

29th January 1946

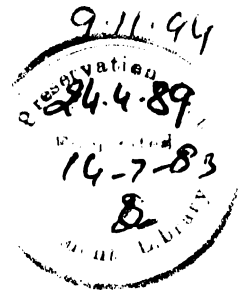
THE LEGISLATIVE ASSEMBLY DEBATES

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

SARDAR MANGAL SINGH, M.L.A.

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LEGISLATIVE ASSEMBLY

Tuesday, 29th January, 1946

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

MEMBER SWORN:

Dr. John Sargent, M.A., C.I.E., M.L.A. (Government of India: Nominated Official).

SHORT NOTICE QUESTIONS AND ANSWERS

CLOTH AND YARN POSITION.

Sri M. Ananthasayanam Ayyangar: Will the Honourable Member for Industries and Supplies be pleased to state:

(a) the quantity of yarn produced by mills in India (i) during the year 1944 to 1945, and (ii) from April to December 1945;

(b) the quantity of yarn utilised by mills for the production of cloth and the quantity distributed for handlooms;

(c) the quantity of yarn exported from the country during the above periods;

(d) the quantity of yarn imported into the country during the above periods;

(e) the number of varieties of cloth produced by mills during the above periods;

(f) the quantity of cloth produced by mills and handlooms during the same periods; and

(g) the number of yards of cloth available per head?

The Honourable Mr. A. A. Waugh: (a) (i) 1,622 million lbs.

(ii) 1,211 million lbs.

(b) Mills, 1,152 million lbs.; handlooms, including powerlooms and hosiery, 470 million lbs.

(c) 1944: 6.3 million lbs.

1945: 5.9 million lbs.

The allocation for the first half of 1946 is less than 0.7 million lbs.

(d) Practically nil.

(e) The main varieties produced were: Dhoties, Saries, Longcloth, Sheetings, Chaddars, Chhintz, Shirtings, Voiles, Mulls, Drills, Twills, Tussores, Towels; and the Textile Industry (Control of Production) Order, 1945, compels mills to utilize 60 per cent. of their production on these varieties.

(f) In 1944 and 1945, production was at the rate of:

Mills.—4,700 million yards per annum;

Handlooms and powerlooms.—1,500 million yards per annum (approximately).

(g) A little over 13½ yards per head, on the average.

Sri M. Ananthasayanam Ayyangar: What proportion of yarn produced in the mills in India was available for distribution for handlooms during the year 1944-45 and from April to December 1945?

The Honourable Mr. A. A. Waugh: I think the Honourable Member will find the answer in my reply to part (b) of his question.

Prof. N. G. Ranga: In view of the fact that the number of handlooms has grown during the war, how does the Government account for the reduction in the quota of yarn made available for handlooms as a whole?

The Honourable Mr. A. A. Waugh: I do not think there has been a reduction in the total aggregate.

Seth Govind Das: Is it not a fact that the cloth available per head in India is less than the scale available in any other country in the world?

The Honourable Mr. A. A. Waugh: No.

Seth Govind Das: Will the Honourable Member name the countries in which it is less than in India?

The Honourable Mr. A. A. Waugh: The United Kingdom.

Seth Govind Das: May I know

Dr. Sir Zia Uddin Ahmad: Is it not the lowest or the second lowest in the world?

Mr. President: Order. order. Let the Honourable Member finish his question.

Seth Govind Das: Is it not a fact that the cloth made available per head in the provinces is not available to the consumers?

The Honourable Mr. A. A. Waugh: If the Honourable Member means that there is a difference in quotas from province to province, that is the case.

Dr. Sir Zia Uddin Ahmad: May I ask if the cloth quota per head for India is second lowest in the world, if not the lowest?

The Honourable Mr. A. A. Waugh: It is certainly not the lowest.

Dr. Sir Zia Uddin Ahmad: Then it is the second lowest.

Sri M. Ananthasayanam Ayyangar: Are not the mills producing 500 varieties of cloth?

The Honourable Mr. A. A. Waugh: There are many varieties. Under the Textile Control Order the mills have to produce the varieties which are most in demand by the population.

Sri M. Ananthasayanam Ayyangar: Is the Honourable Member aware that 50 per cent. of the handlooms are without employment in this country?

The Honourable Mr. A. A. Waugh: No, Sir.

Sri M. Ananthasayanam Ayyangar: May I know why, though we are able to provide only 13½ yards per head, there is so much export of yarn to other countries, which is 6.3 million during 1944-45 and from April to December 1945-5.9. Why is this export allowed to continue in spite of our deficiency in cloth?

The Honourable Mr. A. A. Waugh: I have already pointed out in my reply that the quantity allowed for the first half of 1946 is only 0.7 million lbs.

Dr. Sir Zia Uddin Ahmad: Will my Honourable friend give the counts of those yarns which are released for the use of handlooms?

The Honourable Mr. A. A. Waugh: I shall endeavour to supply the Honourable Member with the information. I have not got it with me.

Sri M. Ananthasayanam Ayyangar: Have any attempts been made to restrict the export of yarn from this country so as to provide larger quantities of yarn to the handlooms? Have any special measures been taken this year?

The Honourable Mr. A. A. Waugh: Yes, Sir.

Sri M. Ananthasayanam Ayyangar: What measures have been adopted? What is the percentage of restriction?

The Honourable Mr. A. A. Waugh: The export of yarn has been brought down 298 tons for the first half of 1946, for Nepal, Afghanistan, and the Persian Gulf.

Dr. Sir Zia Uddin Ahmad: What steps are the Government taking to produce more yarn in this country?

The Honourable Mr. A. A. Waugh: We are endeavouring by all means in our power to obtain more textile machinery, and we have under consideration steps to produce textile machinery, if possible in Ordinance factories as well as a temporary measure.

Dr. Sir Zia Uddin Ahmad: Is it not a fact that the Government are giving preference to the import of machinery for the production of cloth and not for the production of yarn?

The Honourable Mr. A. A. Waugh: No, Sir.

Seth Govind Das: Is it a fact that wherever there is a rationing of cloth, even in those places the consumers are not getting as much cloth as is rationed for them?

The Honourable Mr. A. A. Waugh: No, Sir; not as far as I am aware.

Sri M. Ananthasayanam Ayyangar: May I ask if any attempts were made by the Government during the period of reference 1944-45 and up to December 1945 to induce the mills to produce less varieties so that larger quantities of yarn may be released for handlooms?

The Honourable Mr. A. A. Waugh: Attempts were made and the amount of yarn available for handlooms is increasing.

Prof. N. G. Ranga: In spite of all these things, is it not a fact that a very large percentage of handloom weavers are today unemployed?

The Honourable Mr. A. A. Waugh: That is correct; but there is a very large increase in the number of handloom weavers.

Mr. Muhammad Nauman: Has the Government compared the figures of the export of yarn from this country before the war and the figures of the export of yarn from this country during the war and what is the position?

The Honourable Mr. A. A. Waugh: I will endeavour to supply the Honourable Member the information he has asked for. I have not got it with me here.

Mr. Muhammad Nauman: Was there any export of yarn from this country before the war or not?

The Honourable Mr. A. A. Waugh: I am unable to answer this question at short notice.

Mr. Muhammad Nauman: This is a very pertinent question to the issue. If the Government does not

Mr. President: The Honourable Member will not argue. He can only put the question.

Mr. Muhammad Nauman: I only ask what was the total export of yarn from this country before the war?

Mr. President: I think that question has been replied. The Honourable Member wants notice.

Seth Govind Das: Does the Honourable Member know that in Jubbulpore the consumers are not getting as much cloth as has been rationed for that place?

The Honourable Mr. A. A. Waugh: No, Sir; I have no information.

Seth Govind Das: Will the Honourable Member make inquiries about it?

The Honourable Mr. A. A. Waugh: Certainly, Sir.

Mr. Sasanka Sekhar Sanyal: Has the Honourable Member any machinery for collecting data regarding the unemployed and under-employed handlooms?

The Honourable Mr. A. A. Waugh: Yes, Sir.

Mr. Sasanka Sekhar Sanyal: Has the Honourable Member in his possession any information showing the percentage of unemployed handlooms?

The Honourable Mr. A. A. Waugh: I can collect the information: I can get it.

PRIVILEGES TO ARMY MEN OF NON-ASIATIC DOMICILE

Diwan Chaman Lal: Will the War Secretary please state:

(a) whether instructions contained in Army Instructions (India) Nos. 271 and 306 of 1944, and 901 of 1941 contain schemes of leave which are open only to those of non-Asiatic domicile and whether non-Asiatic domicile has been made a term of eligibility resulting in anomalies adversely affecting Indian officers;

(b) whether three months' leave in India in lieu of leave scheme STIFF intended for the recuperation of officers is denied to officers of Asiatic domicile on the ground that Indian officers are not so much affected by serving in tropical jungles and by the strain of modern war; and

(c) whether non-Asiatic domicile has been made a qualifying condition for other privileges such as admission to service in the Home and Colonial Civil Services?

Mr. P. Mason: (a) and (b). Sir, the consideration is the period of absence from the country of domicile. The Army Instructions (India), to which the Honourable Member refers contain schemes of leave which are open only to officers of non-Asiatic domicile who have had more than 5 years continuous service outside their country of domicile. If an officer is eligible for leave out of India after five years continuous service away from his country of domicile, and does not wish to go to the U. K., he may in special cases be eligible for leave in India in lieu of 61 days leave out of India.

Officers of Asiatic domicile serving out of India are eligible for War Leave to India every year. Further, on their return to India from overseas for duty, they receive Special War Leave up to 56 days.

It may be added that officers of non-Asiatic domicile can in no circumstances get annual War Leave to their country of domicile; and that British personnel serving in the United Kingdom and officers of Asiatic domicile serving in India are alike in that they are eligible only for their annual leave of 28 days.

(c) The Honourable Member will appreciate that the Government of India are not concerned in framing the regulations for the Home Civil Service or the Colonial Civil Services. They merely publish the regulations framed in the United Kingdom for the benefit of those eligible. In the case of the Home Civil Service, there are no limitations as to domicile. In the case of the Colonial Civil Services, a non-Asiatic domicile is required.

Mr. Manu Subedar: Do I gather that in practice and in effect on account of the scheme which the Honourable Member has read out there is a discrimination against Indian officers serving in India?

