that is still under consideration is the means by which this tea will be distributed in countries other than the United Kingdom. Now this is a case of the same kind as that of sugar. If His Majesty's Government wanted tea for the Middle East why could not the services of the Supply Department of the Government, or even of a commercial organization built up by them be utilized? His Majesty's Government bring a commercial corporation into existence for the purpose of trade between the Middle East and certain other countries. Why cannot the Government of India take a leaf out of the book of His Majesty's Government and start a similar organization in this country? It would be as helpful to Indians as the United Kingdom Commercial Corporation is to British nationals. Have not the Government of India neglected their duty in this matter and failed to come to the help of Indian businessmen? Had the Government of India been a National Government I have little doubt that they would have acted in the same way as His Majesty's Government have done. They would have seen that Indian businessmen came into direct touch with the importers in other countries, so that a connection might be built up which would be useful not merely during the war but also afterwards for the expansion of Indian industries.

Sir, these are the main points which I wanted to urge before the House today. There are other points also which can be usefully mentioned in this connection. But the chief concern of the representatives of Indian commerce and the Indian public is that the Government of India should stand up for Indian interests and devise arrangements which will enable Indian businessmen to take advantage of the present conditions to devise measures as far as possible to deal with the circumstances that would arise after the war. The Government of India have so far taken shelter behind pleas which are more or less technical, for example, with regard to Russia and Saudi Arabia. Taking Saudi Arabia first, Indian merchants were in touch with it and used to do business with it. But if the Saudi Government asked the United Kingdom Commercial Corporation to supply it with rice it shows how much the prestige which this Corporation has acquired owing to its connection with the British Government is helping it in the Middle East partly to the detriment of India. Now take the case of Russia. It cannot be said that Indian businessmen were not in direct contact with Russia. Some time ago they were in touch with Russia and payment was made for goods supplied by them to Russia by the Reserve Bank of India. Could not the machinery that was in existence have been developed? Could not a commercial organization have been built up here, backed up by the Government of India whose duty it would have been to overcome those difficulties, which according to the reply of the Government of India the United Kingdom Commercial Corporation has been brought into existence to surmount? It seems to me, Sir, that even in respect of those places where normal trade machinery has broken down, Indian businessmen could have done a great deal for their country with the help of the Government of India, but unfortunately this help was not forthcoming. A vivid illustration of this is supplied, Sir, by the export of sugar which I have already referred to. Sugar used to be sent by the overland route to Persia. If this method of transport involved delay the Indian exporters could have been helped to ship sugar to Persia. But the Government of India instead of helping Indian sugar exporters, have sold the sugar to the Ministry of Food which will export it to the United Kingdom Commercial Corporation. It would be difficult to find an example of such treatment of an established trade in any other country. The duty of the Government of India was to help Indian businessmen concerned with the sugar trade and open out another channel for them; but instead of doing that, on the plea of delay, they deprived them of the trade they already

[Pandit Hirday Nath Kunzru.]

enjoyed, though it may be said that the sugar purchased by the Ministry of Food is still purchased through the ordinary Trade Machinery.

Sir, I do not want to prolong the debate any further : but I think that the activities of the United Kingdom Commercial Corporation in this country, and particularly the supine attitude of the Government of India in this connection, have given rise to many and important questions : and if the Government of India are anxious for their reputation, if they care in the least to protect the legitimate interests of Indian nationals, they should freely and frankly answer the questions that have been put before them and take such steps as they can in future to advance Indian trade in the Middle East through Indian agencies. (*Hear, hear and Applause.*)

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, the Honourable Member who moved this Resolution described the Resolution as exploratory, and I should have been very glad indeed to accept that description of it if he had seen his way to drop two words which seem to my mind to beg the question. Those are the words "growing monopolist" before "activities". If the Honourable Member would care to amend this Resolution by dropping those two words, I should have great pleasure in supporting it.

THE HONOURABLE MR. P. N. SAPRU : May I just point out that I am only giving expression to a feeling in the commercial community here of widespread apprehensions at the growing monopolistic activities ?

THE HONOURABLE SIR ALAN LLOYD : Well, Sir, I think if the word "supposed" or "alleged" were inserted before "growing monopolist activities" that would put it right.

THE HONOURABLE MR. P. N. SAPRU : I have no objection to the word "alleged" being inserted.

THE HONOURABLE SIR ALAN LLOYD : If the Honourable Member accepts that, I will very gladly accept his Resolution because I am well aware that a great deal of uneasiness, in my opinion uncalled for, has been created and does remain in existence even after the very full statement from which the Honourable Pandit Kunzru has quoted and to which others have referred.

Now, Sir, what is the best means of giving all the information that is necessary in order to allay the anxiety to which my Honourable friend has referred ? I feel, Sir, that it would be indeed difficult for me to reply in a *viva voce* manner to the very long series of questions that have been put to me from various quarters of the House. Indeed some of them I am not in a position to reply to in detail without time for further examination. I propose therefore, Sir, not to attempt to go through all the particular points to which attention has been drawn because I think a more satisfactory answer on this subject can be supplied by a formal reply which we shall have to send to a very long and detailed letter just received by the Government of India from the Federation of Indian Chambers of Commerce and Industry,—in my case received yesterday, so that I have not had time to reply to it. That letter, possibly by coincidence, covers a great many of the points which have been mentioned by the Honourable Member who moved this Resolution. Other points have been raised in the course of this debate which were not mentioned in that letter, but it will be quite easy, when we reply to that letter, to allude to these other points by reference to the proceedings of this House. With your permission, Sir, I shall not, therefore, attempt the superhuman task of answering at extremely short notice all the questions that have been put to me but shall content myself with speaking on the point raised in more general terms. I should say that I am quite prepared to undertake that our reply to this letter from the

Federation of Indian Chambers of Commerce shall be given full publicity and certainly a copy will be placed in the Library of the House.

