

28th January 1946

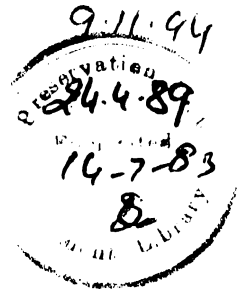
THE LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume I, 1946

(*21st January to 11th February, 1946*)

FIRST SESSION
OF THE
SIXTH LEGISLATIVE ASSEMBLY,
1946



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LEGISLATIVE ASSEMBLY

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Deputy President :

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Panel of Chairmen :

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MR. S. DAS.

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MR. SRI PRAKASA, M.L.A.

MR. T. CHAPMAN-MORTIMER, M.L.A.

SARDAR MANGAL SINGH, M.L.A.

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LEGISLATIVE ASSEMBLY

Monday, 28th January, 1946

HIS EXCELLENCY THE GOVERNOR GENERAL'S ADDRESS TO THE LEGISLATIVE ASSEMBLY

His Excellency the Governor General, having arrived in procession with the Honourable the President of the Legislative Assembly, took his seat on the Dais at Eleven of the Clock.

His Excellency the Governor General: I have not come here to make any novel or striking political announcement, but simply to meet the newly-chosen representatives of India—those of you who are here, and to speak to you a few words of welcome and encouragement.

The intentions of His Majesty's Government here, I think, been made sufficiently clear. They have a determination to establish a new Executive Council formed from the political leaders; and to bring about a Constitution Making Body or Convention as soon as possible. I cannot enter into any details at the moment of the methods by which these bodies will be formed and how the difficulties, of which we are all fully conscious, will be surmounted. Nor do I think it wise to try to set a date or dates for steps to India's freedom. I can only assure you that they have a priority label both in Delhi and Whitehall. I ask you for your cooperation and goodwill in our great task.

In this session you have already debated on adjournment motions some of the pressing questions of the day. Proposals for legislation will be put before you by Government spokesmen. These include some important measures which are the result of most careful deliberation; and which I think will, if passed by the Legislature, advance the credit and welfare of India. I do not speak with any intention of influencing your votes. It may be that you will think it right, some of you, to vote against the Government on almost every issue and to inflict the maximum number of defeats. If you believe that this is your political duty I have nothing to say; I may think that it will be a short-sighted policy to prevent or delay legislation that is likely to be of real benefit to India; but that is for you to decide.

I do claim, however, that you should not, in the course of the debates in this House during this session, say anything which may reduce the chances of my forming a political Executive Council, affect adversely the prospect of a settlement on the main constitutional issues, or increase the bitterness already abroad in the country. Enough, and more than enough, animosity has been caused during the elections to the Central Assembly; and the Provincial elections are likely to have the same effect. It would be a great help to me, and I think to the leaders of your parties, if moderation could be studied in all speeches here during this session.

I hope and believe that the period of destructive work in the Assembly is near an end. If I am successful in forming a new Executive Council with the support of the principal parties, you will have a very great deal of most important constructive work to put in at your next session. Legislation by ordinance is not at all to my taste; and I very much hope that you will then relieve me of the necessity to use my powers, even though it may involve long sittings to get through all the proposals put before you.

I think the Parliamentary Delegation have received a very general welcome to India and that they have impressed those who have met them with their earnestness and sincerity, and of the general desire in Great Britain to achieve a lasting and peaceful settlement. I am sure that they have made it quite clear that their purpose is not to delay the programme of His Majesty's Government, but to inform themselves, and thus their parties, of present conditions and opinions in India.

[His Excellency the Governor General]

At the moment all our minds are inevitably concentrated on the great political issues shortly to be decided. Some of you may alternate between ardent hopes and chilling fears. I for my part am firmly optimistic, believing in an old and homely proverb: "Where there's a will there's a way."

But while the political issues are discussed, the administration of India has to go on, the people have to be fed, clothed and housed in the best way that our resources permit, law and order have to be maintained, plans for development must be prepared, vital decisions affecting India's whole economic future have to be taken. My much maligned colleagues have served India well and have had her true interests at heart; I believe that any new Government is likely to adopt many of their ideas. They are all, without exception, ready and willing to hand over their responsibilities at the earliest moment to their successors, to whom they will wish good fortune and godspeed in their difficult but vital task.

Gentlemen, it only remains for me to give you my good wishes for your work in this momentous Assembly. On you rests a great responsibility for the freedom and greatness of India. I would say this to you in conclusion and say it with all the conviction at my command: that in all great constitutional changes success has been achieved only by a spirit of mutual understanding and concession between the parties concerned.

The Assembly met in the Assembly Chamber of the Council House at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

MEMBERS SWORN:

Dr. B. K. Madan, M.L.A., (Government of India: Nominated Official); and Hony. Lt.-Commander Aftab Ali (Nominated Non-Official).

ELECTION OF THE DEPUTY PRESIDENT

Mr. President: In pursuance of order 5 of the Standing Orders of the Legislative Assembly, I have to announce that I propose to fix Tuesday, the 5th February, 1946, as the date for the election to the office of Deputy President of this House.

Each member wishing to propose another member as a candidate for election will ascertain that the candidate is willing to serve if elected, and will hand to me not later than 12 noon on Friday, the 1st February, a notice, showing the name of the candidate, signed by the proposing member himself and by some other member as seconder.

As soon as possible after the notices have been handed in I propose to read out the names of the candidates, together with their proposers and seconds, and if there is more than one candidate, to take the ballot on Tuesday, the 5th February, 1946.

The Secretary will issue a circular informing Honourable Members of the method by which the ballot shall be held.

CODE OF CRIMINAL PROCEDURE (SECOND AMENDMENT) BILL

The Honourable Sir Asoka Roy (Law Member): Sir, I move for leave to introduce a Bill further to amend the Code of Criminal Procedure, 1898, (*Second Amendment*).

Mr. President: The question is:

"That leave be granted to introduce a Bill further to amend the Code of Criminal Procedure, 1898, (*Second Amendment*)."

The motion was adopted.

The Honourable Sir Asoka Roy: Sir, I introduce the Bill.

MOTION RE BRETTON WOODS CONFERENCE AGREEMENTS

Mr. President: As regards the motion which stands in the name of the Honourable Sir Archibald Rowlands, I would like to make clear the procedure which I propose to follow. In order that the House may be in possession of the whole matter, I would call upon the Mover as well as those who have tabled the amendments just to move the motion and the amendments without any speeches. That will place the House formally in possession of the whole business including the amendments. Then, the Honourable Mover will say whatever he has to say in support of his motion. Afterwards, the other members will, of course, take part in the discussion. Movers of amendments will follow and the debate will proceed.

We have for this purpose about six hours in all, 15 minutes more or less. It would be better if we fix not a very hard and fast time-limit but some kind of time-limit for speeches. I would propose about 30 to 40 minutes for the Mover of the motion and the Leaders of Parties and about 20 minutes for other speakers. I think that will be very reasonable and fair, but if Honourable Members have to suggest anything else, I shall be glad to consider the point.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): May I submit, Sir, that this is a very important subject and in order to enable at least the principal speakers from each party, I would request you to make half an hour for ordinary speakers as has been done in this House before.

Mr. President: When I said Leaders of Parties, what I really meant was principal speakers on behalf of the party. It is not that I shall give 40 minutes only to the Leaders of Parties, but whosoever is appointed by the party to speak on that motion or amendment would have ample time. That is what I mean.

Haji Abdus Sattar Haji Ishaq Seth (West Coast and Nilgiris: Muhammadan): Sir, with regard to the first part of your statement, it has been the practice in this House to allow all the amendments to be moved one after another without speeches. But with regard to the Mover himself, the practice has been that he should move his motion and then make his speech. That will help other Members to decide whether they should move a particular amendment or not. For instance, here there are certain amendments to censure the Government for having done certain things. If he makes it clear in his speech that the Government does not deserve a censure, then probably some of the amendments may not be moved. Therefore, I suggest that the better course will be for the Mover to move his motion and make his speech also. Afterwards, all the amendments can be moved and the House can proceed with their discussion.

Mr. President: I may say that I had considered that point of view.

My point of view was a little different with reference to this matter. It is true that the amendments are before the House and it would be proper, to my mind, that the House should be in possession of them and there should be no discussion or debate on a motion or amendment which is not formally before the House. Instead of the Mover of the motion anticipating the amendments and speaking on them, it is better that he should know from the beginning as to what the amendments before the House are.

It is still possible that some of the amendments may not be moved, at the beginning, by agreement of parties. In that case, the time taken up by the Mover of the Motion for arguing matters or giving replies to amendments, simply because they are on the agenda, would be saved and the position will be more regular because the House will be formally in possession of all these amendments. In view of the other difficulty pointed out by Honourable Members, I would suggest that in case it is afterwards found that a particular amendment need not be there, it can be easily withdrawn.

Seth Yusuf Abdoola Haroon (Sind: Muhammadan Rural): I submit that once an amendment is moved, then it becomes the property of the House and it will be for the House to decide whether an amendment should be withdrawn or not. For instance, I have an amendment on this subject and when the Mover makes his speech, I will decide whether my amendment should stand or

[Seth Yusuf Abdoola Haroon]
 should be withdrawn. In that light, I do submit to the Chair whether it would not be possible for the Mover to move his resolution and make a speech and leave it to those persons who have tabled amendments to decide whether they want to move the amendments or not.

Shaikh Rafuddin Ahmad Siddiquee (Chittagong Division: Muhammadan Rural): Technically speaking, if I move a Motion in the House, then I have also my right to speak on that motion. If I do not do it, then I shall be speaking twice in the House, and therefore if there is a substantive motion, no amendment can be moved until the Mover has explained to us what he means. May I therefore respectfully suggest that there is room for some revision of the procedure which you have laid down.

Mr. P. J. Griffiths (Assam: European): The suggestion of my Honourable friend Mr. Ishhaq Seth would be very convenient. If we can hear the Government case, then Honourable Members can decide whether to move amendments or not and the debate would be more realistic. I would support the suggestion that the Mover should speak on his resolution after moving it.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): That has been the practice in this House.

Diwan Ohaman Lall (West Punjab: Non-Muhammadan): We have no objection to the proposition that has been made, namely, that the Honourable Finance Member should move his Motion and also make a speech, and then others who have tabled amendments should decide afterwards whether to move them or not. If that is the feeling of the House, we have no objection to it.

Mr. President: If that is the general feeling in the House, I have no objection. I have explained to the House the reasons which prompted me to suggest that course. Now, looking to the desire of the House and also the previous practice we will continue in the old manner. I have no objection.