Mr. P. Mason: There is a distinction rather than a discrimination. I think, on the whole, the Indian officer is very much better off. When he is in his own country, he is in the same position as a British officer in England. He gets 28 days leave a year. If he is out of his own country, he is eligible to come back to his own country and to have 28 days' leave every year.

Mr. Manu Subedar: Is it not a fact that an Indian officer serving in India finds that he is worse off in the matter of leave and other privileges which are denied to him?

Mr. P. Mason: That, Sir, is a matter of surmise, I think, rather than an actual fact.

Diwan Chaman Lal: May I ask whether it is not a fact that after five years' stay in, let us say, Malaya, an Indian officer is not entitled to the same leave privileges as a British officer?

Mr. P. Mason: Sir, I do not think you will find there are any cases of Indian officers who have been five years away from their country of domicile without returning to India. If there are such cases, I shall be glad to inquire.

Diwan Chaman Lal: May I ask my Honourable friend to give me reply to my question? My question is whether it is not a fact that a discrimination does actually exist in the rules and that an Indian officer who stays out in Malaya

for five years is not in the same category as a British officer staying out in Malaya for five years and he is not entitled to the privileges of the British officer?

Mr. P. Mason: I repeat that the Indian officer in these circumstances would be better off because during those five years he is eligible for leave every year. If any cases had happened in which leave was not given for five years, they would be exceptional cases and I do not think there are any of that nature.

Diwan Ohaman Lall: May I ask my Honourable friend if he is not aware of the cases of those Indian officers who have been in Malaya and who have not been on their leave in India? Will he give me an answer to the question whether it is not a fact that in the rules there is this discrimination between the two?

Mr. P. Mason: I repeat that I do not think there is any discrimination. Circumstances are different and therefore the rules are different. It appears to me that the rules are on the whole, more favourable for Indians.

Sir Mohammad Yamin Khan: May I ask if there is no such case of an Indian officer who has been in Malaya since 1939 up to the end of the war?

Mr. P. Mason: I believe not, Sir.

Mr. Muhammad Nauman: May I inform the Honourable Member that one Dr. Capt. Akhtar Hussain of Arrah has been in Malaya for a period of over five years, and there must be many others like him. May I know if the Honourable Member will collect figures of those who have not been granted leave because of these rules?

Mr. P. Mason: It is not a question, but it is a statement.

Mr. Muhammad Nauman: Is the Honourable Member aware or not that one Capt. Akhtar Hussain, I.M.S., of Arrah has been continually in Malaya and Burma and other places for a period of over five years and that he has not been given those privileges because of these rules?

Mr. P. Mason: I was not aware of that fact. I will make enquiries. If anything can be done, I will be glad to do so.

Diwan Ohaman Lall: May I know whether it is a fact that Indian officers are not entitled to three months leave as British officers are for the purpose of recuperation because of the strenuousness of jungle life and the strain of modern war?

Mr. P. Mason: It is a fact that they are not eligible for three months leave because the rules are entirely different. It is not a question, as I explained in the beginning, of jungle warfare. It is a question of length of period away from one's country.

Mr. Manu Subedar: Will the Government give an assurance, in view of what has been mentioned here to alter these rules so as to remove the discrimination?

Mr. P. Mason: I do not admit it is discrimination. I will examine the possibility in the light of facts which the Honourable Member placed before the House.

Prof. N. G. Ranga: The Honourable Member said there was no discrimination, but that there was a distinction. Will the Honourable Member remove this distinction also?

Mr. P. Mason: I do not think it would be very welcome to Indian officers if this was removed.

Mr. Muhammad Nauman: May I ask, if the Honourable Member finds that there are such cases of hardships among Indian officers, will he be pleased to revise the rules?

Mr. P. Mason: I said I will examine the question and see if the rules require revision.

ELECTION OF MEMBERS TO STANDING COMMITTEE FOR POSTS AND AIR DEPARTMENT.

Mr. President: I have to inform the Assembly that up to 12 noon on Monday, the 28th January, 1946, the time fixed for receiving nominations for the Standing Committee for the Department of Posts and Air, five nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following Members to be duly elected: (1) Mr. M. A. F. Hirtzel, (2) Colonel Kumar Shri Himmatsinhji, (3) Pandit Mukut Bihari Lal Bhargava, (4) Sjt. Seth Damodar Swaroop, and (5) Mr. Ahmed Ebrahim Haroon Jaffer.

ELECTION OF MEMBERS TO STANDING COMMITTEE FOR WAR TRANSPORT DEPARTMENT.

Mr. President: I have to inform the Assembly that up to 12 noon on Thursday, the 24th January, which was the time fixed for receiving nominations for the Standing Committee for the Department of War Transport, only seven nominations were received. As the Standing Committee will consist of eight members and only seven have been nominated, I declare Mr. M. A. F. Hirtzel, Sardar Sampuran Singh, Shri D. P. Karmarkar, Sri M. K. Jinachandran, Sri M. Ananthasayanam Ayyangar, Maulvi Abdul Hamid Shah and Choudhury Md Abid Hussain, who were duly nominated, as elected to the Committee and I appoint a further period up to 12 noon on Friday, the 1st February, within which nominations for the eighth vacancy only will be received. The election, if necessary, will be held in the Assistant Secretary's room in the Council House, on Friday, the 8th February, between the hours of 10-30 a.m. and 1 p.m.

Mr. M. Asaf Ali (Delhi: General): This is the first time that such a thing has happened.

Mr. President: Yes, nominations of seven when eight are required; not that the declaration has happened for the first time.

MOTION RE BRETTON WOODS CONFERENCE AGREEMENTS—*contd.*

Mr. President: The House will now resume further consideration of the following motion moved by the Honourable Sir Archibald Rowlands:

"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."

This involves further consideration also of the amendments that were moved.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Mr. President, Sir, yesterday when I was saying that by getting into this Fund as well as the Bank, the other countries will have a chance of arresting the industrial progress of India, the Honourable the Finance Member waved his head and then I told him that I have the authority of the literature that was circulated by himself for making that assertion that it will be possible for Anglo-Americans to consider whether India should be allowed to develop any one particular industry or not with the help of foreign capital. Sir, I wish to draw his attention and the attention of the House to Clause 5, Article III of the International Bank Act. Here it is stated:

"In making or guaranteeing the loan, the Bank shall pay due regard to the prospects of the borrower, and if the borrower is not a Member that the guarantor will be in a position to meet its obligations under the loan."

Then comes the most important thing:

"That the Bank shall act prudently in the interests both of the particular Member in whose territory the Bank is located and of the members as a whole."

Well, Sir, there was one other point that I was trying to make; that the Government cannot expect us to keep politics out of this matter and cannot expect us to consider this entirely as an economic proposition and nothing more. Sir, I have the authority of Mr. Morgenthau Junior himself for stating so. Here is an article which he has written in *Foreign Affairs*, an important journal of America :

"Any monopoly of financial co-operation is indispensable for the maintenance of economic stability and economic stability in practice is indispensable to maintenance of political stability."

I hope, Sir, that as I go on making my points in the short time available to me, the Honourable the Finance Member will not try to contradict me in what I say, because I have got similar books before me to strengthen the point that I make.

My additional point is this. India has already got one halter round her neck and that is Great Britain and her sterling ratio and also this Empire Dollar Pool. In addition to that India is now invited to get into the second halter of United States and her politico-economic suzerainty. America is now in the same position in which England used to be during the latter part of the last century when it was in the interest of England to sing paeans of international co-operation and international free trade and therefore she used to be a great champion of Bright and Cobden theory of international co-operation. Similarly, the same America was not then so very enthusiastic about international trade. Why go so far? Even when there was the World Economic Conference held in London over which I suppose Mr. Ramsay Macdonald presided, America did not wish to take part in it. Mr. Roosevelt sent a message saying that America had better concern herself with her own internal problems and not allow the rest of the world to interfere in her internal economy. But things have changed after this war. As a result of this war, America today has become a creditor country, not only in herself but for many other countries in the world. She is now in a position to lend money. She is the creditor country for the whole world. That is why they have the temerity to say—as America goes, so does the rest of the world. Naturally they expect India also to follow her in her example to provide full employment for the rest of the world or for her own people. It really means providing full employment for her own people. Mr. Morgenthau himself and his colleagues also have stated that unless they supported this Monetary Fund, it would not be possible for them to maintain their labour standards of full employment in America and also full employment for their own industries. Otherwise they were afraid that India and China with their terrific population figures would be able to undercut them in every market, would be able to compete with them more favourably and make it impossible for them to maintain and continue this financial hegemony of theirs over the rest of the world.

Why is the United States of America so very keen on getting into it? She finds it advantageous for herself. Here are the two articles written in this *Foreign Affairs* itself by their own responsible officers to prove how this Fund is advantageous to America. I do not grudge that; I want the Finance Member also to prove that this Fund as well as the Bank will be advantageous to India. So far no case has been made out in that direction. And what is it that we stand to gain as a result of this? Without giving any positive answer we were told that if we do not go into it we will incur the displeasure of America. In what way?

India had a favourable balance of trade before the war. Is it seriously contended that India is likely to be faced with an adverse balance of trade now, this year and the next year? And if India is going to have a favourable balance of trade where is the fear for India of any kind of displeasure from America? In fact, Sir, India's economic position is certainly stronger than that of many other countries. We are not thinking of exporting our oil-seeds, we are not thinking of exporting our cotton. The only thing that we have got to export and will export is jute with regard to which the demand from the rest of the

[Prof. N. G. Ranga]

world is very strong indeed. So far as jute is concerned, the rest of the world has to purchase it and we will be able to convert that money into whatever capital goods we wish to import into our own country. India is soon going to reach the same position which the United States had reached during the last century. We want to develop our own industries and for that purpose we want the protection of tariff barriers. We may possibly want exchange restrictions also. But here is the Fund as well as the Bank intended to prevent India from developing her tariff walls when necessary and to the extent that they are necessary, and also to prevent India from utilising exchange manipulations.

Then, Sir, there is the question of parity, that is, at what rate are we to deal with the rest of the world? One and six was there a few weeks ago; the Government of India had accepted it. What right had they to accept it? Have they satisfied themselves that this present exchange rate is really beneficial to India? The learned editor of the *Eastern Economist* has put a poser to Government. Let them appoint an expert committee to go into this matter and to satisfy themselves that the present existing exchange ratio is really good for us. Indeed English economists as well as American economists have been advising their respective Governments that "hot money" ought not to be taken as the proper standard, that sufficient time should be given to the various prospective members of these two institutions after the end of the war for their exchange rates to stabilise themselves properly and for their currency circulation also to be stabilised, so that a more stable par value can be fixed.