Speaking, therefore, in more general terms, I think it is my first duty to distinguish between immediate war time conditions and prospects of future conditions after the war is over. Sir, the Government of India have no doubt in their minds that there is no idea on the part of His Majesty's Government of setting up a new East India Company, of erecting a commercial concern supported by their own capital which will remain as an intruder in India, not in the trade between India and England but in trade between India and neighbouring countries, after the conditions which have led to the establishment of that concern at the moment have disappeared. It is not, Sir, I am convinced, for the purpose of making profit of any kind that this Corporation has been formed. His Majesty's Government have undertaken considerable responsibilities in the matter of assisting the Middle Eastern countries. One example is offered by the case of Turkey to which reference has been made by my Honourable friend Mr. Hossain Imam. There is an agreement between His Majesty's Government and the Turkish Government which has led to the employment of the United Kingdom Commercial Corporation as the agent of His Majesty's Government, not as a private adventure, but arising out of an agreement between those two Governments, in order that payments should be financed as between the Turkish Government and the sterling area on a Governmental basis. That is one example. In the case of countries nearer here, it is easy for any one with a little imagination to see that there have been occasions of maldistribution of commodities, inadequate supplies in one place, excessive supplies in another,—in short, private trade, when left alone, had resulted in a chaotic condition and the Governments of these countries approached His Majesty's Government who again have employed this Corporation, which is a sort of Government Department under another name, as their agency. Now, Sir, a commercial transaction has two ends, the supply end and the importing end. If the Governments of the importing end have elected, because of the assistance they are receiving from His Majesty's Government, to employ the United Kingdom Commercial Corporation as their agency of importation and distribution, it is not unnatural,—in fact it is quite the best arrangement from the practical point of view,—that the exportation should be actually conducted by representatives of the Corporation in this country. Here there is one point that I wish to make as evidence of the improbability of any suggestion that His Majesty's Government contemplate a permanent occupation of a place in the Indian business world of the United Kingdom Commercial Corporation. This is the fact that their representative in India is working in a honorary capacity and I think the deduction from that is fairly obvious that this is really and essentially a Government show and not comparable with private enterprise.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Does His Majesty's Government control the sale price in the foreign countries ?

**THE HONOURABLE SIR ALAN LLOYD :** The Honourable Member is referring to the price at the distribution end ?

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Yes.

**THE HONOURABLE SIR ALAN LLOYD :** I think there is not the slightest doubt that the prices are controlled as far as the activities of the Corporation are concerned. It is possible that in some cases goods pass out of the Corporation and find their way into the black markets. That is a thing that happens anywhere. But in general the position is that the Corporation is not making much profits but is working, I believe, more or less on an expense basis.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Does it mean that the sale price of sugar in Persia by the United Kingdom Commercial Corporation which I cited is wrong ?

**THE HONOURABLE SIR ALAN LLOYD :** If the Honourable Member will refer to the Press Communique of which his neighbour has a copy, he will see the answer to that question. With your permission, Sir, I will not traverse all the ground that has already been covered by the Government communique. That is the general approach to the question that I wish to make. I feel convinced that it is quite improper to regard this as anything but an ephemeral arrangement which is for the benefit of the countries to which the goods are sent and which will be terminated when the prevailing conditions are themselves terminated. But, even so, Sir, I should like to say something as regards a question asked by my Honourable friend Mr. Hossain Imam. He asked whether we had willingly surrendered to this. I do not think it is improper for me to disclose that the Commerce Department, from the outset, have watched all these developments with the utmost jealousy. It is our policy as much as that of any Member of this House to keep the channels of Indian trade flowing where they can be kept open. It has sometimes happened that the easy course for His Majesty's Government has been to employ the United Kingdom Commercial Corporation but that we have shown that the problem can be quite satisfactorily handled by leaving our own trade channels to operate so far as export from this country is concerned. That is a solemn statement of fact. We are continually watching this and it is only after the most careful scrutiny that we are now allowing new developments of this kind to take place. There is no question of our having willingly surrendered. My Honourable friend the mover of the Resolution admitted that there might be a necessity for setting up this organization and I am glad he admitted it because it shows that we shall not appeal in vain to the general public in India if we taken the stand that I have taken that in certain conditions it is necessary, because of war arrangements for the importation and distribution of goods at the other end, to go on with this plan. But he went on to say that the organization—by implica-