The Honourable Sir Archibald Rowlands (Finance Member): Sir, I move :

"That this House welcomes the proposals for setting up an International Monetary Fund and an International Bank for reconstruction and development as set out in the Final Act of the Bretton Woods Conference and also welcomes the action taken by the Government of India in adhering to the Agreements as an Original Member."

Sir, in moving this Resolution, I seek the indulgence of the House, and I know I shall not seek it in vain. For me, this is rather a high ordeal, for this is the first occasion in the whole of my life that I have been called upon to make anything that may be dignified by the name of 'speech'. Having spent most of my career in the public service in the United Kingdom, where bureaucrats are very occasionally seen, but never heard, it is a little hard to be thrust into this forum of debate, where as I know from observations when I was out in India in 1937-39, the standard of oratory and skill in controversy are very high, standards which as we have seen in the last few days are fully maintained. I remember listening with pleasure to the many debates in those days and admired the skill of such people as Mr. Bhulabhai Dessai, whose absence from this House I personally regret, and Mr. Satyamurti whose mastery of language, coupled with his passionate devotion to any cause he espoused made him the most formidable debator. But, Sir, I can claim to have none of those qualities and I apologise to the House in advance for my inadequacy as a debator. I will do my best.

In moving this Resolution, as an alternative to the several adjournment motions that were put down, my object was to widen the scope of the debate so as to focus the attention of the House to what I regard as the most important feature in it, that is to say, whether this House is prepared to annul and revoke the action taken by the Government in committing India to be a member of the Bretton Woods Agreement. I want to be perfectly clear. The issue before the House, from the Government point of view, is whether or not India has now to

withdraw from the Bretton Woods arrangements. I have already, on more than one occasion, in answer to questions and otherwise made it clear that that is exactly what the Government is going to do. It will abide by the decision of the House. But my Motion, if you look at it, also covers the points that are sought to be raised by my Honourable friend Mr. Manu Subedar in his amendment, namely, whether it was in the interest of India to adhere to the Fund and the Bank as an original member.

Let me take the second point first, although as I have said, I myself regard it as of much less importance than the first point. It is true that my predecessor, in answer to a question on the floor of this House, gave a pledge that, once the United Kingdom and the United States had declared their attitude to the Bretton Woods Agreement, he would bring the matter before this House, before the question of adherence of India to the arrangement arose. Now, Sir, the circumstances under which that pledge was given are very different from the circumstances under which Government found itself when it had to make up its mind whether to commit India to the Fund and the Bank, and that was that a decision had to be taken before 31st December of last year. Every original member of the Fund had to declare its attitude and deposit certain documents before 31st December and there was no opportunity to consult this House before that decision was taken. As you will observe, that pledge was, once the attitude of the United States and the United Kingdom had been revealed, at that stage the Government would bring the matter before the House. Circumstances, as I said, had changed completely in that this House was dissolved on 1st October. It would not have been possible or profitable or practicable to discuss the question of India's attitude to these Institutions before the attitude of the United Kingdom had been revealed. To break a pledge, of course, is a serious matter, but there are circumstances under which a breach of pledge is justified. If, for example, my Honourable friend Mr. Sinha undertook, on the 1st January of this year, to pay me Rs. 10,000 in legal tender notes of one thousand rupees on 1st February, then if the circumstances had arisen which would have prevented him from carrying out that pledge, I would not regard it as dishonourable on his part. The Government did its best to carry out the spirit, if not the letter, of the pledge in that it consulted those interests, or the representatives of those interests, whom it thought were the most affected, immediately affected by the decision. I also gave an undertaking in the letters which I addressed to those bodies that, if the decision of the House—I promised to bring this matter before the House as soon as possible—was in the negative, then the Government would not hesitate to withdraw from the Fund and the Bank. There is no technical difficulty whatsoever in so withdrawing. All that needs to be done is to write a letter to Washington giving notice of withdrawal and it takes effect from the date of receipt of letter. If it is accepted by the House that it is in India's interest to adhere to the Agreement, then the point at issue is whether there was any particular advantage in joining the Fund and the Bank before 31st December and thus become an original member of these two Institutions.

I submit that there are distinct advantages. In the first place we knew the conditions on which we join it; they are fully and clearly set out in the Agreements themselves. A member who applies for membership after the 31st December 1945 can only join on such conditions as the Fund and the Bank may prescribe, and they may well be less favourable than those on which we have accepted membership. Secondly, by adhering as an original member India was certain of a seat on the executive directorate as an elected member and would thus be in a position to guide, from the very beginning, all policies which will determine the working of the Fund and the Bank in future. I do not pretend to have the gift of prophecy, but as matters have turned out, owing to the fact that the Union of Soviet Republics have not joined as an original member, India becomes one of the big five of the Fund and the Bank, and, as such, becomes an appointed Director and not an elected Director and also has the privilege of holding a part of the resources of the Fund and the Bank in this country. As I say, I do not claim any credit for that myself. Thirdly, by

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adhering as an original member India has undoubtedly enhanced her ever-growing international status and prestige. Finally, by her action India has avoided the risk of raising resentment in the United States where the Administration warmly support the Agreement, and India will have a great deal to do with the United States in the future.

The action of Government in committing India as an original member of these two institutions was warmly welcomed by the economic press of this country. I submit, therefore, that, on the assumption that the House agrees that it is to India's advantage to become a member of these two institutions, the action of Government was entirely warranted. Indeed, I have no doubt that if Government had not adhered, another motion of adjournment would have been put down censuring Government for not doing so. It would have been alleged that this irresponsible Government does not hesitate to break pledges when it pleases it to do so but is prepared to take its stand on the sanctity of a pledge when it is not in its interest to break it. I, therefore, proceeded on the principle that whatever you do is likely to be wrong and so you might as well do it quickly.

I now turn to the Agreement itself. I do not propose to go into any detail on what are rather complicated articles since the papers which I have circulated, particularly this short one, set out concisely, and I hope, clearly, what the Agreements are all about. If Members have not read these documents carefully I hope that, before they come finally to vote, they will do so. Secondly, judging by the number of adjournment motions put down, a large number of Members wish to speak. Thirdly, if one of the amendments that have been put down is accepted, namely, to refer the question to a committee of the House before the House makes up its mind about it, there will be a further opportunity both in the committee and later on the floor of the House to go into the matter in greater detail. For obvious reasons I cannot accept that portion of the amendments that seems to bring censure on Government because, as I have sought to show, the action that Government took was entirely justified; but as to the other parts of the amendments and as to one single amendment, namely, the suggestion that the question should be referred to a committee before final decision is taken, I myself think that it is advantageous in a matter of this sort, where the details are highly technical in certain cases, to have the matter thrashed out by selected Members of the House before the matter is finally disposed of on the floor of the House. I am, therefore, prepared to accept on behalf of Government Mr. Haroon's amendment which seeks to set up a committee of nine members elected by the House. I would make two suggestions to him. One is that unless it is inherent in the amendment—I do not know enough about procedure to know that—that there should be a member of the European group, which contains several members who are able to make valuable contributions to the consideration of this question. Secondly, I would much prefer the period given to the committee, namely, up to the 1st March, to be considerably shortened. I think it would be possible for the committee to get through its work in a much shorter time and it would certainly be to the convenience of Government. Dr. Madan who took the oath today, has to get back to join the Tariff Board as soon as possible. He was, as you know, the Secretary to the Indian delegation to Bretton Woods.

Now, Sir, what does this rather formidable document containing the Articles of Agreement add up to? In a sentence, the two institutions seek to achieve in the monetary field an increase in international trade and, through that, the prosperity of all the countries of the world. Economically all nations live in a single world, and no country can prosper if it lives in a state of economic isolation. The Fund seeks to achieve its objective first by introducing order and stability, but not rigidity, into international exchange; secondly, by facilitating multi-lateral payments in respect of current transactions; thirdly, by providing a supplementary source of foreign exchange to tide over a temporary lack of balance in a country's international payments, thus enabling the

country concerned to resist the temptation of indulging in competitive exchange depreciation,—a feature which was very prominent in the inter-war period and wrought havoc with international trade. The part the Bank will play is to facilitate the movement of capital to countries either devastated by war or countries with undeveloped resources, in order to raise their standard of life. India, if she is to achieve her full potentialities within a reasonable time, will, in my judgment, require large loans from abroad; and here is the means of obtaining them without the risk of domination of Indian industry by foreign capital.

I do not pretend that these Agreements are perfect in all their detail; nobody would expect an agreement which was hammered out by 44 nations to satisfy everybody. And indeed the Agreements have not been without their critics. I think three principal objections can be raised against the Agreements. First, it may be argued that the Agreement was premature because it can only work effectively if it is buttressed by adequate international arrangements in the sphere of trade policy. This criticism is, I think, entirely valid, to the extent that it is true that this Agreement does require such international trade arrangements and is in no way a substitute for them. But international agreements cannot all be negotiated at the same time and we have got to make a start somewhere. There is a general consensus of opinion that the Agreement must be followed by a trade agreement; and, as you know, the United States of America has recently tabled proposals for the expansion of world trade and employment and an international conference will be held in the early summer this year to consider and debate them. And India has received and accepted an invitation to take part in those discussions. Secondly, it may be argued, and indeed has been argued, that the Agreement will not work in the sense that the funds provided in it are inadequate. This is an important argument; but it must first of all be borne in mind that the funds provided for in the Agreements are not intended to be the sole or even the main source of foreign exchange for debtor countries. It is an entire misreading of the Agreement and of the purpose of the International Fund to make any such assumption. In the main, countries must rely for normal supplies of foreign exchange upon exports and rendering services and, of course, on investment markets as they have done in the past. It does not follow from this, however, that a supplementary source, such as is provided by the International Fund, is not only helpful but desirable; in practice the only currency likely to be scarce is the United States dollar.

And when the unworkability of the Fund proposals are talked of, what is really meant is that the Fund has only a limited amount of dollars at 3 P.M. its disposal. The Agreement does, however, provide means by which the supply can be increased. The Agreement provides for a rationing of the currency that becomes "scarce"—in this case the dollar. I admit it is not a very satisfactory way of dealing with the issue, but only time can really show whether the size of the Fund is adequate or not. Much must turn upon the agreements reached between the nations in the near future on questions of tariffs, particularly United States tariff and trade policy, and upon the level of American spending upon such things as travel in foreign countries. But it is not an argument against the Fund that under certain circumstances in the future, the present supplies of credit may prove insufficient.