India is thinking of industrial expansion, but according to this Monetary Fund we are allowed to change this exchange ratio only by 10 per cent. If we wish to go beyond that we have got to seek the permission of all these people. Sixty and odd nations are to be there. If it is profitable to them and advantageous to them also, specially the Anglo-Americans, they will allow us to change our exchange ratio here, otherwise they will not. And who are these people? They are like the two well-fed babies. In that well-known book "*Pride and Prejudice*" you read of two damsels who used to eat at home quietly and then go to a dinner where they would just nibble at the food and then pretend that they were not hungry and as if it was the fashion not to eat too much. Similarly the Anglo-Americans do not need much of industrial expansion and they cannot develop industrially any more. Because America is unable to have any more development in the way of industrial expansion to any great extent, she is thinking of exporting her capital goods as well as her capital to all other countries. She is going to take the place that has been vacated only recently by England. And England is unable to develop her own industrial resources because she has reached the point of saturation. Now they want India also to be in the same position. They are afraid that India and China would be able to make such giant strides in the near future in the way of industrial and economic development that it will be impossible for them to recapture these eastern and oriental markets.

And that is where the real catch comes in. Some of our economists warned this Government not to get into this but still Government went in, and now they want to entangle us in it. Because it is to the interest of Anglo-Americans that India should get into it and India should be tacked on to their arrangements. There was even a suggestion that the United States and England had better go into a sort of sectional arrangement instead of bringing these institutions for the whole world; but they themselves thought that it would be more profitable for them to bring in other countries, specially China and India, because China and India are in a position to embark on more industrial progress and unless they controlled the industrial development of India and China it would not be possible for them to take the fullest possible advantage of the victory in war.

What is the present position? Russia is out of it. These two countries alone wish to divide the rest of the world, all their markets, as betwixt themselves.

And in order to do that they must see that there are no competitors. The prospective competitors are only China and India, and therefore India and China are dragged into this. They are talking about harmony of interests between advanced and backward countries. How can there be this harmony? We are like a lame person and we must have crutches first in order to be able to walk along with the others. Even then we will not be able to walk along with the others in the same tempo. Naturally we need what are known as Panama locks in order that we may be able to co-operate with other countries. We are not in a position to go into the embrace of these people because they are stronger, more powerful and have greater resources. How is it possible for us to walk along with them?

Then American experts talk about their own farmers and their own interests; they want to export their wheat to other countries. They would like to sell it at such rates as would be profitable to themselves. If we in India are able to develop our own wheat production to such an extent that we are able to depend on our own wheat produce and not depend on them, then there will be less of a market for these people. And naturally they want us to go into this so that it will be possible for them to control us.

Sir, I wish to state that India is likely to get all unthinkingly into a kind of unwarranted partnership in the new world imperialism that these Anglo-Americans are developing. Through their Security Council and their U. N. O. they are trying to gain political control. Through this Monetary Fund and the Bank they are trying to get economic control. Supposing any one of these debtor countries is not able to repay the debts because there is some sort of a social revolution or a political revolution in it, then it will be open to this particular Bank and the Governors thereof and also the Fund to make a complaint to it that they are not able to collect their own assets; and then this U. N. O. begins to say, "Here is an appeal coming from the Monetary Fund. All of you gentlemen put your money there. Therefore give us authority to interfere in their own affairs". And they begin to interfere. Of course you have stated, in order to satisfy the U. S. S. R., that irrespective of social and economic conditions prevailing in any one country these advances are to be made and collected. But how are you to do it? Has not the United States been able to establish an invisible imperialist hold over South America? Is she not trying to get the same hold over China? And is she not trying to get it over India also?

In a very expansive mood reminiscent of the international co-operation of the 19th century America is now talking in very big and liberal terms. It suits her and it pays her to talk in those terms because she is today in a very expansive mood. Just as a gentleman, who has had a good dinner and is having a nice smoke in his drawing room, is in an expansive mood and begins to talk of the virtues of his own wife, so also is America now talking of this great world and world co-operation and all the rest of it. Sir, we have had enough of it. We cannot go into these things in a blindfold manner.

I charge the Government with guilt for having done these things without taking the country into its confidence. I charge the Government also not only for their gross dereliction of duty but also their culpable determination to keep this House in ignorance. The Honourable Member is supposed to be an expert in regard to finances. Why is it that he was so very brief? Was it because it was his maiden speech? Certainly he is not a maiden; he does not look so green! He is a seasoned warrior so far as English interests are concerned, and quite possibly he was so very brief in the interest of Great Britain. The Honourable the President was good enough to assure him that if he wanted more time, he would be prepared to give him, but he did not want to take the opportunity. Either he does not know enough in which case he had no authority to issue this Ordinance or he knows too much and he does not want this House to know all that. Therefore, Sir, I cannot abstain from recommending to this House to condemn this Government for having committed this country to these two unwanted things without taking the country into their confidence and gaining the confidence of the country.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The Honourable the Finance Member began his speech with modesty. I always thought that attempts to oratory, or seeking popularity are not the virtues but the disqualifications of a Finance Member. The successful Finance Member is a person who looks after the interest of the people of India and not only of the rings of capitalists, and he jealously guards the finances of the country. For what I know and I have seen of him, I am sure that he will fulfil our expectations and will act on the advice of Mr. Tyson that the Funds which we are discussing will be used by the Indians for the use of the Indians.

During the debate a number of subsidiary questions were discussed which are rather important and if I have time I will take them up after I have discussed the main issues. These important subsidiary questions are: (i) why was the Legislature not taken into confidence a little earlier; (ii) our sterling balances; (iii) exchange, the price level, or in other words the purchasing power of the rupee; and (iv) the position of gold which includes its high price, and the way in which it is purchased and sold. I will take up these questions after I have disposed of the main issues.

The first thing which we have to discuss is,—is it or is it not to the benefit of India to join the International Monetary Fund and International Bank? I ask one question and my observations will depend upon the answer to my question. My question is, do we want to establish our business relations with every country in the world or limit our transactions to few countries? Or, in other words, do we want to purchase any article that we want in any part of the world at the cheapest possible rates? I am sure that the answer to these questions will be in the affirmative. My Honourable friends, Prof. Ranga and Mr. Manu Subedar are not here, but I am sure they will not disagree with me that we should have the liberty to purchase any article in any part of the world at the cheapest possible rates. This is one principle on which we all agree. Now, let us see how it can be done.

Before the Great War our balances with every country were adjusted by gold. The balance of trade was always met by technically what we call 'treasure.....'. The balance of trade between all countries was equalized by the transfer of gold in the proper direction. In this matter gold played the part of international sovereign bank, and later on, after the Great War, the currency of every country expanded and gold was not sufficient to adjust the balances of trade of each country. Whatever gold was left was locked up by France and America and very little gold was left for commercial transaction to adjust the balances between two countries. A new situation arose and when we found that gold could not serve the purpose which it served till the beginning of the Great War, we had no alternative, but to say goodbye to gold, and to dethrone the gold from the position of sovereignty which it occupied. Lord Keynes, who was my contemporary in Cambridge, said at that time that 'it is a relic of barbarous days'—those were his words.

Then, how are we going to balance the trades between different countries? After that we devised a system which we call 'managed currency', which is really barter system, *i.e.* each country should establish a separate account with every other country in the world: Whatever I purchase, we must buy from the other. For the time being, we used what we called 'foreign credits' in place of gold, and unfavourable balance of trade was met by foreign credits. It means that we did not adjust accounts by import of treasure, but kept favourable portion as reserve to be utilised to meet our unfavourable balances. But Germany was the first country which dispensed with the foreign credits as well as the use of gold altogether, and she opened banking accounts with every country she had to deal with. It means this: supposing a person applies for a permit to export a certain article to Argentine, he will be asked by the Reserve Bank, before he is given a permit or an exchange in Argentine Currency, to find out somebody in Argentine to purchase from India an article of equivalent value. The result of this was that merchants were put to great difficulties,

because before they could not buy anything until they produce a buyer in the other country from this side so that the two balances may equalize. In the absence of gold and in the regime of this 'managed currency' this position is inevitable. In any case, this arrangement can work all right when we have only two countries to deal with, but supposing you have got a multilateral transaction, i.e. supposing there are about three hundred countries and each country is trading with every other country—my Honourable friend is a mathematician and he will be able to tell the number of combinations. It will be 44,850—and these offices will be necessary to adjust the accounts of balances of trade of every country. What happens very often is that though we may have no credit to pay to Argentine, but we may have a credit in France so that we want to transfer our credit from France to Argentine in order to pay for the goods we purchased from Argentine. But then who will do it? Will the Argentine Government do it? Will the French Government do it? Or, will the Indian Government do it? Who will do it? In the case of multilateral trade, financing is impossible. In the absence of gold, this 'managed currency' leads us to a very difficult position and the only possibility is that we establish a clearing house—some kind of a Bank which may take the assets and liabilities of every country and adjust the accounts. This arrangement to my mind, in the absence of gold is inevitable if trade is to be carried on in a smooth manner. That is the position, and what really will happen is this—Quoting Lord Keynes words—"In any adjustment of the balance of ultimate trade, gold acted as an autocratic ruler". That is when we establish the balance accounts of different countries on account of the trade, there should be some measure by means of which they could be adjusted and gold alone could be that measure. So in that case gold is now placed in the position of the constitutional monarch, and not an autocratic sovereign, the position which it occupied before the Great War. Now it is constitutional monarch or the President of a democracy. The ministry to carry on the affairs of democracy of trade with gold as its president is International Bank. So this is the position with which we have to face. Lord Keynes called gold a constitutional monarch or you may call it the President of the Republic. But that position is the position to which we have been reduced and unless we have arrangement of this kind I do not visualise in my mind how the international trade can be carried on. I wish somebody who does not like this bank would tell us on the floor of the House how 300 countries with 44,850 ledgers can carry on trade with each other in their respective currencies unless there is a central clearing house for adjustment of the accounts.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor: Non-Muhammadian Rural): How have they been going on till now?