tion he said it could have some justification for existence—should not be allowed to interfere “unduly” with Indian trade activities. That, Sir, is precisely our own attitude and as I have just said we have been watching this very jealously and we have sometimes made ourselves rather a nuisance by insisting on giving Indian trade its chance before canalizing the business at the export end also. But let me add, Sir, that even when—I am talking now of goods other than those actually essential for war requirements—even when export trade is carried on by the United Kingdom Commercial Corporation, that Corporation, whose head in India is in close touch with us and fully appreciates our attitude in this matter, conducts its purchases in the market in the ordinary way. It does not get any advantages in the matter of prices. It does not get—unless some over-riding war consideration comes in on a particular consignment—it does not get any advantage in matters of transport and so forth. Even where the Supply Department—I think it is stated in the Press Note—even where the Supply Department supplies goods for the Corporation, it does so at market rates. In the case of actual war supplies, special Government contracts come into consideration, such as the arrangements for the purchase of jute goods. As regards these war supplies, it is a little difficult for me to say how much I am at liberty to disclose in detail. But I do feel that the House will realize that there is nothing normal at all, nothing that can be related to past trade in any way whatever, in the matter of Indian goods going to Russia. That is emphatically a business which if it had not been arranged between His Majesty's Government and the Soviet Government would have had to be arranged between the Indian Government and the Soviet Government. The financial side of it, details of which I regret I am

unable to give to the satisfaction of my Honourable friend from Bihar, the financial side of it is entirely in the hands of His Majesty's Government. I for one think that the Indian exchequer may be well pleased indeed that that is the position because I am quite certain that this is not a money-making proposition; like all these things it is much more likely to be a money-losing proposition, although as I said I do not know the details. One thing I can say to the Honourable Member; goods are paid for in rupees. I am afraid I shall have to leave the matter for elucidation, when a suitable time occurs, by someone who knows more of governmental finance than I do myself.

My Honourable friend Mr. Kunzru made an inquiry about the Middle East Supply Centre. I do not know what the source of his information is. He called it an association. I know of no such association. I do know of the Middle East Supply Centre which is a purely Government organization not engaged in trade but only in the direction of trade, deciding in a time of great difficulty which country shall be asked to supply another country with this or that commodity. Well, I am in a great difficulty here. I do not know how much I am at liberty to disclose in this respect, but I do say that that body is only, as I said, a directive organization and not a trade organization and I do know that it is the body to which we must look when conflicting claims are made by different consuming countries for small quantities of certain goods that we are able to dole out. The existence of that centre has been a great help to us in relieving us of certain responsibilities, for example, in the matter of the export of wheat, which is a commodity that we have had absolutely no desire to see exported from India at present beyond the amounts necessary to satisfy the dictates of common humanity. Now, my Honourable friend also asked why should not the Supply Department itself export these goods to those countries. I think, Sir, that would only be putting another cog in the wheel. I have explained that by arrangement between His Majesty's Government and those countries a great deal of control of import and distribution is in the hands of the United Kingdom Commercial Corporation, not as a money-making arrangement but for the benefit of the country in which that organization is working. Therefore even if we exported through our own Supply Department, we should only be able to export to the United Kingdom Commercial Corporation and surely it is more convenient all round that the exports should be made not by the Supply Department here to the United Kingdom Corporation there, but by the general public here, traders in the open market, to the Honorary representative in this country of the United Kingdom Commercial Corporation. No, Sir, I do not think the answer lies there. The actual problem is the extent to which we should agree to the cutting out of purely trade transactions. There, Sir, one must consider the consignee. If he wishes trade to be canalized, it is very difficult for us to say "No". We have again and again insisted upon that plan, but it is not always possible to carry our wishes through.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Which plan did the Honourable Member refer to?

**THE HONOURABLE SIR ALAN LLOYD:** The plan of allowing all to have their share in the trade—allowing our exports at this end to be made by the ordinary trade, when imports and distribution are canalized at the other end.

And that brings me to one last remark with which I will trouble the House. This, Sir, is not a problem of such gigantic dimensions as the atmosphere of the speeches that have been made seems to suggest. I have obtained figures of the shipments made by the United Kingdom Commercial Corporation in a period of three months to all the countries in the Middle East and I have compared them with the total of exports of Indian merchandise to those countries—I had to

[Sir Alan Lloyd.]

estimate value in the former case because I had only quantities. On that calculation, made at short notice, the position is that not 10 per cent. of the exports to these Middle East countries has been made by the United Kingdom Commercial Corporation, and 90 per cent. of the trade is still being retained in the hands of ordinary commercial organizations. That, I submit, Sir, is a proof, if proof were needed, that the invasion in the commercial field by this Corporation is neither by intention nor in fact a serious attempt to oust Indian trade from its proper position—the position in the economy of the world which the Government of India in the Commerce Department is as anxious to see maintained as any member of this House can be. At the same time, as I have said, I welcome the opportunity that has been afforded to us when we have gone through this letter, of making a fuller and more detailed statement of the case and, as the Honourable the mover of the Motion is prepared to accept the insertion of the word “alleged” before the words “growing monopolistic activities” in the Resolution, I will, on that understanding, accept the Resolution because we are also anxious to see these anxieties allayed.

THE HONOURABLE THE PRESIDENT : Will you move this amendment ? May I know how you would word it ? “commercial community in India at the ‘alleged’ growing monopolist activities of the United Kingdom”?

THE HONOURABLE SIR ALAN LLOYD : Yes, Sir. I shall have pleasure in moving that amendment.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member kindly enlighten us about the commission that is paid to the Supply Department ?