Lastly,—and this is one of the most important objections used against the Fund—there are those who contend that the benefits from the Fund do not compensate for the loss of monetary sovereignty which it involves. I am afraid that many who argue in this way are guilty of the logical fallacy of thinking that what may be good for a single country, if all other countries behave in a different way, will be equally good for the same country if all other countries act in the same way. The benefit which a single country may derive from retaining unlimited monetary sovereignty may be considerable, provided all other countries accept limitation, because other countries may then be able to retaliate in full. But the benefits may quite easily vanish altogether if all

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countries act on the principle of unlimited monetary sovereignty: all the evils which this Agreement was designed to remedy might easily reappear in full measure and no one would benefit.

This Agreement affords India the opportunity, at a moment of grave import to the whole world, of taking full part in a new organisation of great significance and thus of assisting to shape the future course of world monetary history. It is not merely that by not joining the Fund and the Bank India runs the risk that decisions may be taken which are not to her interest or that by non-adherence she would be debarred from the benefits of these new organisations. These are important considerations, but to my mind they are not the decisive ones. The decisive reason is that India is now by far the strongest and economically best organised country in Asia and should feel that economic leadership of the East is her proved prerogative.

Mr. President: Motion moved:

"That this House welcomes the proposals for setting up an International Monetary Fund and an International Bank for reconstruction and development as set out in the Final Act of the Bretton Woods Conference and also welcomes the action taken by the Government of India in adhering to the Agreements as an Original Member."

Amendments may now be moved.

Mr. Manu Subedar: Sir, I move:

"That for the original motion the following be substituted:

"That this House condemns the action taken by the Government of India and the steps taken by them to signify the assent of India to join as member of the International Monetary Fund and International Bank as set out in the Final Act of the Bretton Woods Conference, in disregard of the assurances given to this House and to the public of India, that such action will not be taken till full information was given to the country at large and till the assent of this Assembly was secured;

That in order to determine what steps should be now taken, an *ad hoc* committee consisting of three nominees of the Congress Party, two nominees of the Muslim League Party, and two nominees of the Government should be appointed to go into this question and report at an early date to this House."

Mr. President: Amendment moved:

"That for the original motion the following be substituted:

"That this House condemns the action taken by the Government of India and the steps taken by them to signify the assent of India to join as member of the International Monetary Fund and International Bank as set out in the Final Act of the Bretton Woods Conference, in disregard of the assurances given to this House and to the public of India, that such action will not be taken till full information was given to the country at large and till the assent of this Assembly was secured;

That in order to determine what steps should be now taken, an *ad hoc* committee consisting of three nominees of the Congress Party, two nominees of the Muslim League Party, and two nominees of the Government should be appointed to go into this question and report at an early date to this House."

Mr. Geoffrey W. Tyson (Bengal: European): Sir, I beg to move:

"That in the second paragraph of the amendment moved by Mr. Manu Subedar after the words 'two nominees of the Muslim League Party', the words 'one nominee of the European Group', be inserted."

Mr. President: Amendment to the amendment moved:

"That in the second paragraph of the amendment moved by Mr. Manu Subedar after the words 'two nominees of the Muslim League Party', the words 'one nominee of the European Group', be inserted."

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, may I submit that we do not propose to move the other two amendments on the consolidated list, namely No. 3 standing in the names of Mr. Manu Subedar and Mr. N. V. Gadgil, and No. 4 standing in the name of Mr. Venkatasubba Reddiar. But we have given notice of two further amendments—one by Prof. Ranga and the other by me—to the amendment of Mr. Manu Subedar. We delivered these to the Notice Office, and they would have been circulated to the Members. In any case they are so small that while we read them, members can take all that in their mind.

Mr. President: I think the procedure suggested is that first we exhaust all the amendments that are already circulated to the Members and then we shall take up at the end the other amendments to the amendment moved by Mr. Manu Subedar. That will be proper so that the House may be in possession of the whole thing.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Mr. Ayyangar's amendment has not been circulated to us.

Mr. President: We will see to that later on. First the Honourable Mr. Yusuf Haroon will move his amendment.

Seth Yusuf Abdoola Haroon: Sir, I move:

"That for the original motion the following be substituted:

"That this House recommends to the Governor General in Council that a committee consisting of 9 members to be elected by this House be constituted to examine the proposals for setting up an International Monetary Fund and an International Bank for reconstruction and development as set out in the Final Act of the Bretton Wood Conference and to report before first of March, 1946 what action would be in the highest interest of India."

Mr. President: Amendment moved:

"That for the original motion the following be substituted:

"That this House recommends to the Governor General in Council that a committee consisting of 9 members to be elected by this House be constituted to examine the proposals for setting up an International Monetary Fund and an International Bank for reconstruction and development as set out in the Final Act of the Bretton Woods Conference and to report before first of March, 1946 what action would be in the highest interest of India."

Mr. Sasanka Sekhar Sanyal (Presidency Division: Non-Muhammadan Rural): These also have not been circulated to us.

Mr. President: We will consider that point of circulation later on.

Haji Abdus Sattar Haji Ishaq Seth: Sir, I move:

"That in the amendment moved by Seth Yusuf Abdoola Haroon, after the word 'Conference', the following words be inserted:

'and the action taken by the Government of India in adhering to the agreements as an original member without securing the approval of this House'."

Mr. President: Amendment to the amendment moved:

"That in the amendment moved by Seth Yusuf Abdoola Haroon, after the word 'Conference', the following words be inserted:

'and the action taken by the Government of India in adhering to the agreements as an original member without securing the approval of this House'."

What is the other amendment which the Honourable Member (Prof. N. G. Ranga) wanted to move?

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): It is in substitution of clause 2 of Mr. Manu Subedar's amendment, and I move:

"That for the second paragraph of the amendment moved by Mr. Manu Subedar the following words be substituted, namely:

"That in order to determine what steps should now be taken, a Committee of this House consisting of nine Members be elected to go into this question and report at an early date to this House'."

Mr. President: Amendment to the amendment moved:

"That for the second paragraph of the amendment moved by Mr. Manu Subedar the following words be substituted, namely:

"That in order to determine what steps should now be taken, a Committee of this House consisting of nine Members be elected to go into this question and report at an early date to this House'."

I take it that there are no further amendments now.

Sri M. Ananthasayanam Ayyangar: One more. Sir, I move:

"That at the end of the amendment moved by Prof. N. G. Ranga the following words be added, namely:

'and pending consideration by this Assembly of such report no further action be taken by this Government in respect of the said Fund or Bank'."

This is consequent. I have already given notice of it to the office.

Mr. P. J. Griffiths: I have not the least wish to object to the substance of these amendments but we have in the past got ourselves into a very bad tangle with this kind of short notice and by voting on amendments which were not circulated to the House. Would it not be satisfactory for them to be circulated and then dealt with?

Mr. President: They will be circulated in due course before Honourable Members are called upon to vote on them.

Amendment to the amendment moved:

"That at the end of the amendment moved by Prof. N. G. Ranga the following words be added, namely:

'and pending consideration by this Assembly of such report no further action be taken by this Government in respect of the said Fund or Bank'."

So Honourable Members have now all the amendments before them. Mr. Manu Subedar.

Mr. Manu Subedar: In spite of his modesty, I think the Finance Member made a very clear statement but I am disappointed with it. It is a very short statement because there is very little to say. They have accomplished what they wanted to accomplish. The United Kingdom has got what it was out to get. This country has been left in the lurch. Therefore, I am somewhat disappointed. But I do not expect him to state our standpoint. I speak entirely impersonally. I feel that these Finance Members who are sent down to us from the United Kingdom—my honourable friend is one of the permanent Under Secretaries at the India Office and a very distinguished member of the Home Civil Service—with the best will in the world find it impossible for them physically and psychologically to sense correctly the feelings and aspirations and problems of the Indian people.

Sir, I will place before this House a very short resume of the origin of this Fund and Bank. The House will remember that there were two plans, one by Lord Keynes and one by Mr. White of America creating two new schemes for monetary arrangement. They involved the creation of the bancour and unitas *i.e.*, new international units. Though these plans were sent across the Atlantic several times to each of the interested parties they never came to any conclusion and ultimately after prolonged discussion was born the Bank and Fund idea, which is partly from the American plan and partly from the British. It is a compromise. Even then, Sir, may I point out that America was most anxious to limit her obligations in respect of the Fund to 2,750 million dollars. They could not be persuaded to create a fund that would be really useful for the purpose. They created a very limited Fund. May I point out that in the United Kingdom itself there were divergent opinions as regards the utility of this and they had a most heated debate in the middle of December last when quite a considerable number of eminent British statesmen in Parliament clearly advised that it was not in the interests of the United Kingdom to take up either the Anglo-American Monetary Agreement or the membership of this Bank and Fund. They gave the reason that this Bank and Fund practically bring back the gold standard as they knew it after the last war and they were not prepared to come in.

May I give a few dates which will open the eyes of this House. On the 6th December the Anglo-American Agreement was signed in New York. On the 13th December the British Parliament passed both the Anglo-American Loan Agreement as well as the Fund and the Bank Agreement. On the 24th December the Government of India issued an Ordinance seeking the adherence of India to this Agreement and taking all the necessary powers and making all the consequential legislative changes. Sir, it was after the 6th December that the Honourable the Finance Member approached privately and confidentially some commercial people and tried to find out what would be the view taken of Government's action in case they joined this as an original member. Sir, I feel that there has been an unseemly hurry to involve this country into commitment to these two institutions which involve an enormous amount of contribution, something like Rs. 250 crores. I think there has been some

landslide somewhere even in the official opinion itself because it was no less a person than the Finance Member of India, his predecessor, who when he went to the Bretton Woods Conference and when he returned from there, said several times, and I have his quotations that India would have no interest in this Fund and Bank if the principal problem which was worrying India, namely the return of the sterling balances which have been accumulated in the United Kingdom, was not solved.

Now, Sir, what has happened is this. The United Kingdom very badly wanted money to carry on with her current operations and to set her house in order. The United Kingdom got this money by the Anglo-American loan and they swallowed this Bank and Fund, because they wanted this money and they got it. India wanted the solution of the sterling balances problem and India did not get it. Still pursuant to a decree from London our Government a fully London-controlled Government, took action by themselves and joined it. Sir, I do not want to ascribe motives. As I said, there is nothing personal about this. [But I do feel that we are being hitched to the chariot wheel of the United Kingdom entirely for the convenience of the United Kingdom. India's experience in financial matters and in dealings, where the interests of India and England were in conflict, has been most unfortunate and it is not possible for us to shut our eyes to any action which is being taken. Why is this action being hurried, when H. E. the Viceroy declared this morning that it is a matter of few months when responsible Government will be established here, when a new Executive Council is coming into being here, which will be responsible to the people? Does it make all that difference, the matter of a few months?