Dr. Sir Zia Uddin Ahmad: Till 1914 gold served the purpose; After the Great War Foreign credits or reserves in England and America when this managed currency started everyone combined accounts with other countries. Now difficulty has arisen because of enormous expansion of trade all round and the expansion of currencies without metallic reserves:

Sri M. Ananthasayanam Ayyangar: Even now gold has to be drawn upon as a last resort?

Dr. Sir Zia Uddin Ahmad: Only to limited extent. It is the last resort. She occupied the position of an autocrat Sovereign till 1914. She was dethroned in 1931 and enthroned again not as an autocratic ruler but as a constitutional monarch or president of a republic.

My second point I press is that an international bank is necessary to stop the breaking down of the currency of any country. When currency of any country collapses other countries also suffer. When the rouble broke down in Russia, the Alliance Bank of Simla and Delhi became bankrupt and a large number of people suffered. So we know that whenever the currency of any country breaks down other countries are bound to suffer directly and indirectly. It suffers

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indirectly since it gives rise to gamblers and speculators and they make the position still worse. This position was mentioned by Sadi and he discussed the philosophy of such collapse. He said:

"Bani adam áazá-e-yak díqar and, Keh dar áfreenash yak johar and, Chün azwe ba-dard áwarad rosgár, Díqar azw-há rá rah mánad qarár."

This means that whenever you have troubles in any part of your body, then the other organs of your body cannot remain at rest. They are bound to suffer if there is pain anywhere and similar is the case with countries. I emphasize that the only safeguard for stopping the breakdown of the currency of any country is some central bank of this kind. But if we oppose international bank then some other method ought to be devised by means of which this situation may be avoided.

My third point is that we will require some loan for our future developments. I have got before me the fifteen years' plan of Bombay. They have suggested that for the development of this country we require Rs. 1,000 crores. I do not agree altogether with their arguments but we do require money for the future development of India. Every department is ready with large schemes. All kinds of pressure are put on the Finance Member. I do not know if the revenue of India will be able to meet all these demands. He will have to fall back on loan for capital expenditure, preferably a long-term loan so that we may be able to pay it back by instalments. If you produce any scheme of reconstruction for India, capital expenditure would be needed and the capital expenditure cannot be met by the revenue of the country. You will have to take a loan and the loan which you cannot pay immediately. It must be a long-term loan. How will it be possible for India to get such loans? Theoretically it may be all right but I do not see any other way in which it can be done. I am sure that this Bank will always come forward to help in this particular manner. In this connection I may also mention that our Indian Delegation is responsible for the addition of clause 2 to the objects of the association, and it was done with this view, namely, that we should be able to have long-term loans for the development of our country. This suggestion of the Indian Delegation was accepted by the Conference. So the possibility of taking long-term loans has already been provided and clause 2 has been added to the objects of the international fund at the suggestion of the Indian Delegation.

Now, several members have expressed their apprehensions. Suppose these apprehensions come out to be true and the Bank fails to satisfy our demands. Then the simple resolution of Prof. Ranga, if accepted by the House, will be sufficient to withdraw us altogether from this organisation. So it is not that we are binding the future generations for ever, but we are just trying an experiment which I am sure will be successful and if by chance we find that it is not working then a simple resolution of the Legislature will absolve us of all obligations. So we need not be apprehensive.

As regards the opinions of other personages, I have got before me the opinions of the Policy Committee which accepted it in principle. Of course this Committee is more fortunate than the Standing Finance Committee of this Legislature because it had the benefit of discussing the whole of this international monetary policy before we had any opportunity to do so.

So the points I wish to make in support of this idea are: (1) it is the only method by which we can equalise the balance of trade between the various countries (2) it will stop the breakdown of the currency of any country, and (3) it will encourage future development and reconstruction by having the loan on a long-term contract.

I consulted the economic and commercial staff of my University and discussed the matter in very great detail with them. Some important suggestions were made but in principle they were of the opinion that for the development of industry all round this would prove exceedingly useful. So, I think the general

opinion is in favour of this. The objections which have been raised against this were objections on a subsidiary issue which I now take up.

The first question was that this House was not consulted. I think we all agree that earlier opportunity ought to have been provided to take this House into confidence. But I notice that the Government alone is not responsible.

12 NOON. The Policy Committee is also responsible for this. The British Government, the U. K. Government, has given its consent. This Committee said once in 1944 and repeated second time in 1945 that India should wait till England has joined the International Monetary Fund. England gave her consent on the 13th December. On the 13th of December, 1945, neither this House nor the Finance Committee was in existence and therefore they had no alternative but to issue an ordinance. They must give their consent to be an original member before the 31st December, 1945. Although it is a good plea but it cannot absolve the Government from their responsibility for not consulting us earlier or at least in not calling for a special session in the month of September. But unfortunately so many things happened this year that the intention of the Government could not be materialised.

Now I come to the sterling balances. Whatever the issue about sterling balances may be and in whatever way you discuss it, this particular problem of International Bank cannot obstruct or stand in the way of the settlement of the question of the sterling balances. It is quite an independent problem. The problem of the sterling balances will remain in its place irrespective of any decision on the International Bank. But since we are discussing all the issues, —England has also discussed the whole position—therefore we would also like to discuss the question of sterling balances. In this connection I would like to refer to the report of the Policy Committee. Twice they said that a Committee should go to England and discuss the question with the Government of the United Kingdom and as Mr. Manu Subedar pointed out, this question was also discussed when England began to discuss the position of her international trade. While England was discussing the question of the financial agreement with the United States the question of the sterling balances was also raised as mentioned in sections 10(1) (a), (b), (c). The United Kingdom and the United States alone cannot settle this question. It was suggested by our Policy Committee that a small committee from India ought to go to the United Kingdom and settle this particular question; we have no doubt of their great sympathy for all the troubles that we had during the war, because this money was spent in a manner in which we have been benefited. There is no doubt about that, but at the same time India is a poor country and cannot afford to give charity to a country which is far richer than ours. Therefore the contribution to England is no act of charity but at the same time this ought to be discussed in a friendly spirit. I entirely approve of the suggestion that has been made that a small committee should go to England and settle the question with the Government of the United Kingdom. But at the same time this question is very different from the question of the International Bank. My own opinion is—I do not know whether Mr. Manu Subedar will agree with me—that this International Bank will help us in settling this question of the sterling balances.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Why did not Sir Jeremy Raisman discuss this question at the Bretton Woods Conference?

Dr. Sir Zia Uddin Ahmad: I am not responsible for Sir Jeremy Raisman. The fact that this is mentioned in the agreement between the United Kingdom and the United States clearly shows without any reference to us that this International Bank will in a way help us in the settlement of the problem and will not stand in the way of it. So I have great sympathy for this balance of trade, though I do not agree with the solution which my friend has suggested. It was rather an interesting suggestion: take all the rupee belongings of foreign people (non-Indian residents in India), give them sterling in exchange. This reminded me of a proposal which was once made in this country, at which I laughed at that time just as I am laughing at this particular proposal. It was

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argued that agricultural indebtedness is a great curse to India and India could not progress till rural indebtedness was wiped off. It was suggested that we usurp all the belongings and assets of all the millionaires who own more than 10 lakhs and pay the agricultural debts with this money which you collect from people who have no right to own more than they should. This suggestion is of the same nature as the proposal of my Honourable friend Mr. Manu Subedar for the payment of the sterling balances.

Coming to the third issue which was also discussed on the floor of the House, *vis.*, the question of exchange. In 1934 when the Reserve Bank Bill was under consideration I was strongly of opinion that the rate of exchange should be 1/4 and not 1/6 to the rupee and we lost only by two votes, because at that time 1/4 was really the true value of the rupee. But the position in 1946 is different from the position in 1934. Everybody knows that a lower exchange helps export and a higher exchange helps import. Devaluation always helps exports and if the rate is raised it helps the imports. At present we have not got much of commodities to export. We have not got enough for our own use. If there is nothing to export why do we demand a lower exchange value for the rupee from 1/6 to 1/4. Another thing which I want to point out is the value of exchange does not effect the economic position so much as the change in the exchange value from time to time. That really affects trade and encourages gambling. In order to avoid gambling it is very desirable that the exchange problem should not be treated in a light hearted manner and should not be changed from time to time. Once it is fixed, it should remain fixed for a considerable time, because the moment people begin to know that there will be some kind of play on this exchange, then the speculators will come forward and disturb monetary equilibrium. My friend Sir Cowasjee Jehangir will excuse me when I say that the Bombay people are experts in gambling. I have never seen people of any town so proud in gambling; whenever a gambling house is opened in any remote part of India, you will find two-thirds of the people come from Bombay. You find a small boy of ten opening a shop for gambling and all the boys go there to gamble. Therefore this gambling ought to be eradicated and I have tabled a resolution that all these stock exchanges and cotton exchanges and bullion exchanges ought to be abolished. Until all these are abolished, the gambling mentality cannot disappear from this country and we cannot have stability of any currency or stability in trade.

There are a number of other problems which we have been pressing; one was raised by my friend Mr. Ayyangar about the export of gold. I have always supported him when he moved an embargo on what was-called distress gold; but we continued to export the gold and the government did not agree with us. I protested several times on the floor of the House as to why gold is sold at such very high prices when the world parity is so low. I am not sure what the figures are today—perhaps the Honourable Finance Member will correct me—I think the world parity is about Rs. 38 a tola, while the Reserve Bank's price and the market rate is over Rs. 100 a tola. We will discuss this later on in the committee stage; but I am sure this can be checked by the influence of this International Bank, because they have put down the parity of gold in terms of the currency of each country, and that will be the market value of gold and it will help to fix its price in every country. All these subsidiary things raised—on the floor of this House will be of practical help and we may get a solution for all these problems from this International Bank.

I proposed a resolution in 1931 about the stabilisation of prices and I have been pressing Sir George Schuster and his successors—Sir James Grigg and Sir Jeremy Raisman—that they should follow the Macmullen Report: The report said that the first concern of every finance member should be to stabilise prices and to fix the purchasing power of the rupee. If the purchasing power is not fixed the value of your managed currency will always be fluctuating. Mr. Ayyangar also pointed out in his speech that you must fix the value of gold in terms of your currency: the same thing applies to silver because we are a

bimetallic country: both silver and gold are legal tender. But Sir Jeremy Raisman was very keen on one point alone and that was the fixation of the bank rate of interest. It did serve some purpose. But the common people in this country have no interest in banks. 99.9 per cent of the people do not have a banking account: only .001 per cent. of the people have some kind of bank account and they have no interest whatever in the bank rate of interest. But everybody is interested in the purchasing power of the rupee, and that was not done by any Finance Member. I hope it will be taken up now and with the help of all our friends on my right this problem will be taken up and the purchasing power of the managed currency called rupee will be fixed.