THE HONOURABLE MR. P. N. SAPRU : Sir, I am glad that the Honourable Sir Alan Lloyd has accepted the Resolution even in an amended form. Sir Alan Lloyd made a distinction between immediate war-time conditions and post-war conditions and he has stated that the British Government has no object of setting up a new sort of East India Company. Now, Sir, he said that this organization has been started for war purposes. I do not know how far in making this statement he was representing the mind of the British Government. I think he could speak for the Government of India but I do not know whether he could speak in this matter also the mind of His Majesty's Government.

THE HONOURABLE SIR ALAN LLOYD : On a point of personal explanation, Sir. May I tell the Honourable Member that I gave expression to my own belief, my own conviction. I did not claim to know what was in the mind of His Majesty's Government.

THE HONOURABLE MR. P. N. SAPRU : That was exactly my point—that the Honourable Sir Alan Lloyd was giving expression to his own belief. He could not obviously give expression to what was in the mind of His Majesty's Government. All that we do know is that this organization was started with a capital first of half a million, then of a million and subsequently now it is over two million sterling and first with the object of trading with the Balkans and the countries of the Near East and now its operations have extended to India and other countries. Also I gathered the impression from what Sir Alan Lloyd said that the Government of India would have preferred an arrangement whereby India could be the supply base and we could have an organization for supply in the Middle East but that His Majesty's Government thought that an arrangement which was more directly under their control through a Corporation of this character was more to the advantage of India and Britain.

and the other countries than the arrangement originally contemplated by the Government of India. Now that, Sir—

**THE HONOURABLE SIR ALAN LLOYD:** The Honourable Member must have misunderstood me. What I said was that the procedure that we always try to maintain until it is found impossible is that of continuing trade through normal private trade channels.

**THE HONOURABLE MR. P. N. SAPRU:** Anyway, Sir, that channel was found inconvenient by His Majesty's Government. Now that is one thing which leads to apprehensions in the mind of those who are conducting trade and industry in this country.

Now, Sir, there was one point which was raised by the Honourable Mr. Hossain Imam which has not been answered by the Honourable Sir Alan Lloyd. I think the question raised by Mr. Hossain Imam was whether any commission is being charged for purchases made by this Corporation through the Supply Department. There used to be a small charge which we used to pay on supplies purchased by us for His Majesty's Government. Are we charging this commission from this United Kingdom Commercial Corporation or not? That is a point which was raised by the Honourable Mr. Hossain Imam and which, I think, Sir Alan Lloyd inadvertently omitted to reply to.

Then Sir, a question which I think was raised by the Honourable Lala Ram Saran Das and also expressed by the Honourable Dr. Kunzru is that assuming that private agency was not sufficient at this time to organize supply bases in the countries of the Middle East why has not an Indian organization been started for this purpose? Sir, so far as the directorate of this organization is concerned it is purely British and it can in no sense be described as an Indian organization at all. At the moment we have—I think my Honourable friend Mr. Hossain Imam can speak with greater knowledge than I can—but we have sufficient sterling balances in England to be able to float a big Indian organization for the purposes of organizing our export and import trade primarily for war purposes, and after the war there will be time enough for us to think what we should do with this organization. Why are those sterling resources not being utilized for this purpose and why must we rely upon a Corporation organized by His Majesty's Government primarily and necessarily in the interests of Britain? I mean we only come in second in the picture or third or fourth. We do not come in first in the picture. We wanted to have an organization of our own and to this there has been no answer forthcoming from Sir Alan Lloyd. I do not think he gave any reply to this question which was raised by the Honourable Lala Ram Saran Das, by Dr. Kunzru and by Mr. Hossain Imam.

Then, Sir, another point I think which has remained unanswered was: Why were not Indian exporters of sugar helped to ship sugar by sea if the land route involved unnecessary delay? Why was this right given to the United Kingdom Commercial Corporation and why were the Indian exporters of sugar not encouraged to develop the sea route by shipping facilities being given to them and the ban in their case being removed on export of sugar to the countries where sugar is being exported by the United Kingdom Commercial Corporation.

Sir, in view of the fact that the Resolution has been accepted by the Honourable Sir Alan Lloyd I do not think it is necessary for me to make any further comments and the debate was initiated with the object of allaying apprehensions. We have been able to get answers to some of the questions that we put in the House. The Government has issued—and I acknowledge this quite readily—a press communique explaining their position. It may be that we do not regard the position as quite satisfactory but I would not like the Resolution to be defeated. I therefore accept the Resolution in the amended form proposed by the Honourable Sir Alan Lloyd.

**THE HONOURABLE MR. HOSSAIN IMAM:** May I then request the Honourable the Commerce Secretary to reply to some of the points raised here ?

**THE HONOURABLE SIR ALAN LLOYD:** I have already said that I would reply to the points raised here in our reply to the letter from the Federation of Indian Chamber of Commerce and Industry.

**THE HONOURABLE THE PRESIDENT:** Amended resolution moved :

" This Council invites the earnest attention of the Governor General in Council to the widespread apprehensions among the commercial community in India at the alleged growing monopolist activities of the United Kingdom Commercial Corporation in India and elsewhere so far as the export and import trade of this country is concerned and recommends to him to take all proper steps to allay these apprehensions with all convenient speed."

Question put and Motion adopted.

#### RESOLUTION *RE* FREEDOM OF THE PRESS.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU** (United Provinces Northern : Non-Muhammadan) : Mr. President, I beg to move :

" That this Council recommends to the Governor General in Council that the restriction imposed on the Press which have given rise to serious dissatisfaction should be modified so as to take fuller account of the rights of the Press and the public and that, in particular, pre-censorship of news reports and statements should be abolished except in so far as it may be necessary for military purposes."