Let me deal with the advantages of original membership which were pointed out. As in every club, the original members are original members, but the new member comes in subject to the rules to be made. If a new member is eligible as an original member, could you imagine that that new member would not be eligible to enter later?

Sir, it is said that India's international status would improve if we joined. What is the international status of a country which has no status at home? What is India's status in the international field? Let me put to you, Sir, India's experience with regard to international matters. It has been most unfortunate. Let me give one or two illustrations. Take the question of UNRRA. This House was persuaded to join the UNRRA. They said we must join this organisation, that we must keep in the forefront with the other United Nations and that we must join every international organisation. We joined with a payment of 8 crores of rupees. After that joining there was an acute famine in this country. Three million people died according to official figures. After that there was no medicine: men died of malaria, cholera and plague. No medicine was supplied to us. Medicine was supplied to Greece and Czechoslovakia and Poland and to all other countries but the suffering of India passed unnoticed. This Government did not even approach the UNRRA authorities for any help. And, Sir, to add insult to injury, a delegation from the UNRRA came to this country and took away from here all sorts of things with our own money. Sir, all these things are needed very badly by our own people. This is the way we go to the UNRRA and now the U. K. Government has recently taken a decision that one per cent more of the revenue of a country will be the contribution from each member country of the UNRRA and I hope the Honourable the Finance Member will not have the cheek to ask this House to contribute something more to this international organisation, that we contribute it in the form of commodities which our own people need, so that they can be taken away from here for relief of people elsewhere, as if the sufferings of our own people did not matter.

Take the other organisation, the UNO, the United Nations Organisation. Sir, I heard the speech of the Prime Minister of England, Mr. Attlee, on the radio. As each sentence was rolled out I applied it to the affairs of my country and I found insincerity and hypocrisy in every sentence of his as I applied it to this country. That is the place of India in the international organisa-

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tion. Little Holland got elected to the Directorship of the Security Council. Peru, a South American Republic got elected to this Council but India is nowhere. India is relegated to the social and economic field, with our representative Sir Ramaswami Mudaliar! "Social", what is our place socially in the world or even in the British Empire itself? We have the acute trouble in South Africa which is coming before this House very soon. What is our place in this world, in the international field? Our place in our own country is not very definitely established and I look with very great suspicion on every effort to drag this country into these international organisations. Take the last conference from which my friend Mr. Iyengar has returned. Did this country not suffer more in men and in material damage one way or the other and in disease on account of the war than any other country in the world? And yet the amount of reparations that this country has got from the total which is coming from Germany is the magnificent sum of 2 per cent. and our Government are now telling us that this is an extraordinary achievement for India that we got as the share of India 2 per cent. of the reparation payment which is coming to the United Nations. This is the feeling with which we approach these international shows so far as sentiment is concerned. But so far as the question of material damage is concerned I say that the first and the last question which worries us is that of the sterling balances. Until this question is decided it is not possible for us to be a party to the risking of one more rupee over these international shows, over these *tamashas* into which India is dragged as the henchman of Britain—a position which India does not want in any international organisation. India would like of her own right to go to these international organisations and play a role worthy of her. It is no use telling us "You are the leaders of the economic life of Asia". It is no use, as the War Secretary told us the other day, that India is one of the great Allied Powers which share the victory over enemy countries. All these wordy functions do not carry us very far. What we want is a complete solution of the sterling balances problem. I want to place before this House the fact that it was the view of this Government, of the official as well as the non-official members to the Bretton Woods Conference, of the hand-picked team who were members of the Reconstruction Committee and the Policy Committee, who were brought up here and feted and feasted, even these henchmen of yours put it down as one of the essential conditions before India joined the Bretton Woods Bank and Fund that the whole question of sterling balances should be settled. My friend Sir Cowasjee Jehangir will remember last year, at the time of the budget, how he and I were in complete agreement. On my interruption he agreed with me that the negotiation should be taken up here and now. It was the Finance Member who opposed that sterling negotiation should be taken up with His Majesty's Government immediately. If, Sir, you had not put any time limit I would have read copious extracts which I have got here from Sir Jeremy Raisman, from Mr. Shroff, from various newspapers with reference to my friend's suggestion that the Indian press welcomed the step taken by Government. I can show him dozens of cuttings in which it is clearly stated that they do not welcome it. Let me read a portion of a cutting from the *Dawn*, the daily newspaper in Delhi, which according to me and my lights, has taken the most sensible outlook on this subject. Dealing with this subject in a headline which is called "Unwelcome Plan" the *Dawn* says:

"No amount of whitewashing by the Government of India can disguise the fact that India which is subservient to Britain both politically and economically is being forcibly dragged into a financial agreement which is unwelcome to her. . . . Fortunately, however, there is a provision in the plan that India is not to be permanently committed to it and that she could withdraw from it without any previous notice. Sooner or later the newly elected Assembly will have to decide to stay or get away from it."

Economic opinion throughout this country is not in favour of joining this fund. On the contrary there have been many dissentient voices and all those people who understood, who had the courage not to be involved and inveigled in official propaganda which is sent round from one end of the country to the

other, those who had the courage to look at it from the purely Indian standpoint have always urged, not in a spirit of isolationism but in a spirit of apprehension, that India may not be involved, that the already shattered economy of this country may not be further shattered, and that with some of our assets, already imprisoned in the United Kingdom—that we may not add any more uncertain assets to them. I read from Sir Jeremy Raisman:

"In the absence of a satisfactory solution of this problem (*namely, the problem of sterling balances*), the prospects of India's willingness to adhere to the scheme would be considerably prejudiced."

"Referring to Sir Purshotamdas Thakurdas' suggestion that India should not participate in any international plan until a scheme for the liquidation of sterling balances had been drawn up, (the Chairman said that) this was a matter which would require a great deal of discussion, and it was not possible for the U. K. to proceed with the formulation of such a scheme unilaterally. . . . In his opinion the criteria to apply to the scheme was whether it would facilitate or hamper the solution of the problem of sterling balances. . . . It was clear that His Majesty's Government thought that they could reach an agreement as to the principles on which such balances would be treated and they were further prepared and able to accept in full the obligations of forming the fund."

Mr. A. D. Shroff speaking at the conference on July 7, 1944 suggested:

"I should like to make it clear that so far as India is concerned public opinion and feeling on this question have not only been unanimous but extremely strong, and unless some method is devised to facilitate the solution of what is an extremely important matter for us, the ultimate attitude of our country towards the International Monetary Fund which is proposed to be established will be largely influenced by the decision of the Conference on this question."

Sir, on the issue of sterling balances I will say only a few words. The sterling balances are not a loan by us to the United Kingdom. They are a compulsory levy, taken in the form of goods and services which were badly needed in our country, taken away at a time when they were very seriously required. They were taken away at controlled prices, prices at which most of us could not get those goods; and it is extraordinary that there are certain sections in the United Kingdom who have not the decency and the sincerity to acknowledge this, and who are already talking one way or the other of scaling down, denying payment, attenuating or otherwise cutting down these amounts. They are doing so on two grounds: one is that we have overcharged England. On that, the Parliamentary committee has already given a finding, and that is that these materials were secured at very reasonable prices and in most cases cheaper than they could have been secured in the United Kingdom itself. The other ground which is given out is that "We cannot afford to pay: we have got the will but not the ability to pay". This ground is altogether futile. My friend, Sir Cowasjee Jehangir, may remember how dollars and dollar securities were requisitioned—I had to sell off my dollar securities in order to give away the dollars to His Majesty's Government who were collecting dollars compulsorily from all British subjects. If that was so, may I ask why the considerable assets of British nationals in this country, now standing at a somewhat inflated value should not be mobilised and used to solve the U. K.'s sterling debt problem? I hope my friend Sir Theodore Gregory will agree with me—but I estimate their worth at something like 1,200 to 1,300 crores. I estimate this as the assets of the British people. Do not make a mistake. I am not suggesting that the Government of India should touch any one of these assets. I am making a suggestion to His Majesty's Government that if you have the sincerity, if you have the will to pay, here is your power to pay. All the categories of British assets in this country may or may not be mobilised immediately by His Majesty's Government for being sold in rupees here and the corresponding sterling being given to the British nationals so that our inflation problem also gets reduced and the reduction of the sterling balances problem also is eased. I suggest this because if there is a will to pay and the honesty and the sincerity to carry out the obligations which were incurred, then this is the proper method.

Whom are we to believe in this matter? We had on the sterling issue an assurance by His Excellency the Viceroy in December 1944: and I am sorry that since this matter is agitating us, His Excellency the Viceroy did

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not choose to take the opportunity today to repeat those assurances. The assurance was:

"The first, which was mentioned by your President, is the matter of sterling balances. I share his entire confidence that these debts will be honoured."

Then he goes on to say when and how.

Lord Keynes speaking in July 1944 in that Bretton Woods Conference said:

"We are grateful to those Allies, particularly to our Indian friends, who put their resources at our disposal without stint and themselves suffered from privation as a result. Our effort would have been gravely, perhaps, critically, embarrassed if they had held back from helping us so wholeheartedly and on so great a scale. . . . Nevertheless a settlement of these debts must be, in our clear and settled judgment, a matter between those directly concerned. When the end is reached and we can see our way into the day-light we shall take it up without any delay to settle honourably what was honourably and generously given."

Sir, ten months have elapsed after the war stopped and they are still causing delay in settling honourably what was honourably and generously given. This is the spokesman of the United Kingdom and this is the representative of the United Kingdom—His Excellency the Viceroy. Am I to believe these words or am I to believe the words of Churchill, when he said:

"Egypt would have been ravished and pillaged by Italian and German armies. She would have been subjected to the horrors and indignities of invasion and subjection, had we not defended her by our life blood and strong right arm. Is there to be no reconsideration of that? Are we not entitled to say "Here is our counter-charge, we having defended you from the Axis powers?" The same applies to the Government of India. I specially referred to these matters in the cabinet in 1942 when I saw with disquietude these immense debts mounting against us."