One more point. It was pointed out by some members that Russia had withdrawn from the fund, that there must be some good reasons for her withdrawal, and why should we not follow the noble example of Russia and withdraw ourselves? The position of Russia is very different from our position. Russia is following a policy of absorption. I do not want to discuss the method which Russia adopts in absorbing country after country—I will probably discuss that on some other occasion; but the method she is adopting is such that no country will be able to face it: one method is to break down the monetary policy of the country which she wants to absorb. The breaking down of the monetary policy of the country she wants to absorb is one of the fundamental policies of Russia; and with this view, Russia cannot afford to join this International Monetary Bank or Fund whose object is to stabilise currency. Therefore Russia with its present policy has absolutely no place in the International Bank: and it ought to have been foreseen. Her methods are different from the methods of every other country. Therefore there is no point in asking us to follow the Russian example. I know of a number of very good reasons for Russia's withdrawal; but we cannot follow the Russian example

Sri M. Ananthasayanam Ayyangar: What about Australia, Dr.?

Dr. Sir Zia Uddin Ahmad: I support the appointment of the committee specially for this reason, that it will give us an opportunity to discuss the subsidiary questions and we may have some better suggestions for the solution of these problems. They will not affect the main issue.

As regards the time of report, the resolution only puts down the higher limit; but from this it does not follow that we cannot report earlier. I am of the opinion that the earlier we settle this question the better for this country. With these words, I support the motion moved by the Muslim League Party.

Sjt. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural): Sir, it seems that the old adage has been somewhat modified. Brevity is the soul of wit. Now it seems to be the soul of diplomacy—I do not yet say, of duplicity. The Honourable Finance Member was very brief. He told us in his speech that so far as the sterling balances were concerned there would be no reduction. Possibly he is aware that the English newspapers have been all along agitating and in fact praying for scaling down these balances. It is very good to say that this question is bound to be considered—and even in the communique that was issued along with the Ordinance on the 24th December 1945 it has been stated:

“The financial agreement recently concluded between the United Kingdom and the United States of America provides for the multilateral convertibility of current sterling receipts within a year, which involves the automatic dissolution of the Dollar Pool. It also contemplates that the United Kingdom will negotiate at an early date for a settlement of sterling balances on the basis that a portion of the balances will be released immediately in free currency and another portion funded over a period of years from 1951, the funding instalments being available for current transactions in any currency area. Though the actual details of such releases can only be determined after negotiation, there is no reason to suppose that satisfactory agreements will not be secured by agreement.”

It was all right on the 24th of December, 1945. But we want to know what has the Government done between that date and now. The whole attitude of this House and in fact of the whole country depends upon the satisfactory solution of this problem of sterling balances. It is not for the first

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time that this has been said. The Indian Delegation that went to America made it plain that this scheme of international monetary Fund and also of the international Bank for reconstruction and development would be of no use until and unless the abnormal war indebtedness was tackled. Several attempts were made by the Indian delegates to get that incorporated in the article that deals with the purpose of the Fund. Then when the first attempt failed, again another attempt was made that at least a reasonable portion of these balances should be released. That attempt also failed. I feel that the atmosphere there was a combination, if not a conspiracy, straightaway between America and England to dominate over the world like a Colossus with two heads instead of one, so that they may perpetuate their economic domination for many years to come. The League of Nations, after the last war, was supposed to look after the interest of all its members but virtually it became an instrument to perpetuate the *status quo* and the dominance of the big few. I think this monetary Fund coupled with the International Bank may result in creating similar position, so that this time not England alone, not the Bank of England alone but England and America together will dominate the world.

In this connection Article 4 of the Atlantic Charter is worth remembering: "They will endeavour with due respect for their existing obligations to further the interests of all States, great or small, victor or vanquished, to secure access on equal terms to the trade and the raw materials of the world which are needed for their economic prosperity." Before the war, many weapons were used freely such as high tariffs, quota restrictions, currency controls and restrictions and so on. By these many countries tried to protect their industries. If full effect is to be given to this article, it means that there must be free trade in all parts of the world. In this setting, the position of this country becomes grave. It wants to progress on the road towards industrialisation. This scheme of the monetary Fund and the Bank in spite of what has been stated to be their purposes would act as a hindrance to the rapid industrialisation of this country. It will perpetuate a state of affairs in which the advanced countries will remain in advance, whereas the backward countries or countries which are not sufficiently industrialised will remain in the same position in which they were before. If the main objective of this Bretton Woods Conference was in the words of Mr. Roosevelt to increase the standard of living through the dynamic and soundly expanding world economy, then it is absolutely necessary that India must be helped towards rapid industrialisation. If poverty is a thing to be eliminated, if prosperity has got to have no limit and if the maintenance of a high level of employment and larger trade are the objectives, then it is absolutely necessary that India should have a substantial portion of her sterling balances available, wherever she wants it. The position of the industries today is this. All these years the industrial plant has to meet the war demand and naturally the rate of wear and tear has been excessive. Not only are capital goods in the shape of machinery necessary for the maintenance of the present level of industrial production but they are necessary for India to undertake further industrialisation. It is an agreed proposition that if trade is to increase you must produce and sell in order to buy and consume. Trade radiates from industrial regions. That being so every step must be taken so that India may be in a position to import capital goods. The objection to the inclusion of those purposes moved by the Indian delegation in the Bretton Woods Conference was that the purpose and the scope of this fund was limited. By refusing to take notice of this big question of sterling balances one is inclined to hold that U. S. A. and U. K. wanted to do nothing towards helping those countries which were really anxious to develop their industries. We are now told that as a result of the Agreement between the United Kingdom and the United States of America something will be done; but how little it is may be gathered from the Agreement itself. In Article 10 of that Agreement it is said: The released portion is available in three categories. (a) Balances to be released at once and are

convertible into any currency for current transaction, (b) Balances to be similarly released by instalments over a period of years beginning from 1951 and (c) balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and in recognition of the benefits which the countries concerned might be expected to gain from such a settlement.

In the first category very little will be available. Under the second, the annual sum is so small in relation to India's credit and if the instalments are to be spread over 50 years or more India will have to wait for industrialisation till doomsday. The third is the most objectionable of the three. Under this what is really contemplated is scaling down—balances to be adjusted as a contribution means that only. We have some experience of these adjustments between England and America. After the last war and before this war, England virtually repudiated the debt it owed to America. There is no reason to believe that it will not happen again.

While the war was on and whenever this question of sterling balances was raised, the reply was that that was not the proper time. Now the war is over, but so far as India is concerned every day war expenditure is incurred and gradually the sterling balances are being increased. There is no limit to this. When the war will be over, according to you, you will plead their inability. Sir, I am reminded of a Kanarese proverb which says: "No payment of interest till the New Year's day and no re-payment of principal thereafter." The net result is that there is no payment either of interest or of principal. That is what is going to happen. Lord Keynes during the Conference said that what was honourably given and what was generously given would be paid. We are waiting for that payment. Personally, I am sure that India will not get one anna in a rupee and therefore there is no reason why we should join this Fund or this scheme for the Bank of International reconstruction and development. If we are not to get back the money we gave and are to go in for loans, I do not think that it is a proposition which any sensible man will entertain. What is our position to-day? It is just like that of a man who has millions of rupees in the bank but cannot pay his taxi fair. That is the position. We cannot import capital goods although we have huge sterling balances in London. All the advantages that are in the scheme are problematic. If our currency had been linked only to gold, then the advantages about the par value and the stability of exchange would have been all right. But today it is linked to sterling. So, whatever advantages are expected to flow from fixing par value and from its variation of 10 per cent. with consent and 10 per cent. when no objection is taken, are completely neutralised because our currency remains linked to sterling.

I do not want to go into further details because it is obvious that this matter is to be referred to a Committee and, when the Committee reports, it will be time to consider it in further details. But I want the Committee to take certain facts into consideration and one of them is this, that our position is different from every other country. Unless we insist and secure a satisfactory solution of sterling balances, it is no use joining the scheme of International Monetary Fund or the scheme of the International Bank for reconstruction and development. If our Indian Delegation failed there, there is no reason why here this House or its Committee should not insist on a satisfactory solution before this House consents to agree to the ratification which the Government of India has already signified.

If the object of the whole scheme is to have full employment throughout the world and a higher standard of living for all then for the fulfilment of that very purpose, the sterling balances must be released. Therefore, my final request is that unless this question is solved to the satisfaction of India, this country should have nothing to do either with the Fund or its ancillary part, the International Bank.

Mr. T. Chapman-Mortimer (Nominated Non-Official): Mr. President, Sir, the motion standing in the name of the Honourable the Finance Member asks

[Mr. T. Chapman-Mortimer]

the House to do two things. First of all, it asks the House to support and welcome the Bretton Woods Agreements. Secondly, it asks us to support Government's action in deciding, as they did decide, to adhere to the Agreement—India being an Original Member. Now, Sir, I do not want to go into details of the Agreement on this occasion because it is quite clear that that is a matter into which the coming Committee will look very carefully. But I want to make a few general observations arising mainly out of the amendments before the House. We have heard a good deal in more than one speech—and it appears also in some of the amendments—namely, of the question of good faith. The suggestion is that there has been a departure from good faith on the part either of the present Finance Member or of his predecessor or, as the case may be, of both. Now, Sir, this is a matter on which we are going to hear a good deal not only in India but in all countries of the world during these coming years. Never was a greater need for goodwill and good faith than at the present time. The enemies of the people in every country and the enemies of freedom in every country seek to keep men of goodwill apart and they will seek by every means in their power to raise suspicion and doubt in matters of good faith: Wherever policy reaches the high point of decision and two rival groups are coming to an agreement for the first time, then you will get these charges of breach of faith and so on. So, I would earnestly suggest that this House should try to consider this matter in as detached a manner as possible and seek to come to their decision on the basis that there is good faith in all quarters. I myself am quite satisfied, having studied very carefully what the Honourable Sir Jeremy Raisman, said, that his successor has not broken faith with this House. The matter also has relevance to Bretton Woods itself. Anyone who has studied these plans carefully will, I am sure, be convinced that these proposals—the so-called Bretton Woods proposals—have been reached, or formulated, by men of goodwill in all countries. They have tried very hard to reach some kind of an agreement which would be fair to everybody. Their purpose is two-fold. First of all, they have tried to make proposals which will enable all countries of the world to tide over five or six very critical and difficult years. Secondly, they have sought by their agreement to pave the way for an ultimate solution which will bring greater happiness and greater prosperity to all countries of the world.