Mr. President, this Resolution is of considerable importance. It is of importance not merely to the Press, but also to everyone who lives in this country. I may go further and say that it is not merely of national, but of international importance, for it is of the utmost importance at the present time that the allied countries should be as much in touch with one another as possible. A free Press is necessary for the education of the public. That is a trite saying but it may nevertheless be forgotten by Governments when they are in difficult positions. They may then use their powers to curtail the freedom of the Press in such a way as to make us all feel that we were all living in a sort of prison, each living in a separate prison unable to communicate with others. The result of the restrictions may also be to make the country as a whole feel that it was surrounded by a wall which cut it off from the outside world. That this has been in part, or I should say in a large measure, the result of the Press restrictions imposed by the Government of India it will be my endeavour to prove in the course of my remarks.

Sir, the system of press-advising was started some time in 1940. It was originally intended to afford guidance to correspondents, but no correspondent was obliged to seek the advice of the Press Adviser, nor, having sought it, to accept it. The arrangement was such as to leave the Press free in every respect to discharge its responsibilities and functions in a responsible manner. Now I understand that this system worked fairly satisfactorily, to put it mildly, until Mahatma Gandhi started his civil disobedience movement. It was about November, 1940, that Government found that they had to deal with a somewhat difficult question. Two matters had to be dealt with at the time, one regarding the manner in which the writings of Mahatma Gandhi should be dealt with ; and the other regarding the manner in which news relating to the civil disobedience movement should be conveyed to the public. It was at this time that the All-India Newspaper Editors' Conference was established. Press Advisory Committees were established at the same time both at the Centre and in the Provinces, and a system of consultation with these committees on which responsible newspaper editors were represented, was devised. These consultations, Sir, were not of an omnibus character. They did not cover every kind of news

that a newspaper might publish. They related, generally speaking, to statements by important persons which in the opinion of Government could not be published in full. The committees were also meant to consider any lapses on the part of newspapers, whether they were members of the conference or not. Apart from this, Government expressed their willingness not to punish newspapers as a rule without previous warnings, and the agency of the Press Advisory Committees was to be utilised for conveying these warnings. What I have said so far relates to the transmission and publication of news in this country. Now, so far as other countries were concerned, it was agreed I understand that deletions from messages sent to them would be brought to the notice of the correspondents, and that alterations in the messages would be made with their consent. This system also, I understand, worked fairly well. Government, in their letter to the Standing Committee of the Newspaper Editors' Conference, dated the 4th May, 1942, while admitting that a large body of editors had discharged their duties with a due sense of responsibility and in such a way as not to impede the war effort; stated that there was a small but diminishing section of the Press which had not shown itself unfortunately to be alive to its responsibilities. The Standing Committee, however, expressed the opinion that the complaint of the Government was in no small measure due to the failure of the several Provincial Governments to honour the Delhi agreement. According to it certain Provincial Governments took action precipitately and if the Press Advisory Committee had been allowed to function in the normal way, in all probability the pressure of the Standing Committee and of the Conference would have sufficed to bring the erring editors to a proper realisation of their duties. The Local Governments, of whose action the Standing Committee, I believe, complained, were the Governments of the United Provinces, Bengal and the Punjab. In the United Provinces I know what has happened with regard to the *National Herald* and a Hindi paper at Agra called the *Sainik*. Whatever the faults of these papers, I submit that there was no reason why the advice of the Press Advisory Committee should not have been sought and why as a rule action should not have been taken only after giving them an opportunity of exercising their moral influence. In regard to the *Sainik* particularly, action was taken which turned public opinion against the Local Government, and it was taken at a time when Government were not confronted with the difficult situation which faces all of us now. I can give illustrations with regard to the Punjab and Bengal also, but I think the instances I have given with regard to the United Provinces will suffice to convey to Government and to the Council what were the considerations on which the complaint of the Standing Committee regarding the attitude of the Provincial Governments were based.

During the last few months, Sir, the Government of India, not satisfied with the powers that the Provincial Governments enjoy and with their refusal to consult the Advisory Committees, began to tighten up the arrangements for the control of the Press by the imposition of fresh restrictions and by letting the system of consultation diminish considerably in importance. In a letter which my Honourable friend Sir Richard Tottenham wrote to Mr. Srinivasan, the President of the Editors' Conference, he admitted the help which he had received from the Press. He admitted further that there was only a diminishing section of the Press which had given cause for complaint and went on to make suggestions which made it appear that press-advising had been made practically compulsory. Mr. Srinivasan was naturally unable to accept the views put forward by Sir Richard Tottenham. He expressed his surprise that Sir Richard Tottenham, in spite of the admissions which he had made and his recognition of the responsible attitude of the Press in general should try to impose fresh restrictions on the Press and cogently demanded that the old

[Pandit Hirday Nath Kunzru.]