The cat is let out of the bag by Mr. Churchill in that debate in the House of Commons in December 1945. What is this? Since 1942 His Majesty's Government knew that these debts were accumulating, and since 1942 with a clear *arrière-pense* and a *malafide* intention in their minds—they knew they would not be willing to pay back these debts. This was the position. Newspaper after newspaper in the United Kingdom—even the *Manchester Guardian*, that distinguished paper and various other papers have all descended to the filthy device and the filthy process of attacking the economy of this country, the convenience of its populations, the objects and aspirations of the various parties in this country—all leading up to the single issue as to how to evade, how not to pay, how to pay as little as possible and how to diddle and befool the people of this country with regard to the payment of these sterling debts. Am I to believe Lord Keynes and His Excellency Lord Wavell? Or am I to believe Mr. Churchill? When my honourable friend Diwan Chaman Lall moved the motion of adjournment three days ago about the Anglo-American loan and agreement, the Honourable Finance Member said we had nothing to do with this and India was not bound by clause X of that agreement. That is clause 10 of that Agreement which clearly provides for three categories of sterling debts, including the last category in which there is going to be a settlement on war accounts. They can give it one name after the other—some ingenious name. Anything will do so long as you don't pay India fully and properly. An honourable debt is not being honourably repaid. It will redound to the permanent dishonour of England and it will be one of the darkest chapters in the annals of Indo-British relations, if one pound out of the sterling balances is denied to us. If any attempt is made to scale it down, you will have a situation in this country which you cannot imagine. You will have bitterness against Britain of an order which you have never seen before and which you have not even imagined.

This is the great problem which is worrying us and we feel that so long as a solution of this problem does not come we cannot go into this agreement. Now, Sir, as time is pressing, all I will say is this. The Government's own publication says that various secondary measures would be necessary and Sir Chintamani Deshmukh has clearly said that close consideration

should start with regard to controls of commodities, and with regard to exchanges. Various materials would have to be prepared. We have a par value to be declared under this agreement. That par value has to be expressed in gold, because gold payments would have to be made or received on the par value. I want to know whether the Finance Department here has gone into any of these materials. Doubtless it will all come out in the Committee, I hope. Have they got the materials ready? Take the issue of inflation itself. My Honourable friend is surpassing all his predecessors' achievements and he has now achieved last week an addition to the note issue of this country of 13.81 crores—in one week. That number 13 is very unfortunate. May I say that if you go on using the printing press and issuing notes, you will be creating a serious situation in this country. Your rupee has not got any providential dispensation. Will it not go the same way as the rouble, the franc and the mark after the last war? (*An Honourable Member*: "Why not?") Have you thought of the distress and the misery which your rising prices and your further issues involve for the people of this country? The Honourable Member has not told us but may I say, subject to any contradiction which he chooses to put, that from Casablanca to Hongkong, for the East and the West, even today Indian commodities are being taken away for the Allied Governments, for their troops, for the other Governments for their civil use and various outside countries, India is being denuded of commodities and goods which she needs badly. Sir, the Finance Department of the Government of India is adding today to these sterling balances whose return from all accounts in the English newspapers is problematical. What kind of wise finance is this, when you go on adding to a loan which others are seeking already to whittle down? If the United Kingdom publicists declare today that they will not be able to return to America, what chance have we of enforcing or securing the return of our sterling balances? England has not got money to pay to India but she gave away 46 million for Greece and an additional ten million loan only yesterday to Greece. In other words we feel that in our relations with the United Kingdom we are not treated with that fairness, that decency, that honesty and that integrity which should subsist in the dealings between one country and another. Therefore we are suspicious, we are apprehensive, with regard to every measure which is brought before us of this kind.

Now, Sir, I will read only one sentence from Mr. Morgenthau in the closing conference at Bretton Woods. He said: "These proposals now must be submitted to the legislatures and the peoples of the participating nations. They will pass upon what has been accomplished here."

These proposals were not submitted to the peoples and the Legislatures of this country. According to Article XX of the Fund, adherence to this is to be signified according to the law of the country and what is the lawless law, as my friend said the other day? What is the law of this country—the ordinance. We can do nothing in a reasonable and proper manner. We must do everything by ordinance. It is an entirely unsatisfactory situation and I ask how long it can go on.

Now Sir, Mr. Morgenthau said further that this monetary agreement is but one step, of course, in the broad programme of international action necessary for shaping a free future. The Honourable the Finance Member was worried as to the feeling in America through the action of this House with regard to the Fund and the Bank. He need not worry. The American people know very well what we are fighting for. A free future for whom? They are well informed. They know what we think about this. They know that we are only standing out for our just rights and that we are for getting the control and direction of our economic affairs in our own hands. What is this free future which Mr. Morgenthau spoke? How can there be a free future when our status inside is so low, when our status in the Empire is not satisfactory and when there is an irremovable and irresponsible executive which is only concerned with passing laws and taking measures as directed from the United Kingdom? They are the masters and this is a subordinate branch of the administration. How can we

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have any confidence in this Government. It is not in a spirit of isolationism that some of us feel very diffident with regard to India joining this Fund. India has never been an aggressive nation. Therefore India will welcome, every kind of co-operation between one nation and another and we shall play our part, an honourable part, as and when it is possible in the future. It is not in a spirit of sulking or of isolationism or any selfish calculation to do injury to others that we want to stand aside for the present. A situation has arisen which Sir Theodore Gregory pointed out in a very able memorandum which he had made which I am afraid the Finance Member has misquoted. That memorandum said that if any country stood out when the rest of the world joined the Fund or the Bank that country would be in a definitely advantageous position. That position has been reached. It was reached between the 6th December and the 24th December and yet the Finance Member, for reasons which I cannot envisage, did not take the advice which was tendered by his own advisers. Sir, I feel that many problems would have to be gone through—the whole economic policy of this country with regard to tariffs trade, price levels, employment, post-war development and so on. Where is the post-war development? That department has gone *phut*. I do not know how its broken pieces will be picked. There are so many uncertainties, before we can settle what is our par of exchange in gold and what sort of action we propose or envisage to take. For example, in the next 90 days, the Honourable Member would have to tell the authorities of the Fund where we stand in the matter.

The Honourable Sir Archibald Rowlands: No, Sir.

Mr. Manu Subedar: You will have to get your par value determined by representation and consultation with them.

The Honourable Sir Archibald Rowlands: Not just now.

Mr. Manu Subedar: We understand each other. If you want to do anything at all in the next 90 days, there are certain things which have got to be done. This is an issue which needs very close examination. This is an issue which, I assure you, none of us are approaching purely in a political sense. We want to do the right thing for our country. We want her to play a big and proper role but we do not want it to be dragged to the chariotwheel of the United Kingdom. We do not want to take any share merely in it for the convenience of the United Kingdom. According to Article XI, section I, there are certain disabilities of members if they remain non-members. If we remain non-members, it is inconvenient for the United Kingdom. Therefore, we are dragged in. It is not that our advantage or our standpoint is considered. I feel that we ought to have this matter and all connected points thoroughly gone into and we will all keep an open mind. At the present moment, I feel that India ought not to join it, but if I am convinced that it would be in the highest interests of India after a close examination, I shall not stand obstinately against the action taken and we shall continue as members.

Mr. Geoffrey W. Tyson: Mr. President, Sir, along with other Members I feel some difficulty in going through the network of amendments to amendments that have been tabled and moved today and I do feel that if my old and Honourable friend Mr. Manu Subedar had decided to move his third amendment, it would not have been necessary for me to move my amendment to his Amendment No. 1 on behalf of the European Group. In referring to that, I would like to make it clear on behalf of myself and my colleagues that we do not join in the chorus of condemnation and censure which has been levelled on Government for joining the Fund. We consider that confronted with the circumstances which faced them at the time, they took the only possible action in the right manner and at the right moment. And I agree with the Honourable the Finance Member that if they had sat still and done nothing about it and waited for the Assembly to be summoned, they would have been equally the subject of censure from the Benches opposite, and I think probably with better reason than any of those which had been advanced this afternoon. At the same time, whilst referring to the amendments, I would like to say that

we welcome the amendment which has been tabled in the name of Mr. Yusuf Haroon because a committee, as Mr. Subedar has pointed out, gives the House an opportunity to consider the technical aspects in an atmosphere, perhaps more detached than is possible here, of a matter which is, in any case exceedingly complex and on which, in any case, Members drawn from all parts of the House will have difficulty in arriving at the best and most correct decision. I should also like to say while speaking on the amendments and before coming to the subject of the Fund itself, that we as a Group, whilst recognising that the problems arising out of the Fund are of predominantly Indian concern, claim the right to be associated with the other Members of this House in forming the Committee which will consider the agreements relating to the Fund. We do that not because we adhere to some kind of numerical calculation, but because we feel that even from Mr. Subedar's point of view we have something sincere and valuable to contribute. In this matter we have, even if it is only a limited one, nonetheless a community of interests with our many colleagues here. And I am quite prepared to say that from a purely Indian point of view there may have been some sins of omission as to procedure. But I think that placed as the Government of India was without the Legislature sitting, with the date drawing near for the final signification of adherence to the Fund, and with the Fund itself the subject of debate in both the British and American Legislatures, it had no option but to take the step it did by executive action by giving its consent, and taking the approval of the Legislature afterwards. I will say, Sir, that we believe, and the fact is obvious, that in this matter Indian interests should predominate. And I would like to add and to underline if I may say so, that we also hold that when India goes into the Fund, she must wield not merely formal power but the reality of power, and that this power must and should be wielded by Indians and for Indians. We do not differ from my Honourable friend Mr. Subedar at all on that matter. And having said that, I think I am entitled to add that if that point of view is accepted, as I feel it is on this side of the House, a heavy responsibility rests on the House before it lightly throws away the opportunity of participating in a completely sovereign and independent capacity in one of the first of the great International Organisations to be set up after the war. Although, whilst we welcome the idea of referring Sir Archibald Rowlands' proposals to a special Committee of the House, we also hope and would like to say now that we hope that when the Committee's report comes back, the House will consider it in the temper and at the level which a matter of this magnitude should command. I mentioned the word 'sovereign' just now. If I were to transfer it to another field, it looks to me, as one who in his ordinary work has to make perhaps specialised and enforced study of these matters, that India is now being given her first opportunity to assert and to exercise real monetary sovereignty. It is true that in doing so she will, as it were, put a portion of it into commission in the Fund along with the other nations; but the fact is that if she goes into the Fund, if the House endorses the action which has been taken and we go into the Fund on the terms communicated by Sir Archibald Rowlands today, India will be, whatever you may say in theory, in fact, exercising financial and monetary sovereignty of a very real and effective kind.