Those who remember those fateful years, 1918 to 1923, will, I am sure, if they think of the matter carefully, agree that what was done at Bretton Woods is an attempt of the most determined and grave kind to get away from the conditions which led to such chaos and misery in the years 1918 to 1923.

The second point which has emerged from this debate and which is apparent also from the amendments before the House is, roughly, this. We in India should be quite prepared to adhere to Bretton Woods if only we could be sure that we are not being dragged along at the chariot-wheel of Great Britain. Now, Sir, I have no doubt at all that those who talk in those terms are thinking of the ratio—sterling-rupee parity. But they have also suggested in this connection that their position is comparable to that of Russia. Well, Sir, there is no connection whatsoever between India's position today and that of Russia. In the first place, Russia is not very interested in foreign trade. In the second place, she is quite prepared to do what my Honourable friends on my right are not prepared to do, namely, sell gold. Russia has no idea, as my Honourable friends of the Congress Party have, that there is something sacred or that there is sanctity about gold. They know quite well that gold is a commodity and at certain times, it may suit a country to sell gold in large quantities at other times, it may suit a country to buy gold in large quantities. There is nothing immutable about it. What is good today may be bad tomorrow. Russia knows that quite well. She has enormous quantities of gold and she wishes to buy capital goods from other countries, and she is prepared to pay for these capital goods in gold. The argument of my Honourable friends opposite therefore does not carry any weight. India, on

the other hand needs foreign trade. The Honourable Member, Prof. Ranga, claimed that India desired to increase her foreign trade, especially in the Far East. He also alleged that the whole plan of Bretton Woods was a plot on the part of England and America to prevent India from expanding her foreign trade. I suggest to him that this is exactly contrary to real facts.

Prof. N. G. Ranga: Oh! Oh!

Mr. T. Chapman-Mortimer: What! oh! oh!; if India really wants to expand her foreign trade by selling her goods abroad, she must buy; she must be equally sure that she is not going to have her plans upset by having her exchange upset first in this direction, and then in the other and so on. That entirely overlooks the facts of the position in which India is today. If she wants to expand her foreign trade, if she wants to have nothing to do with Bretton Woods, if she wants to have nothing to do with the present ratio, *that ratio is not going down, it is going up; it is 1s. 6d., it might go up to 2sh. or even more—in the last war, it went up to 2sh. 10d., I suggest you would put it up by your proposals. I am at present suggesting that the present ratio of 1s. 6d., for reasons so lucidly and brilliantly explained by the Honourable Member Dr. Sir Zia Uddin Ahmad, is the right ratio, and therefore the arguments put forward by my Honourable friends opposite are quite wrong. If jute is not exported, whether as a manufactured article or as a raw article, what is going to happen to those who grow jute and who can, from the nature of the case, grow nothing else. I ask Honourable Members opposite to consider that. The same applies to cotton, hides and so on.*

Sri M. Ananthasayanam Ayyangar: That is the old jargon.

Mr. T. Chapman-Mortimer: I am quite convinced for these reasons that it is in our interest, speaking as representatives of India. . . .

Sri M. Ananthasayanam Ayyangar: You are a representative of India?

Mr. T. Chapman-Mortimer: In this House, I am a representative of India. It is in the interest of this House, as a body, as a whole, to support these proposals. There is no question whatever of our being tied to the United Kingdom. If we decide later on, that we do not want to have anything to do with Bretton Woods, very well, let us agree to throw the whole thing overboard. The Honourable the Finance Member has made it perfectly clear that he will, for his part, take action and India would then withdraw from the whole scheme. I suggest that is not what we want. I suggest that it is not what the Honourable Members opposite know to be in the real interest of the people.

Now, Sir, the third general observation is this. The question of sterling balances has been raised by more than one Honourable Member, and quite rightly. There is an intimate link between the question of sterling balances and the whole problem arising out of Bretton Woods. When I say there is an intimate link, please do not think that I mean that the two problems are not quite distinct and quite separate. The problem of sterling balances is just as distinct from the problem which we are now debating as the United Kingdom Agreement with U.S.A. in regard to settlement of war debts is distinct from Bretton Woods. All that Bretton Woods seeks to do is to put us all in a position of knowing the basis upon which in future we must build, the basis upon which we must make an agreement with the United Kingdom over this very question of sterling balances. Further the question of sterling balances is really one of transfer, it is not an ordinary problem as between a debtor and a creditor. There are so many millions sterling owed to India. I have never heard a single person in London—and I have talked to a lot of people, bankers and others since I was last here,—I have never heard a single person suggest that this debt should be repudiated.

Sri M. Ananthasayanam Ayyangar: Do it, do not say so.

Mr. T. Chapman-Mortimer: If you want England to pay her debt, the correct way for you is to allow her to do so in the only own way she can. There is no doubt whatever that given the circumstances and the opportunity,

[Mr. T. Chapman-Mortimer]

England will honour that debt in full. I repeat no suggestion is made to the contrary. Lord Keynes has made the position of Government absolutely clear, and I have no doubt that a man of his position knows what he is talking about. It is suggested that as an alternative, the U. K. might simply supply machinery free of charge. That would be very nice for, say, Birla Brothers and others who have arrangements with U. K. firms and companies, but it would be a mere drop in the bucket as compared to the full amount of this sterling debt. The other suggestion is that the British assets in India should be set off against the sterling debt. That also would be a flea bite, even if you took the whole of our rupee assets in India and set them against the debt, you will still have a large amount of debt remaining and you would still be faced with the *ultimate* problem of how you are going to balance your yearly account, when that immediate position had been cleared up. Therefore, that is no solution, any more than the idea of supplying machinery free is a solution.

Mr. Mann Subedar: You have not even made the offer.

Sri M. Ananthasayanam Ayyangar: What is the extent of your rupee assets here?

Mr. T. Chapman-Mortimer: Very small! The other suggestion is that India should adopt and attempt the same policy that U.S.A. attempted between the two wars. It has been suggested, in fact, stated that the British Government repudiated their dollar debt last time, and that therefore they would do the same with India this time. What really happened was that the British Government tried to pay but the American Government said, "Oh! no, you must pay of course, but we are going to put on high tariffs; we are going to make it very difficult for you to sell any British goods in America". And they attempted in other ways also to make the position more and more difficult. They did not of course do that deliberately. They did it because they believed it was in the best interest of U.S.A., just as my Honourable friends opposite believe that a similar policy is in the best interest of India.

Sri M. Ananthasayanam Ayyangar: As a result of Ottawa.

Mr. T. Chapman-Mortimer: This time, America would consent to a loan. She has realised that the old traditional policy of England—whereby war subsidies after the war were written off—was on a long view the right policy for U.S.A. I am however not suggesting for one moment that that is possible or right for India. On the contrary, India is a poor country; she cannot possibly afford to write off the debt which Great Britain owes to India. I just want to make that quite clear because the suggestion is made that we on these Benches and our colleagues at home seek to repudiate this debt. This is absolutely untrue and incorrect.

Now, Sir, I come to the motion itself and the amendments. First of all there is amendment No. 6 standing in the name of my Honourable friend Mr Ayyangar. He says that at the end of the amendment proposed by Prof. Ranga the following words may be added:

"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."

I agree with that amendment fully *in so far as it stands by itself and is not part of the main amendment of Mr. Mann Subedar*. But I would draw the Honourable Member's attention to the fact that these words that he has put in—and quite rightly put in—really call for a report to this House before 1st March. In fact they call for a report to this House as soon as possible because we do not want the Government of India to go on with a course which we believe to be wrong. Therefore we want an early report from the committee so that we can pin them down to the recommendations that the committee puts before us. In regard to amendment No. 5 of Prof. Ranga; again I agree. It is remarkable how often I find myself in agreement with the Congress left-wing member! He says that in order to determine what steps should now be taken a committee

should be set up. Then in regard to the amendments Nos. 3 and 4 these to my mind are better. They commit the House to nothing either one way or the other. They do not condemn the Finance Member and they do not seek to condemn the Government of India. They merely suggest that a committee should be set up and that committee should report to the House on all the action that is proposed to be taken or, as the case may be, has been taken. We in this Group support both these amendments and I commend them to the House.

In regard to what my Honourable friend Mr. Manu Subedar has to say in amendment No. 1 I have a few observations to make. In the first place I was very glad to hear from him and I think also from another Member of his party that they are not absolutely committed to this particular line of policy and that they still have an open mind; they are open to be convinced that these proposals are in fact for the good of India. I hope that after the committee sits they will be convinced, as I am quite convinced, that these proposals are in the interests of India and that they will therefore withdraw their condemnation of the Finance Member for the action he took.

Then they suggest that this action was taken in breach of a promise given to this House by the Honourable Member's predecessor. Sir, I have examined very closely what Sir Jeremy Raisman said; I was present also when he said that; and I am quite satisfied that the action taken is not a breach of faith in any sense whatever. What Sir Jeremy Raisman indicated was that as soon as may be he would take the House into confidence—I am putting it very roughly. He said that, and the Honourable Finance Member has made it quite clear that not only is he seeking to implement that by bringing this motion before the House so early in the session, but equally that if we disagree with what he has done he will arrange that India withdraws from the Fund and the Bank. So that there is no question, and there need be no question, of a breach of faith.

Lastly, Sir, as to the motion itself I should like to have seen that motion accepted without any reference to a select committee. Unfortunately that is the minority view and I can quite understand the reasons why Members of all parties including my own support the motion for reference to a select committee. We want to get more information of a detailed kind which can only appropriately be given in such a committee. For these reasons, Sir, I support the motion and the amendments standing in the names of Mr. Haroon and Mr. Ishaq Sait.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Mr. President, Sir, I need not discuss the large question of our resentment because it has been made amply clear by the Mover of the amendment Mr. Manu Subedar. Among the objectionable features I think there is one that the representatives who were sent from this country by the Government of India were nominated or chosen exclusively by them, although these very same people might have been nominated by the Major political parties who are the real representatives of the people of the country, and the Government of India could easily have taken the step of offering these political parties to nominate such non-official Economist of this country.