system which had worked satisfactorily should be maintained. His advice however, was not heeded and after the All-India Congress Committee passed their resolution relating to the starting of a mass movement on the 8th August, 1942, the Government of India imposed a number of restrictions on the Press. I am speaking of the latest resolution passed by the All-India Congress Committee. The Government of India thought of tightening up the Press restrictions after the meeting of the All-India Congress Committee at Allahabad and they took actual steps to impose restrictions on the Press after the meeting of the All-India Congress Committee in Bombay. The House would like to know what were the restrictions that the Government of India placed on the Press. They prohibited the publication of news unless it was derived from official sources or the Associated Press of India, the United Press of India or the Orient Press of India or a correspondent of the newspaper concerned, whose name has been registered with the District Magistrate of the district in which he resided. Not satisfied with these severe restrictions, they issued a Press Note two days later, i.e., on the 10th August, in which they said that "the editor of any newspaper who opposed the measures taken by Government to stop or suppress that movement will be guilty of an offence against the law". This warning shows more eloquently than the restrictions that I have read out before the House the spirit and temper in which the Government of India meant to insist on the observance of the restrictions which they had imposed. It is true, as Sir Richard Tottenham pointed out in his last letter to Mr. Srinivasan, that Sir C. P. Ramaswami Iyer tried to clear up the position at a Press Conference. He said that all that the Government of India desired was that no editor should write in such a way as to foment trouble or create unnecessary feeling against the measures adopted by the Government of India. Sir, the assurance given by Sir C. P. Ramaswami Iyer did not go a long way to satisfy the Press, and I do not, frankly speaking, blame the Press. The Information and Broadcasting Department is nominally an independent Department but in reality it carries out the policy of the Home Department. The public were therefore naturally surprised that the Department which was responsible for imposing the restrictions did not itself come forward to explain fully the policy of the Government. The Home Department having imposed these restrictions it was their duty to come forward and satisfy the public that the Press Note which had been issued was unfortunately worded and that the intentions of the Government were not as prejudicial to the freedom of the Press as might be thought on a bare reading of the Press Note. The assurance given by Sir C. P. Ramaswami Iyer did not therefore satisfy the public and the restrictions that I have spoken of gave rise to serious dissatisfaction. The Standing Committee of the Editors' Conference protested against them and submitted a reasoned representation to the Government of India. These restrictions were found irksome by the foreign correspondents also, as censorship was exercised not merely with regard to news relating to disturbances published in the country but also with regard to messages sent out of the country to, say, America and China, and messages coming from those countries to India. I shall refer to this in a little more detail afterwards. But it is enough to say that generally speaking—and I think I am justified in saying so—messages giving the nationalist point of view were press-advised to a large extent. Important passages were deleted so that the messages might fail to convey a true picture of the state of things existing in India. Similarly, press comments from America and China of a pro-Indian character were frequently suppressed. As an example of this one might refer to the speech of President Roosevelt on Washington's birthday in which he said that the Atlantic Charter applied to all nations. But the reference to the Atlantic Charter in his speech was not allowed to be published in Indian papers.

Again, Sir, while adverse American comments were allowed to be published without let or hindrance in the Indian papers the favourable comments of the Chinese Press were not allowed to appear. Outgoing messages were censored on the plea that the news sent out might prove to be of military importance or might prejudice the authorities in their task of defending this country.

**THE HONOURABLE MR. HOSSAIN IMAM :** Against enemies inside the country ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** The Honourable Member might put his question to Sir Richard Tottenham. I have no doubt that he thinks that he is at present fighting two wars, one external and one internal, and that the parties, whether internal or external, whom he is fighting are his enemies. So great was the severity of the restrictions that the Government had imposed that not merely Indian correspondents in Delhi but a number of foreign correspondents also sent a joint memorandum to the Viceroy complaining of this system. It is also understood, though I do not know how far my information is correct, that one or two American correspondents went out of India for the purpose of sending despatches to America giving a true account of the situation in the country.

Sir, I have already referred to the dissatisfaction expressed by the Standing Committee of the All-India Newspaper Editors' Conference with the restrictions announced by the Government on the 8th August, 1942. The Home Department invited a deputation consisting of some members of the Standing Committee to meet them. It is alleged by the Government of India that at this Conference they succeeded in getting the agreement of the Standing Committee to pre-censorship of all news. Yet from the correspondence which took place between Mr. Srinivasan and Sir Richard Tottenham it is abundantly clear that the Standing Committee never agreed to wholesale pre-censorship. Finding that the Government of India were adamant, that they were not prepared to trust the Press to discharge its responsibilities fairly, notwithstanding the help that they had received from it, they tried to find out some way of getting relief from the severe handicaps they had to work under. It was in these circumstances that they agreed to pre-censorship but pre-censorship, as the letter of Mr. Srinivasan shows, of news belonging to certain categories only and not of all news. Sir Richard Tottenham undoubtedly stated in his reply on behalf of the Home Department that the Home Department were not prepared to make any such distinctions and that pre-censorship must cover all news. But while the Government of India have the power to insist on their views, they cannot in fairness claim that the system which they have now brought into force has the consent of the Standing Committee of the All-India Newspaper Editors' Conference. Apart from the letters that I have referred to, the convener of the Standing Committee has denied that such an agreement has been reached and Mr. Srinivasan, the President of the All-India Newspaper Editors' Conference, has supported this denial. The Government of India may force a system that has found favour with them down the throats of the unwilling journalists. They have unfortunately power to do whatever they like. They can ride roughshod over our feelings and use their authority in such a way as to prevent news relating to excesses committed by the authorities from being published in this country or fair, accurate, objective news regarding the situation in India from reaching other countries. But they have no right to twist facts and claim that they have the consent of the Standing Committee for the restrictions which have been imposed upon the Press.