I have always understood that one of the chief complaints of my Honourable friends on the other side has been that the rupee, as the symbol of the Indian financial machinery, is in some way subordinate to the pound. Let me say this, that by going into the Fund you go in on terms which are in no sense subordinate to sterling and in no sense subordinate to the authorities who control sterling. In fact, the rejection of the Fund proposals would, it seems to me, be the quickest way of returning to some kind of monetary dependence. I realise, when we come to think of this in its broader and most far reaching aspects, that the real crux of the criticism which can be levelled at the Fund Agreement on a very cursory reading is that it does not make it very clear how convertibility of India's very considerable sterling assets is to be attained. We have all had the documents which were circulated with the Honourable the Finance Member's Motion which we are discussing

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this afternoon. Speaking for myself, I know and I think that any other fair minded person would agree on a perusal of them that India's case for convertibility of her sterling balances was argued with great cogency, eloquence and persistence by our late Finance Member who was the Chairman of the Delegation which went to Bretton Woods. I doubt very much whether the case could have been put at a better level or more clearly or with more real sympathy, if I may say so to my Honourable friend Mr. Manu Subedar, with more real sympathy for the Indian point of view. Similarly one of India's delegates, a distinguished businessman and an Economist of some standing coming from Mr. Subedar's city, Mr. A. D. Shroff, put the matter in language which I think is worth repetition on this occasion. He said:

"We plead for the assistance of the Fund spread over a period of years to secure multilateral convertibility of at least a portion of our foreign balances. I say this because with the long standing relationship between India and the United Kingdom and the traditional commercial ties between the two countries. I take it that a large portion of our sterling balances will ultimately be utilised in obtaining capital goods from the United Kingdom. I appreciate and very greatly sympathise with the difficulties of the United Kingdom now and in the early post-war period: owing to the unfortunate loss of valuable foreign investments and, due to other difficulties, it is not likely that the United Kingdom will be in a position to reach a stage of free convertibility for sterling at an early date. We therefore want conversion at least of a portion of our balances into other foreign currencies."

That was a point of view which was argued and repeatedly put forward, as I said, with considerable skill by the members of the Indian Delegation at various stages of the Conference. The United States and the United Kingdom points of view were that in any case, if you take the total of war indebtedness, it amounted to a sum considerably in excess of the respective quotas which were to constitute the capital of the Fund, and if the Fund attempted to deal with the convertibility of the whole of these debts, it would very quickly become water-logged and it would break down and fail to perform its real short term functions. Lord Keynes, on behalf of the United Kingdom Delegation, indicated in words, part of which my Honourable friend Mr. Manu Subedar has quoted that the earliest possible opportunity would be taken to deal with the question of sterling indebtedness directly between the parties concerned. The Honourable the Finance Member, I think, has very wisely circulated along with the other papers in connection with his resolution the terms of the Financial Agreement between the Governments of the United Kingdom and United States. My Honourable friend Mr. Manu Subedar referred to Article X which deals with this subject under the heading of 'Accumulated sterling balances'. Here is set forth in brief detail a proposal which does go, at least some way, towards meeting the demands for convertibility of part of the sterling balances; and if the Anglo-American loan is ratified by both legislatures, that part of the balances which is mentioned in Article X, section 1, para. (a) is to come up for negotiation and discussion within twelve months of signing the agreement. I suggest that the nexus between the Fund and the balances, which Mr. Manu Subedar quite rightly on a literal interpretation of the terms of the Fund had declared to be excluded from the Fund—I suggest, Sir, that the nexus which honours the British promise is to be found in the connection with Article X which I have just quoted. Now, Sir, when this goes to a committee, these and other details will be, I hope, taken up and discussed at some considerable length no doubt. I should like to say that we, as a Group, ourselves agree with the proposal of the Honourable the Finance Member that a shorter period of time may well be taken for the committee to present this report.

I may also say in conclusion that we also feel that the House would be foolish to take any action today, or indeed later on, which would prejudice India's undoubtedly strong position in her initial membership of the international monetary fund, and would be foolish to take any other action which would prejudice undoubtedly her equally strong bargaining position in respect of her sterling balances. If I may quote here a homely adage which applies equally to finance, to politics and to surgery we would be very foolish to cut off our nose in order to spite our face.

Sri M. Ananthasayanam Ayyangar: Sir, it is surprising to me that the Government should try to persist in a mistake which they inadvertently committed. The British Government itself was forced to enter into this Monetary Fund and the Bank much against its will. After the war, when England was reduced from a creditor country to a debtor country, the sterling balances due to Commonwealth countries increased enormously and England was obliged to rehabilitate itself by seeking the help of United States, because nothing more could be expected from India and other countries. By that time, though India was not ravaged by the onrush of enemy hordes, yet she had been reduced to misery and starvation by the misrule of the British in this country. More damage has been done during the war in this country not by the enemy hordes, but by hunger and starvation due to the inaction of Government and their neglect to take action in proper time. Hundreds of millions of people have died on account of hunger. We were reduced to the position of indenting for food from foreign countries to which we have ourselves been sending food till the other day. India, which from time immemorial has been clothing the rest of the world, India where people had not known what it was to be naked had been reduced to the position of living on the bounties of others to clothe themselves. That is the situation to which we were reduced during the war; and therefore now instead of being able to export we have been forced to import consumption goods. That is the position to which we have been reduced. It is true that during this period from being a debtor country to England we have become a creditor country; a thousand and odd millions are due to us from the United Kingdom. The United Kingdom similarly owes about 400 millions to Egypt, and similar millions to Australia and Canada and other countries in the British Commonwealth. It tried various devices; one device was to have a dollar pool where the legitimate dollars that were due to us in exchange for our goods which were exported to America were pooled, not for our benefit but for the benefit of the United Kingdom. But all these devices did not avail her, and ultimately she was obliged to seek the aid of the United States of America as she sought the aid of that country during the war by way of lend-lease. The United States wanted to dictate its own terms; it was waiting for an opportunity to be the controller of the economic and financial destinies of the whole world. It was envious of Britain; London was ruling the markets of the world, sterling was ruling everywhere. Sterling sold us gold itself, and now it became subordinate to the dollar. That is the pride with which America today stalks over the rest of the world and England of which we have been satellites is revolving round and round the sun of America. We have been obliged to link our rupee with sterling, and now unfortunately we have to link it with the dollar. That is the position to which we have been reduced. If you only read the debate of the House of Commons after the loan was sought to be entered into, many of the Conservative members, to which party my friends here belong.....

Mr. T. Chapman-Mortimer (Nominated Non-Official): No, no.

Sri M. Ananthasayanam Ayyangar: When did you change overnight into the Labour Party? I shall be glad to hear that my Honourable friends have become socialists,—not in their own country, much less here. I will say that these people do not know what their friends the capitalists in England are anxious to avoid. They do not want the loan on such terms nor do they want to enter into this Agreement. They merely wanted the loan free and in order to get on as much as possible once again to exploit the rest of the countries of this Commonwealth. But America wanted to have a freer field for exploitation, wanted not only China but after this War wanted India also. We have instead of one master only changed masters. Now let us look at the position. All honour to Sir Jeremy Raisman, though he was an Englishman. As head of the delegation he went to England and to America and tried to place our case much better than the other persons who went along with him. He did say that this matter ought to be included there; from a debtor country we have become a creditor country; we have large outstanding assets and we should be allowed to draw upon them and some arrangement should be made for repaying those; in future after the war is over there is no guarantee that we will have export

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surpluses and that our balances of trade will be in our favour. From a purely agricultural country we must develop into an industrial country, otherwise our standard of living can never increase. We have all along been told that from time immemorial God has made us live completely like Adam and Eve as they originally started at the time of the Creation. They forget that this country was one of the most industrialised countries before machines were invented. We produced various things which were objects of pleasure and adorned the palaces of kings and queens in various other countries of the world. But unfortunately after the machine age came we also got into the hands of these conquerors. They did not allow us to progress; they killed our industries, and ultimately they have also invented stories about our ancients, that we have all along been living on our agriculture and have had nothing to do with industry. And thus they spread false propaganda to the rest of the world. They have got on and they have also told our children that we can live only on the soil and nothing more is good for us. In those circumstances it was revealed during the course of this war that we are neither agriculturists nor industrialists; that is the unhappy position in which we are. And therefore after the war to rehabilitate ourselves we are entitled to draw upon the sterling balances. Sir Jeremy Raisman rightly put to this conference that this should be made a major issue and in some way it should be settled and we should be allowed to draw upon this and bring capital goods, and if we are not allowed that we should be allowed to get dollars so that we may bring capital goods from the United States. This suggestion was brushed aside unceremoniously. I should like to read the report of the Indian delegation to the United States, submitted to us by Sir Jeremy Raisman and others. I can understand the United States treating the suggestion badly but the United Kingdom joined hands absolutely behind our back and stabbed us. Its deputy here wants us to take it coolly and says he has done it all in our interest and if he had not done so we would have criticised him and moved an adjournment motion. I would have prevented my Honourable friends not to embark on an adjournment motion of that kind if he did not wish it. But I will try to show, in the time allowed to me, how in the present circumstances it is not advisable and not at all advantageous to this country to enter into the so-called Monetary Fund. India is poor but India has never withheld charity. There are stories about our kings who have shed their blood to feed hungry falcons and pigeons. I live in that memory and in that tradition. I should like to sacrifice myself for the rest of the world, but unfortunately I have not even a drop of blood to shed. That is my position and therefore let me go again to this report. They wanted to increase and amplify the object of the Fund so as to include these two things: (i) to assist in the full utilisation of resources of economically undeveloped countries and (ii) to promote and facilitate the settlement of abnormal indebtedness arising out of the war. Let us take stock of what one country can bear. We are not merciless; we are not persons who want blood for blood or a pound of flesh for the money we have given. I will give a programme of England liquidating the sterling balances. My Honourable friends here like Mr. Chapman-Mortimer have all got a lot of assets. Let them transfer it to Indian hands; there is no difficulty.

Mr. T. Chapman-Mortimer: Sir, I do not like to interrupt my Honourable friend but I should like to ask a question apropos what he has just said. Is he referring to my rupee assets, such as they are, or to my sterling assets? There is a difference and I want to know what he means.

Shri Sri Prakasa (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): One thousand-rupee notes!

Sri M. Ananthasayanam Ayyangar: I mean all the property that my friend has, moveable and immovable; and if there is any other category of property let him give it away for sterling debts. Property has value in every form. His country can draw upon all the property of its nationals. Let that country withdraw with one hand from its nationals and give it away with the other to India. There are a hundred thousand devices if there is an intention to pay.

As every one knows, the objects of every association at the inception are so grand that ultimately they may not be able to carry out those objects. That conference was niggardly and it is at the instance of the United Kingdom that the objects could not be enlarged. They refused to do so. Let alone the manner in which they were able to execute it ultimately, they were terribly afraid even in the beginning. The United States was not so. From the manner in which objection was taken by the United States representative it appears that they took technical objection to the scope. He merely said that there was no use enlarging the scope of it; it was a human institution and a lot of energy might be required to carry these programmes through; and therefore this is the only kind of objection that he raised:

"The delegate of the United States then explained the attitude of the United States on that question. The explanation was brief: it was perfectly clear to them, he said, that the Fund had already as much to do as any human institution could undertake and to ask it to do more would strain its resources beyond capacity."