With regard to the Agreement itself I need not discuss the proposals at length because we are supporting the amendment for setting up a committee of this House where we will be able to examine the whole thing. The Honourable the Finance Member has further said that if this House gave a verdict that this was not in India's interests he will make all possible efforts to see that India withdraws from the arrangements so far made.

The proposals embodied in the Agreement are certainly of a far-reaching character. The purpose described is to make funds and resources available to each country members of this organisation. It means that for exchange purposes this will be a clearing-house provided the quota position of each country is substantially maintained. In fixing the quota the relative position of the export and import of each country should have been fully stated before this were to be fixed. We do not have here the minutes of the discussion which took place at Bretton Woods and we are not really in a position to say which aspects were

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examined and how they were examined. We are not in a position to say exactly whether the export capacity of India was fully examined and in what light,—export of raw materials or of finished goods,—and in that way what our position would be in regard to exchange. As Sir Zia Uddin pointed out, how really it will function as a clearing-house, is a matter of great importance. Supposing India exported to certain countries from whom nothing can come by way of imports and the trade balance is against that member country, then according to this Agreement the member's fund will be made available; but to what extent it does not say very clearly. Again, another thing which is most important in this connection is that India is in a position to export certain raw materials which she can do without looking into her trade balance being compensated by her imports. For instance, in jute she holds the world's monopoly of export of jute and jute fabrics; and in that way it is not necessary that she should be compelled to make up her trade balances by imports from other countries for the export of jute that she makes to those countries. The question is not very clearly solved as to what would be India's position if she stands as an exporting country for jute and does not want to import anything as she might have developed her own industries to an extent that she may require no consumers goods from other countries. I will illustrate my point by saying that India is in a position in which by developing her own industries she can be an exporter of finished goods as well. Whether that would be a position in which the quota funds will be able to transfer credits to the member Governments to keep her channels of credits flow into this country to make up the trade balance or it will be restricted to a certain percentage which is to be got through the funds at disposal. This is to be examined thoroughly to see whether it will be in our interests or not to be a party to this organisation.

Now, I will just refer to a point raised by my Honourable friend, Mr. Chapman-Mortimer, who spoke just before me, in connection with the export of jute, jute fabrics, hides and other things. He asked what shall we do with these things if we were not to export them to other countries. I do not want to go into details of the question of export of these particular commodities, but I may say that other countries of the world are more anxious to import jute and jute fabrics from us than we are prepared to export to them. We can make good use of our own raw materials; we can utilize them for our own purpose; and we also know that other countries cannot find out a substitute as cheap and good as the jute fabric, and they will have to starve, and stop many of their trading channels because of this. The position with regard to hides is this: The exporters of the East India tanned kips, who are in the position of suppliers of the most important and cheap commodity for United Kingdom find themselves in a very peculiar position, because consumers and businessmen in America and England have on the one hand restricted the values of these kips by putting a ceiling price, and on the other hand they are forcing East-India Kips exporters to sell to United Kingdom only as by creating a bonus system the whole kips trade from India has been reduced to a sort of gambling. The U. K. Board do not tell you exactly what the bonus would be; they only say that if certain quantities of hides are made available to the United Kingdom during a stipulated period, they would declare some bonus which may be contribution from the Board of Trades. Our East-Indian kips which we used to send to the United Kingdom are more valuable today and can fetch a higher price in this country than the United Kingdom can pay, but all sorts of baits are being thrown to see that we export them. Position about goat skins is also similar. United States of America have lately found out different methods of restricting the trade profits of this country through established combines and trusts. The U. K. C. C., for instance, is one of them in regard to which hundreds of questions have been put in this House but no satisfactory reply has ever been received from this Government. These trusts and combines are more or less semi-Government organisations of those countries. The United States of America, which is in great need of Indian goat skins as they cannot get goat skin from Persia, Mombasa, or China—the countries which produce skins of good

quality—is trying to coerce us to accept a price which they would dictate to us. They can afford to do this because of the unfortunate position in which we are placed, namely, war rupee is linked to 18 pence whereas dollar is free exchange. By putting the dollar at a higher value, U. S. A. is robbing this country at a price lower than the pre-war level. This is the position which probably my Honourable friend, Mr. Chapman-Mortimer, who is a businessman, will appreciate better than anybody else, as “Exchange” jugglery and intricacies cannot be imagined by all others.

What we feel is this: In connection with this Bretton Woods Conference, India will be a member, and there is an Agreement,—that is all right—but shall we have an effective voice? As was once said, treaties are a scrap of paper and it binds those to whose interest it may be. Unless there is a sanction behind treaty, we cannot maintain it. The question is, even if the Agreement is good enough, and we enter into it in good faith, shall we be able to make use of it to our advantage? That is the position which we have got to examine: whether we have a sanction for that, whether we have our own independent fiscal policy in this country, whether our economic structure can be planned by ourselves and to our advantage, and whether under the Agreement any benefit will accrue to this country although it is just a chariot wheel of H. M. G. of England. These are the points which have to be examined in great detail. What I would like to impress upon the House is that with regard to this Agreement there is no question of condemning one or the other, but we have to find out whether we can really make use of those clauses which appear to be for the good of this country, and whether for realizing the benefits under those clauses we will have the support of other Member country of the Organization, or whether it will be only a question of dictation by the United States of America and the United Kingdom who are in the position of managing directors or chiefs who will use this Agreement to their own advantage. Probably other members will not have as effective a voice as the U. S. A. will have, and next to that comes the United Kingdom, who are the founders and builders of this clearing house.

I would rather not make any detailed comments in regard to our sterling balances except to say that I would be happy to see if people in England do appreciate what Mr. Chapman-Mortimer has said, namely, that they have no desire to go back upon their promises and that they have every sincere wish to repay the debt to us and soon. The question is how it can be done? For that England wants us to give them the necessary facilities, and if we do so, probably they would be prepared to repay the debt earlier. The question is that we have already given United Kingdom the facilities at a time when they were struggling between life and death. To ask us again for favours in the repayment of debt is something which I cannot understand. Does not my Honourable friend, Mr. Chapman-Mortimer, and His Majesty's Government in England, realize that we, at our own cost, exported distress stock of grain and other goods on their account at a time when we ourselves needed them most? It would be too much to expect further favours from us. We would request them, if for nothing else at least for their sense of gratitude and obligation to us, they should repay the debt as soon as they can, and in the way in which we desire them to repay the same. It is our choice to tell the debtors country exactly how the payments should be made. If we want that the payment should be made by exporting high-class machinery for developing our own industry in this country, they should carefully consider the proposition instead of feeling that we are trying to coerce them which we should not do at this time. My Honourable friend, Mr. Chapman-Mortimer, said that the value of British assets in this country, even if they were seized in exchange for sterling assets, would not come to 1300 millions sterling. I will not deal with that question. I am not in a position to know what is the value of British assets in this country, but in any case it would be more feasible for us to have repayment of our debt by importing capital machinery goods. Personally, I think it will be far better to import high class machinery for the development of our own industry than seize the British assets here.

With these few remarks I resume my seat.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): While I am very glad to find my Honourable friend, Mr. Chapman-Mortimer back in this House, although as a nominated member this time, I must express my disappointment that he did not stand up for the rights of the previous House of which he and I were members. My Honourable friend thinks that there has been no breach of any undertaking either on the part of the present Finance Member or of his predecessor. My grievance is that my Honourable friend, the Finance Member, took a very narrow view of the undertaking that was given by his predecessor. It is true that Sir Jeremy Raisman gave the undertaking to give this House a chance of considering these proposals after the attitude of the U.S.A. and the United Kingdom had been known definitely: or, in other words, after these two great powers had agreed to abide by the decisions arrived at at that conference at Bretton Woods.

Sir, I should like to remind the House of the procedure that was followed in the consideration of this question, for instance, in Great Britain. In May, 1943 on the eve of the Bretton Woods Conference, the two Houses of Parliament were not merely consulted by His Majesty's Government as regards the underlying principles of this scheme which had already been prepared by certain experts of the different countries of the world, but actually a resolution was passed by the Houses of Parliament to the effect that "the principles provide a suitable foundation"—referring to a statement of those principles circulated as a command paper—that they "provide a suitable foundation for further international consultation with a view to improved monetary co-operation after the war". This resolution was adopted by both the Houses and it was as a sort of an authorisation to the British delegation to Bretton Woods to consider the scheme in all its details.

Sir, we find that in India similarly in May 1943 the Government consulted, not this House but a body of their own creation, a Committee called the General Policy Committee of the Reconstruction Committee of Council. They placed a similar paper before that Committee and had a general discussion of the principles embodied in that paper. Sir, I ask my Honourable friend, Mr. Chapman-Mortimer, whether he would not have liked a similar procedure to what was followed in England to have been followed in India as well? Then, Sir, when the Bretton Woods Conference had reported, when we had their final Act before us, what did the Government of India do? In spite of the oft expressed desire by individual members of the previous House that they should very much like to have an opportunity of considering this very important scheme, the Government postponed the proposal from day to day, but they had the courtesy of placing the proposals again before that Policy Committee in October 1944. Now, Sir, in February, 1945, when a question was asked in this House, the Honourable the Finance Member said that it was no use discussing these questions before.....

(Being 1-15 P.M. the Honourable Member was about to resume his seat).

Mr. President: The Honourable Member may finish his sentence.

Mr. K. C. Neogy:.....before England and America had decided to join this scheme and he said: "I am going to give this House an opportunity of discussing the measure after the adherence of the two great countries is made known." That is more or less the substance of the undertaking.

MOTION FOR ADJOURNMENT

FAILURE TO CARRY OUT ASSURANCE *re* RAIL ROAD CO-ORDINATION SCHEME

Mr. President: The House may now adjourn till after lunch. I may remind Honourable Members that there is an adjournment motion today which will come on for discussion at 4 P.M. as usual.