Sir, apart from the restrictions that the Government of India have imposed I think it is necessary that I should point out that the Provincial Governments have imposed other restrictions. For instance, the Chief Commissioner of

[Pandit Hirday Nath Kunzru.]

Delhi has prohibited papers in Delhi from publishing more than three column of news. I think he has also imposed certain restrictions with regard to headlines but in any case the United Provinces Government have ruled that there shall be no more than three headlines in connection with news relating to the present mass movement and that even these headlines should be only of a certain size. Sir, in these and other ways and by means of press censorship and military censorship Government have obtained full control over the publication of news.

I shall now, Sir, give a few illustrations to point out the manner in which the censorship of news has been worked. Government might say that however strict their restrictions might have been, have they not been enforced in such a way as to give newspaper editors a fair opportunity of expressing their views and publishing news of interest to the country in general? My answer to this question is that the Government of India if they put forward such a claim cannot substantiate it. I give only one or two instances, Sir, to show what I have in mind. I have already referred to the foreign Press but I shall now refer to the Indian Press.

Sir, Sir Venkatasubba Rao, the Agent of His Exalted Highness the Nizam in Berar, is known not only in his own Province but all-over India. His sense of responsibility cannot be disputed even by the Additional Secretary of the Home Department. He was for a long time a Judge of the Madras High Court and when he retired, he was acting, I believe, as Chief Justice of that High Court. Nevertheless certain portions of a speech which he delivered at a dinner given to him by the authorities of the Khamgaon Anjuman School in Berar were deleted by the Press Adviser of the Local Government. And what were the words, Sir, to which exception was taken? Sir Venkatasubba Rao said :

"There is no fundamental disunity between the Hindus and the Muslims and communal discord is not the normal feature of Indian life".

This was passed, but now comes the sentence to which objection was taken and it runs as follows :

"It is manufactured by political propoganda which is injecting this poison into us and if India is to achieve her salvation you must first of all get rid of it".

Now what poisonous untruth was there in this statement that objection was taken to it? Would the publication of this statement have fomented trouble in the country? Would it have promoted the mass movement against the Government?

THE HONOURABLE SIR RICHARD TOTTENHAM: May I know the date?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: September 19th, 1942.

I will just read out, Sir, one more sentence from Sir Venkatasubba Rao's speech, which was not allowed to be sent out :

"Just the other day the British Press found no epithet strong enough to describe the Bolshevik and ungodly Russia. Today again Britain and Russia are comrades fighting in the same cause. If such foes can become friends, why should India and Britain whose interests are so closely linked continue to distrust each other?"

It is the sanest advice that could have been given by anybody and it was the height of irresponsibility and stupidity on the part of the authorities to order that the statement should be deleted. Sir, even if this statement had stood by itself I think we could claim that the Government of India should not take such plenary powers of control over the Press as they have taken. It shows how necessary it is that they should realize their own shortcomings

and allow, if I may say so, the public to be an arbiter between them and the Press, but this is not the only instance that I can give of the stupidity with which the restrictions are being enforced.

Sir, we all know that a statement was issued by certain members of the British Society of Friends living, I believe, at Hoahangabad or resident in India regarding the Indian demand for India. It was published in part in papers outside the Central Provinces. A correspondent sent it by post to the *Hindu* which published it in full, but the Press message, which I understand the correspondent of the *Hindu* tried to send to the *Hindu* was suppressed. This again is a glaring instance of the stupidity if not worse with which the agents of the Government are carrying out their instructions.

Sir, the illustrations that I have given relate to the days before pre-censorship was established and before Press correspondents were required to be registered. I have not dealt, Sir, with the reasons for the registration of correspondents. It seems to me that they were required to be registered in order that they might not be able to supply a true picture of what they had seen even to their own editors. I do not however intend to deal with the matter because I am dealing with the picture as a whole and moreover the Standing Committee of the Newspaper Editors' Conference has already made representations to the Home Department on the subject. But I will now deal, Sir, with the system that exists in a place where pre-censorship is at work, and that is the Province of Delhi.

**THE HONOURABLE THE PRESIDENT:** Will the Honourable Member take much longer? It is almost 2 P.M.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I will take only five minutes more.

**THE HONOURABLE THE PRESIDENT:** Will you take much longer?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** No, I shall not speak much longer. I think I will be able to finish it easily today. I am dealing, Sir, at some length with some of our most important grievances, because it is not always that this House has the honour of the presence of my Honourable friend Sir Richard Tottenham. As we have him here today, let us utilize this opportunity to say to his face what we have been saying behind his back, and to ask him to satisfy us in the name of fairness and truth and justice with regard to the reasonableness of the system for which he is in part responsible.

Sir, before I deal with the manner in which pre-censorship has worked here, I should like to state some of the instructions that the Government of India have seen fit to issue. According to these instructions the names of persons arrested for offences in connection with the present disorders can be published.