It is normal that whenever a man starts with a small fund or a small institution, if some other man says you add this aim also as one of the objects of this institution, he shudders at it; because he comes with a particular idea. He thinks it may involve various other difficulties. Therefore, it is for the man who approaches to tell him that it is after all not so difficult and it is for him to bring him round and say that this is one of the things on which the future peace and happiness of the world depends, and therefore don't leave half of it unfinished. In that way, I am sure the United States of America could have been easily induced, but for the fact that the United Kingdom representative was not anxious to get into this matter. He cancelled it with one stroke of the pen. The report says:

"This question was, in view of the United Kingdom Government, primarily one for settlement between the creditor and the debtor."

Leave me alone he said and leave me alone my Honourable friend says who is to deal with me here. If I complain to him outside, I know that I will find myself in Amroati jail. This is the way they have treated us.

The Bretton Woods Conference took place so early as July 1944. My Honourable friend objects to the first portion of this Resolution. Mr. Manu Subedar's amendment consists of two portions: the first portion condemns the action of the Government for not having consulted this house and for not having reported to this House so that it could decide whether it was profitable for this country to adhere to the agreements. The second point is that this is a matter of such vital importance, as the Honourable the Finance Member himself admits, that the entire resources of the Assembly, the intelligence of all the Members here, and their experience, should be utilized for the purpose of ascertaining if it is profitable to continue as members of that Fund, or not. That is true, he himself admits. The third is suspending further operation or further participation which is ancillary till the sub-committee reports on it. He objects to the first portion of it, namely, our condemnation of this Government. I say, words are not enough to condemn this Government—I am not condemning my Honourable friend; he made such a beautiful speech. I was wondering if he had not gone to Bretton Woods he would have made much better than even Sir Jeremy Raisman because he admitted how a number of objections that have been raised to this monetary fund and its usefulness to India at this present stage in its development and so soon after the war when all its resources are locked up in the United Kingdom, are right. He agrees with us though of course situated as he is he cannot walk into my lobby or this side of the House and protest against the manner in which the Government has treated us as badly as they have done. The only difference is one of colour. The other difference is he is a paid servant and I am an unpaid servant.

The Conference concluded as early as July, 1944. One of the definite terms of that conference is that until the 1st of May, 1945 this Agreement shall not be entered into. They knew what they were doing. They also said that the peoples on whose behalf the representatives came there should be consulted

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with respect to each and every clause before this is signed. Let not one single child say that over our heads our representatives entered into such an onerous transaction which has placed all these obligations on us. It is for that purpose that one long year was given to us. Were you sleeping during that year. I am not talking about you; I am talking about the Government, Government as a whole, as a corporate body; I am not talking about any individual member. Does not this Government deserve the censure? What were they doing all this year—from the 1st of July, 1944 to the 1st of May, 1945? Who was consulted? We could have been consulted day in and day out; every member of the public could have been consulted. My Honourable friend says, we consulted some sections of mercantile community. I will only say let my Honourable friend look to his left—there is another colleague of his—has he satisfied that colleague? I refer to Sir Ardeshir Dalal. He was under a delusion. He went to America and has come back disillusioned. Possibly within a month he would give up the place where he is sitting now. Whom else did he consult? He says he has consulted some merchants. They will have to obey the Government, otherwise there are a number of controls—still controls have not been removed in this country—and every other kind of pressure may be exerted on them. They would have been persecuted. What is the worth of the opinions of this mercantile community. I will quote only one instance: the great economist, Dr. Lokanathan, who wrote something in September in one way, in December he wrote it another way. I am not accusing him. What could he do? Assembly is the only body which is in a position to tell you what is right and what is wrong. Who else is there to tell you that this Fund is wrong. You ought to have consulted us. The Assembly was dissolved, but the Assembly could have been called once again, as the September Session could have been held. In September we expected that there would be a Session and as a matter of fact there were a number of Bills, very important Bills,—the Insurance Act, the Bank Bill, Oilseeds Bill, etc.—which were ready for being passed. But the Government was not willing to place this matter before the Assembly. They were only waiting to see what cablegram would come from Whitehall so that they may take action on this immediately. The United Kingdom entered into this Agreement on the 6th of December. On the 14th of December discussion took place in the House of Commons, and on the 24th the Ordinance was issued.

Are you the Finance Member responsible to us? The Government is a mockery. We have come here lest others should come and join hands with you. We never believed we can change you. We are only waiting to see that we and the gentlemen on our left should get together. I would much rather have the Mughal Empire re-established in this country than see this Government continue any longer. We never suffered under Mughal Empire. Slowly you are bleeding us; you have bled us. Therefore apart from the manner in which this Fund is going to be used, the first thing that I would say is I protest, I condemn you in strong words. Words are not strong for not having consulted us, for having insulted us. Therefore, I appeal to all sections of this House to vote for the first section of the amendment concerned. I am a sufficiently good lawyer to know, as you also know it, Sir, that no evidence is necessary where a matter is admitted. So far as the second portion is concerned, in so far it is going to a committee, I would like to make one or two observations.

Will this Fund be useful? Is it likely to be useful? What is it that we are in need of? We are in need of capital goods for which delegation after delegation went to America. First of all we expected that England would be able to give us something, but England is unable to give us anything for a long time to come. Therefore we will be obliged to borrow from America. We can join this Fund up to a particular limit—180 crores is our subscription to this Fund. But the machinery that we require is worth many millions. A number of hangers on are there; everybody is looking to America for releasing some dollars so that something may be purchased in America. I have calculated the amount of contribution so far as

India is concerned. It comes to 400 out of 8,800; that means 1/22. If all the dollars are to be distributed among the various countries, 1/22 will come to about 31 million dollars a year. At the rate of 31 million dollars a year we may be able to get in four years on instalments. What am I to get? One part of a machinery, another later on and possibly by then that may not be fit for use. It may even become out of date. That is my expectation. Instead of depending on the Fund the only course is to borrow from America. But if all of us run after American currency, it may become scarce. Therefore we are thrown upon our own resources. The Article says, once a currency is scarce, if another country wants to purchase, come along, get gold. But where is the gold?

Prof. N. G. Ranga: Only in America.

Sri M. Ananthasayanam Ayyangar: I would like to remind Members of the Assembly that as early as 1936-37, I gave notice of a Bill in this Assembly that except for unavoidable payments gold from this country should not be exported. His Excellency the Governor General refused sanction. Evidently he thought that until the last drop of gold goes away from this country there is no safety for this country. Gold was imported for 75 years. We have had a favourable trade balance of Rs. 51 crores a year until it rose to the peak in 1929 of a 100 crores. Then the slump came in 1934. It came down to Rs. 3 crores. Thereafter the war came. Now it is no knowing in what way we are. Sterling balances have accumulated. I am not prepared to believe these figures. During all these years when we have had a favourable balance of trade we accumulated gold up to Rs. 675 crores in 75 years. But during four years, from 1931-34, Rs. 320 crores worth of gold were sent away from this country. We cried and cried inside and outside this Assembly that it was all distress gold. Paper money was being circulated freely and persons unable to pay revenue sold away their wedding rings and then converted them into gold. So what was earned in 75 years was melted away in the course of four or five years. Once again if there is a breakdown, because of scarcity of currency, and there is a run on the dollars, we are thrown back on our own resources. - Have we sufficient gold? Even now we have not gold. One of the Articles says that 25 per cent. of our contribution must be in gold or 10 per cent. of our reserve, whichever is less. It is a disgrace that we cannot give 25 per cent. of the gold. The country has been accused by all my European friends who have rings on their fingers that our ladies were wearing gold ornaments. But that is making better use of it than burying it between some mountains in the United States of America, our people knew better.

According to the ancient history of our country, I believe those institutions were designed for a better and more enduring purpose than the new experiments being made by the other side, though I am not prepared to embark on this new experiment. Therefore, Sir, with very great hesitation, if it were open to me I would oppose our continuance in the fund straight away but I am prepared to be convinced and converted. Therefore I am agreeable to the course that a Committee may be appointed to look into this matter. Pending disposal of that, no further transaction should be entered into. Do not say this has become a *fait accompli*. Do not plead transfer to the Reserve Bank of India of Funds already. If Russia which practically won the war for us refuses to join am I not to think why I ought not to join? There are two versions here. The United Kingdom and the United States are hand in glove with each other. They say this fund is very good for you. The U.S.S.R. says the fund is bad, and they do not join. Have I really no freedom of choice? Why not give me time to consider the position?

Mr. Abdur Rahman Siddiqi (Calcutta and Suburbs: Muhammadan Urban): We are giving you time!

Sri M. Ananthasayanam Ayyangar: My honourable friend says he is giving me time. I wish I were under his rule! Let him go into the lobby with me and I shall be satisfied.

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Sir, I have grêat pleasure in supporting the amendment of my friend, Prof. Ranga that in respect of restricting the choice, nine members of the Committee may be appointed and the House may choose such eminent persons as are fit to have a place on that Committee. I further added a rider, that pending disposal of this, time may be given, but I request all Members of this House to go into the lobby with me to condemn the previous Government for having taken action over our heads.

Mr. Abdur Rahman Siddiqi: On a point of order. The Honourable Member said he was speaking on the amendment of Prof. Ranga. But Prof. Ranga has not yet spoken.

Prof. N. G. Ranga: I have moved it.

Mr. Abdur Rahman Siddiqi: I understood that you gave the right to move and then also to speak. I am new to this Assembly and I should like to be guided by you.

Mr. President: So am I! But it was an amendment to an amendment. The whole subject was before this House. It is no point of order.

Mr. Abdur Rahman Siddiqi: I understood you to tell us in the beginning that those who move amendments and amendments to amendments and riders to those very amendments and so on would be given the right to speak first.

Mr. President: He is also a mover of one of the amendments.

Mr. Abdur Rahman Siddiqi: I do not quite follow your directions and I should like to be guided further. Are movers of amendments and amendments to amendments, etc. to speak first and then the matter will be open to the House or can anybody stand up and speak?