**THE HONOURABLE SIR RICHARD TOTTENHAM:** Is this a confidential document?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I do not know whether this is confidential or not, and it is not of the slightest interest to me whether it is confidential or not: I do not think that the Honourable Member is fair in putting that question. The Press is not a private institution. The public is vitally interested in it. If the journalists are not to be allowed to make representations to Government and to the members of the Indian Legislature who can bring their grievances to the notice of the authorities, how are they to seek redress of their grievances? Does the Honourable Member mean to say that while he and the Home Department crush the Press under their iron heels, it is not to have even the relief of complaining of the hardships it is suffering

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from to the representatives of the people in this legislature? I can assure him however that I am not reading out the exact words used by the Government. That ought to satisfy him: but the general instructions that Government have issued are known to us all. The names of persons arrested can, under the instructions issued by the Government of India, be published, but in Delhi when the news came that two daughters of Mr. K. M. Munshi of Bombay had been arrested, their names were not allowed to be published although they were published outside Delhi. Again, Sir, information relating to the conditions of prisoners in jails cannot be published. Now, Sir, what is the reason for this restriction? Government may say that sometimes grievances regarding the treatment of prisoners are manufactured and that they are given currency in the Press for the sake of inflaming popular feeling against them. There may be this danger. But, on the other hand, Government ought to recognize that there is also danger in allowing no news relating to prisoners to be published when they and their agents might with impunity adopt measures which public opinion at large will consider either unfair or harsh. Again, Sir, speeches which are supposed to be likely to excite popular feeling against measures taken by Government are not to be published. If Government act quite unfairly, with what justice can they ask the editors of newspaper to comment on their doings and not to organize public opinion against the manner in which they are using their authority. Again, Sir, take complaints relating to the repressive measures adopted by the authorities. Government do not desire reports of official excesses should be published. The news that is published may not always be correct: but what is happening at the present time is that, knowing that nothing that they can do can be criticized or even mentioned by the Press, they are widely believed to be using their authority most tyrannically. I brought to the notice of the House two glaring instances of abuse of authority during the general discussion on the present situation. My Honourable friend Sir Mahomed Usman, who was concerned only with reading out the brief handed to him by the Home Department stoutly denied that any excesses had been committed by the agents of the Government. But the public and we cannot be satisfied so easily. If you want that we should be fair to you, you must be fair to us. The balance between contending interests—between the interests of the Government and the public—must be held even. I have no doubt that if Government act in this way, they will find as much responsible support from the Press as they have done in the past. They have invited trouble by distrusting the Press. I am not surprised, Sir, by their attitude, for a bureaucracy never can trust a free Press. There is natural enmity between a free Press and a bureaucracy, which is opposed to nothing so much as a diminution of its power. But even so, Sir, the agents of a government which proclaims in other countries that it has already declared that India will be made free after the war should act in a more responsible manner.

Now, Sir, I have informed the House of the manner in which these instructions of the Government of India relating to pre-censorship have been carried out in Delhi. I have already given one instance relating to the non-publication of the names of the daughters of Mr. Munshi. I have been supplied with other instances, but they are all rather of the same character, which shows that the Delhi press authorities are unduly nervous and that they are taking action not merely in serious cases but in cases where not the slightest harm can be done to the maintenance of law and order by the publication of the news that they disallow.

Sir, this is all, generally speaking, that I wanted to say, but there is one more instance which if you will allow me I shall bring to the notice of my

Honourable friend Sir Richard Tottenham before I sit down. It does not concern newspaper editors at all. It relates to the action of the Government themselves. The instance that I refer to, Sir, is that of the Hindu University. Government have, in my opinion, most unjustly taken action against this centre of Hindu culture, and have wounded the feelings of the entire Hindu community. They sent the military to turn 300 students out of the University. If that is all that they wanted to do, they could have asked the Vice-Chancellor of the University, who was co-operating with them, who had told them that he was doing all he could to send the students back to their homes, to press the remaining students in the University also to leave it in a day or two. But without giving him any previous intimation of their intention, without giving him the slightest opportunity of sending away these boys, they sent the military to the University which compelled the students to leave the University within half an hour. They have taken possession of the buildings under the Defence of India Rules and yet have not allowed even a word relating to this serious incident, which interests the Hindu community all over this vast country, to be published. I ask, Sir, whether there is an iota of fairness in all this? They might have said that they had to take action against the Hindu University because its students were taking part in subversive activities, although as a member of the Executive Council of the Hindu University I can say that the authorities there were acting in as responsible a manner as the authorities of the other Universities with which I am connected.

**THE HONOURABLE THE PRESIDENT:** I think you had better close now.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** But, Sir Government having taken such stern action did not consider that they owed it to the public at large and the Hindu community that they should inform them of the action taken at their instance against one of the most important universities in the country.

Sir, the previous system and the existing system have both worked in such a way as to make the people and the Press feel that the object of the Government is not merely to control the publication of news which might be of military importance or which might tend to promote disorder but also to suppress news relating to the nationalist movement and to the excesses committed by them in the suppression of the present mass movement. They are trying to prevent accurate news relating to the state of things prevailing in this country from reaching America, China and even the British public. This is the most serious charge that one could bring against the Government of India's present policy—

**THE HONOURABLE THE PRESIDENT:** I think you had better close now.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** I cannot say that I hope that the debate in this House will immediately lead to a change in the attitude of the Government of India, but I do hope that before long the Government of India will realize that they are creating the greatest distrust and dissatisfaction in the country by their policy and that they are even turning those people who deplore the policy that is being followed by the Congress against them by using such unfair methods to control the publication of news and preventing this country and the world at large from knowing the truth regarding what is happening here.

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The Council then adjourned till Eleven of the Clock on Tuesday, the 29th September, 1942.

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