(Interruptions)

Mr. President: Order, order. The precedence of those who wish to speak is in the hands of the President. I was trying to see if those who had moved the amendments were trying to catch the President's eye. After having given opportunities to other movers of amendments, I was just waiting if Seth Abdoola Haroon, wished to speak. But I found no attempt on his part. Further it is not a question really of any order in which movers of amendments and of amendments to amendments will speak. He will get an opportunity of speaking before other Members speak. Mr. Ayyangar being one of the movers to an amendment to an amendment, was given an opportunity when he tried to catch the President's eye. Seth Abdoola Haroon.

Sri M. Ananthasayanam Ayyangar: Seth Abdoola Haroon asked me to speak.

Mr. President: There is no point now in discussing this any further. Mr. Haroon.

Seth Yusuf Abdoola Haroon: I have already moved an amendment. I would like to speak to-morrow. As far as my speech is concerned.

Mr. President: I may remind the Honourable Member that once a Member is called upon to speak he loses his right if he does not speak.

Seth Yusuf Abdoola Haroon: As far as I am concerned, I have listened with patience to the amendment and speech made by my honourable friend, Mr. Manu Subedar. He should have been a little bit more charitable in his speech by complimenting those members who had gone to the Bretton Woods Conference. He has not told us as to what action he would like this Assembly to take. He has not placed before us any criticism. He has criticised the report very well but he has not given us any concrete suggestion as to what he wished this House to do. I may remind him that if this Government had not signed the Agreement or had not agreed to be a party to this Conference we would have lost the chance of being a member of the Executive Committee

and would have lost the seat that was offered to us. Here I may ask the Honourable Member that we have got this seat because the Soviet Union did not agree to join this Monetary Conference. What will be our fate if the Soviet Union were to come back and join this Conference? Will we then be given an opportunity of being elected to the Executive Committee?

I find that India is the sixth country on the list of contributions, which are the highest. I do not know why efforts were not made to get India an extra seat over this Executive Council, because those who have contributed to this fund or will contribute are nowhere in nearness to India's contribution, which amounts to something like 400 million dollars. The next contribution is 325 million dollars given by Canada. I wish the Finance Member had explained to this House that this seat which has been secured on the Executive Committee of this Fund is a permanent seat and if Russia were to come back this seat will not be lost to us. The Finance Member should have also explained his attitude. Mr. Subedar is therefore justified in his argument when he said that this House was not consulted. If the House was to be dissolved, the Honourable Member could have called an informal meeting of the Finance Committee of the House, which is a very small committee and they could have been summoned in the early part of September. We have such instances before us. When the Reserve Bank Bill was brought a special session of the House was called. Such other instances we have got and there could be no excuse on the part of Government to say that because of lack of time or because of the elections it was not possible to consult the House. After all what is the authority of this House? We have no rights. If we are to pass a resolution or a certain bill, it is in the hands of my Honourable friend to veto it or throw it out. But at least when assurances are given to the House, it is the duty of the Government to keep up that promise and consult the Members on this side.

The commercial papers of this country—the majority of them have welcomed this proposal. I for my part am not against the proposal placed before us. But there are certain things on which certainly some sort of guidance or advice should have been asked from this House. They would have been able to inform the Government of the feeling in this country. The gold value of the rupee is being fixed without consultation. This is a very important point which has never struck the Honourable the Finance Member. I know that it is in the interests of his Government and the Government of the United Kingdom that on this issue Indian opinion should not be sought. But after all when you have to fix the value of the rupee in gold and when our sterling balances are not being repaid, my friends on this side are justified in condemning the Government. Can we expect from this Government that in fixing the value of the rupee they will take the Members of this House into confidence or that the Committee which will be appointed by this House will be taken into their confidence and when the scheme for the fixation is drawn up they will be told the plans? The Honourable Sir Jeremy Raisman had told us that no agreement will be drawn up until the question of the sterling balances was settled. I am sorry that the Honourable Member who has taken charge of the portfolio has not yet agreed to look into that or informed us as to what he proposed to do about it. Is he going to give us or get an assurance from the United Kingdom that this will be freed as soon as possible? We are not told in this booklet which has been supplied to us that the Indian capital in sterling balances will be repaid in this transaction period. The Government has said that this will be only for the consumable goods or it will come into effect after the Agreement is signed. But are we to believe that the sterling balances question will be dealt with by the Honourable Member simultaneously with the United Kingdom after this agreement has been agreed upon by this House? If we are given these assurances and in the committee if all the facts are placed before us and if we are taken really into confidence and we are told what are the plans of the Government, we might think over the whole question. Therefore my party at present does not feel justified before knowing all

[Seth Yusuf Abdoola Haroon]

these facts in condemning the Government and we feel that an opportunity must be given to the Government to explain to the House the whole situation, and after that we will be able to formulate our opinion and position as to what action should be taken.

Prof. N. G. Ranga: Mr. President, Sir, I am not hesitant as my friend Mr. Abdoola Haroon about this question of condemning this Government. I have no hesitation whatsoever in asking this House to join us in condemning this Government. I can understand the attitude of the European Member who said that we should not condemn because the Government after all had no choice but to issue an ordinance and get this thing done. That is because my honourable friend and the members of his party have thriven under the ordinance rule. Naturally they cannot take exception to that. But we do take exception to the Finance Member's action in resorting to ordinance rule. The Honourable the Finance Member wanted us to keep out politics. I want him to understand that after all politics is not a thing that can be separated from economics: this International Monetary Fund and the World Bank also would not have been thought of if it had not been for the new politics that has come to be the rule as a result of the last war: and is there no politics in it, when the help of this bank the United States of America and the United Kingdom wish to halt the economic development of other countries? Is it not one of their objectives to see that only those countries are allowed to develop only those industries or industrial concerns, whose development will not be in any way injurious or harmful to the corresponding industries or concerns of England and America? I have got the text and words placed before me by the Honourable Member himself, through the Notice Office. They have themselves stated that whenever any particular proposal comes up before this International Bank for loans to be made by it for investment or development of any industry in any country, they will have to take care to see that the development of that industry in that country is not only feasible, practicable and profitable, financial industrial proposition but will also be in the interests of all the members concerned. . . .

The Honourable Sir Archibald Rowlands: All of them.

Prof. N. G. Ranga: Yes; but who are the members who count there besides the United States and the United Kingdom? Soviet Russia has gone out and therefore they must be very happy now. China is only a sort of coat tail; and India is used to come in as another slave. Therefore these two countries will be controlling. Our delegates in that conference have made it clear also that they wanted to take care to see that these advanced countries alone would not be able to have the necessary power to control the industrial and economic development of the so-called backward countries. As far as poor India is concerned, politics comes in this way. My honourable friend shakes his head: unfortunately it was not he who made this possible—it was somebody else over whom he has no control at all.

The second thing is this: politics comes in here, that this country is not free: if this country had been free, she would have been allotted an independent seat in her own right on the executive committee; and it was also pointed out by Mr. Shroff, after he had left America and come over to India, that one important United States official had told him that the United States had strong objection to allowing any country within the British Empire to have a second vote, in addition to that of the United Kingdom. Therefore I put the question to my honourable friend, Sir Jeremy Raisman, in those days, as to why he did not recommend to the British Government to quit India, so that India would be able to have an independent vote on this monetary fund in her own right? Of course, he could not give an answer—that is where politics comes in.

Now, I am told that His Excellency had said this morning on behalf of England that within two years India is going to be a self-governing country. . .

An Honourable Member: Two months.

Prof. N. G. Ranga: Very well—within two months. If it is going to be within two months that we will be free, why has not this Finance Member chosen to wait before he gave his assent to this Fund and this Bank? Evidently, they either do not believe that India is going to be free within two months or they wanted to take time by the forelock and get India committed to this Fund even before free India could be given any chance of discussing the good and bad features of this particular proposal. Look at the way in which free countries are behaving. The U.S.S.R. has already refused and this has been referred to by my friend Mr. Abdoola Haroon. But what about Australia? I am told that Australia also has chosen to be out of this business. Is Australia richer than us? She is poorer and weaker than us: she certainly is not a big power; she has not got as much population or material resources even. It is possible for her to think of keeping out of the Fund, why is it not possible for us also to keep out of this? Is it because we will be in greater need of borrowing foreign capital than Australia? My Honourable friend said that if India does not become an original member there will be very many disadvantages. He does not tell us what those disadvantages are that we will be faced with. I am sure that this Fund as well as this Bank will any day be very happy to welcome India, if only India wanted to get in after she is free. Supposing tomorrow Australia or Russia offered to get into this Bank and Fund, would they not be welcomed with open arms? Even on this Bretton Woods Conference when the Russian representative said that he was willing to increase the total amount of contribution or quota of their country, the President concerned with that particular section congratulated him and congratulated the whole conference and expressed his gratitude to Soviet Russia. If that is the position in regard to Soviet Russia, between whose politics and the politics of America as well as England there is no love-lost, then certainly this Fund as well as the Bank will be very happy indeed if later on India were to make up her mind to come into this. But my honourable friend is not prepared to give us this liberty to consult our own convenience. That is where the real trouble comes in and the gravamen of this charge lies in this. That is why I say that politics are implicit in these particular proposals.

Coming to the economic side, what is it that India expects to gain from this fund? We want to develop our industrial resources. To what extent will it be possible to borrow money from this Fund or Bank? The Honourable Member wanted us to read this very short thing. Unfortunately he is too brief in his pamphlet as he is in his speech, with the result that we are not able to know very much about his attitude or the attitude of the Government. He says that we will be able to borrow up to 49 crores in any one year. Is that correct? India has planned, if we are to trust to the Bombay planners or even the Indian National Planning Committee or even the Gandhian planners, to spend more than 2,000 crores per annum, in some years even 4,000 crores: we want to spend all this money on our industrial and capital development. Will it be possible for us to borrow this money from America or England? England is already a bankrupt country. America, as my Honourable friend Mr. Ananthasayanam Ayyangar has already shown how impossible it will be for America to lend all this money, because every country in the world will be asking America to lend money; and naturally American credit will have to be rationed out as between those countries, and India will get only 1/21 share. So, this 41 crores can only be a flea bite. If India is to develop her capital resources and industrial planning, then she has got to depend on her own resources. . . .

The Honourable Sir Archibald Rowlands: I do not want to interrupt unnecessarily: I think you are referring to the Fund and not to the Bank.

Prof. N. G. Ranga: The Fund is available for current purposes and in any particular year we can borrow up to 41 crores. That is not more than we can possibly supply to other countries by way of commodities and gain credit from them. She can borrow only 41 crores; that is not going to be enough. Therefore this Fund is practically useless. On the other hand India has always had a favourable balance of trade. . .

Mr. President: It is five o'clock now; and if the Honourable Member wishes to continue, he can do so tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 29th January, 1946