Mr. M. Asaf Ali (Delhi: Central): May I say a word about the adjournment motion? Unfortunately the Honourable Member in whose name it stands is absent at present. But, if the Government are prepared now to give us a guarantee that they set aside a day for a discussion of the matter, or if they are prepared to appoint a Committee to go into the whole affair, we may reconsider our position. That is a suggestion for the Government and they can let us know when the House reassembles.

Sjt. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural):

As usual the Treasury Benches are empty!

Mr. President: The Honourable the Finance Member will convey it to his colleagues.

The Honourable Sir Archibald Rowlands (Finance Member): I am not quite clear what Mr. Asaf Ali wishes to be conveyed.

Mr. M. Asaf Ali: If the Government are prepared to go into the whole question of rail-road co-ordination then it is possible for us to reconsider our position. If they do not, then the adjournment motion will be moved.

The Honourable Sir Archibald Rowlands: I will convey that.

Mr. President: So just enquire before we re-assemble at 2-30 P.M.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Mr. President: Before the Honourable Member resumes his speech let us have the position clear about the adjournment motion. I do not know whether the Honourable Sir Archibald Rowlands communicated the proposals made to the Honourable Railway Member.

The Honourable Sir Archibald Rowlands: Certainly, about a minute ago.

Mr. President: What is the position?

The Honourable Sir Edward Benthall (Member for Railways and War Transport): So far as the Government is concerned, the position is this: that we are very willing to have this question discussed in committee as we know that it is a very suitable matter to discuss in committee. I understand that it is the details of Government's action in fulfilling the policy which is in question but we have not been able to agree in the very short time at my disposal since the Honourable Member made the suggestion exactly how that Committee should be set up. My difficulty is this: The Standing Finance Committee for Railways is also seized of this subject, because it has been discussing the question of the grants for 1946-47 and I understand that it is unable to come to decisions on certain aspects of the question, anyhow until the debate takes place this afternoon. They wish to hear what happens in the course of the debate here before making up their minds on the recommendations that they will make to the Government. Naturally, Sir, it seems to me that the proper body to consider these questions would be the Standing Finance Committee for Railways. I am prepared to consider another body but the point is that we will then have two committees of the House examining the same question and it is quite possible they may arrive at two different conclusions which would create difficulties. I would be glad to come to an arrangement with my Honourable friends opposite but that is my difficulty.

Mr. President: The present position is that we are going to take up the adjournment motion at 4 o'clock this afternoon, unless parties come to some agreement by the time this debate ends. In the meanwhile, parties may carry on their negotiations; and at the end of this particular motion, I may be informed as to whether any agreement has been arrived at. In the absence of any such information, I take it that, at 4 o'clock we proceed with the adjournment motion.

Mr. M. Asaf Ali: May I intervene for a moment? As a matter of fact we wanted to save another hour for this debate. If the motion for adjournment is to be taken at 4 o'clock it means that we lose one hour as far as this debate is concerned. Therefore unless agreement is reached before half past three, the adjournment motion will have to be taken up. I therefore suggest that if the Honourable the Leader of the House can be spared for a few minutes I would ask the Honourable Members who are interested in the subject to have a consultation with him and they can come to some sort of agreement and then if we save an hour we can carry on the debate right up to 5 o'clock.

Sri M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittgor: Non-Muhammadan Rural): I was a member of the Standing Finance Committee for Railways and this subject came up.....

Mr. President: We are taking up the time that is at the disposal of the House.

Sri M. Ananthasayanam Ayyangar: Sir, the addition of some more members on the Standing Finance Committee for Railways.....

Mr. President: Order, order. The matter is finished. The Honourable member, Mr. Neogy.

MOTION RE BRETTON WOODS CONFERENCE AGREEMENTS—*contd.*

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): The Honourable the Finance Member put forward the claim that the spirit of the pledge which was given by his predecessor, had been observed. What he meant was that certain commercial bodies in this country had been consulted as regards the merits of the Bretton Woods Scheme. Sir, the proof of this latest international pudding is to be in the amount of human happiness, in the ultimate analysis, that is promoted by the operation of the scheme. That, at least, I take it, is the claim of the authors of this scheme. Sir, it is not the happiness of the commercial community that is involved in this question. If my Honourable friend thinks that he has done his duty by consulting the commercial bodies while ignoring the elected representatives of the country, he is, I am afraid, awfully mistaken about the position that the Legislature occupies with reference to a question of this character. Sir, I should like to know from my Honourable friend whether he made any representations either to His Majesty's Government or to any authority in connection with the Bretton Woods scheme, to the effect that the Legislature was not in being, at least the Central Assembly was not in being, and therefore it would be difficult for Government to make up their mind one way or another on the merits of the scheme, particularly in view of the understanding which the Government had given to the predecessor of this House. Such a representation would be the least that the Government should have made to the proper quarters.

Sir, in this connection I am reminded of a complaint which no less a person than Mr. Churchill made, while speaking on the Bretton Woods motion in the House of Commons on the 18th December, 1945. He said that he wanted about two months time and he pointed out that there was no special sanctity attached to the 31st December and that if proper representations had been made an extension of time could easily have been granted by the proper authorities. I am merely giving the substance of the complaint that he made. May I borrow some of the words used by Mr. Churchill on that occasion and say, "Why should we not have said, these matters must be laid before the legislature and the legislature will require a considerable time in which to consider them in the light of maturing public opinion". Mr. Churchill thought that in view of the importance of the subject, in view of the great interest which the United States of America was taking in this question, there would be no difficulty in securing an extension of time, whether that needed an amendment of the Final Act itself or not. Sir, my Honourable friend has assumed that the 31st December is so sacrosanct in character that he could not afford even to make a representation of this character. This attitude, I take it, was particularly induced by the fact that there is an

one-man legislature functioning, not far from here, where my Honourable friend was sure that he could get the necessary legislative measure passed. He had no use for this House. It is that assurance that led the Government to ignore the Legislature. What would have happened supposing we had not signified our adherence to the scheme by the 31st December? My Honourable friend has drawn the attention of the House to the small blue pamphlet which he has circulated entitled "India and the Bretton Woods Agreement", wherein, after summarising the principal provisions of the agreement, are enumerated the benefits of membership. If, for instance, Britain had decided against joining this new organisation, we would perhaps have had a similar pamphlet. The same cover would perhaps have served the purpose of that pamphlet. Only after summarising all the provisions, we would have been told what are the benefits of keeping out of this organisation. My honourable friend's department contains very competent officers who can be depended upon to argue the case either way.

Reference was made by my honourable friend to my left to a report which was actually made to the Government by no less a person than their Economic Adviser, Sir Theodore Gregory, wherein in one place at least he seems to have maintained that it would have been to the advantage of India to keep aloof from these international organisations seeking to regulate international fiscal policy. This is what Sir Theodore Gregory said in para. 23 of that memorandum of 1944:

"If the rest of the world were pledged to fix exchange rates whilst India were not, there would be some obvious advantages to be attached to a purely autonomous currency."

We now know that most of the countries of the world, with the only exception of Russia among the great nations, have already adhered to this; therefore, I take it that this condition is fulfilled. Assuming India keeps out of the scheme, or signifies her withdrawal, or supposing the Government had decided not to participate at that particular hour when the decision was taken, what would be the position? There would be some obvious advantages, according to Sir Theodore Gregory, to be attached to a purely autonomous currency. Apart from that, my honourable friend was apprehensive that if we were to make up our mind at a later stage to join the scheme, the conditions might not have been equally advantageous. There, again, I am afraid my honourable friend is unnecessarily frightened by a bogey. For one thing, we know how very anxious Britain herself is to see all the various units of the Empire to adhere to this scheme in her own interests. I will give a quotation from the speech of the Chancellor of the Exchequer on this particular point, which he made in the House of Commons on the 12th December, 1945. The point raised was as regards the facilities which Britain might have, or might not have, in varying the rate of the dollar exchange after she adhered to such a scheme. In replying to this point, he said—(I am quoting the exact words)—

"Let it never be forgotten that when we speak of getting the consent of the fund"—(*because the consent of the fund would be required to a variation in the rate of the exchange beyond a particular figure*)—"we are going to be there. We are not nobodies in this world. The United Kingdom will be represented in all these discussions; so will the dominions; the Empire will be there in full force; and according to the quotas which determine the voting power the total voting power of the British Commonwealth in the fund is almost equal to the voting power of the United States. They are over 27 per cent. and we have, I think, between us over 25 per cent. of which the United Kingdom has over 13 per cent."

It does not seem as if Britain is very indifferent to or joining the fund. After all India has the largest voting power in the Empire, next only to that of Great Britain. It would therefore not be a matter of indifference to Great Britain, and if we were to vary this language, we could have said it would be to the interest of the whole Empire to see that the terms on which India would have to be admitted to the Fund at a later date would not be in any way disadvantageous to her. Now, supposing we were to hold out for a little while, it would have given us a very favourable bargaining counter. We could have negotiated with Great Britain on the greater assurance of getting our just dues from her in regard to the sterling balances, and in regard to the convertibility of sterling into dollar. We have thrown away a very good chance in that matter.

[Mr. K. C. Neogy]

I talked about the position of Britain in this matter. What about the United States of America? Apart from her sentimental attachment to the scheme of which she is the principal sponsor, she is looking forward to a greater and greater volume of trade and commerce with the rest of the world, and she among other nations is casting longing glances at our raw materials. When we find expressions regarding accessibility to the raw materials of the world on equal terms as one of the objectives of the Atlantic Charter, we know what they have in view is the articles that we normally export to the other countries. How could they do without raw materials? Therefore, even the influence of the United States would be cast in our favour, had we decided to hold out for a little while, while carrying on negotiations in regard to all the various details.

My honourable friend has referred to the trade agreement in this connection,—this yellow paper entitled “Proposals for expansion of world trade and employment”. My honourable friend, if I caught him aright, thought, that such a trade agreement must follow the Bretton Woods Agreement. In the Houses of Parliament, the three proposals were linked up together in the resolution that was passed—first, the Bretton Woods Agreement; second, the Anglo-American Loan Agreement; and third, these very proposals to which my honourable friend has very rightly referred to as being almost a necessary corollary to the Bretton Woods Agreement. So far as this paper is concerned, it may be said that after all they are mere proposals, and they have not yet been adopted. But yet from the very fact that this forms part of the resolution which has been adopted by the British Parliament, and also the fact that the Honourable Member took care to circulate this paper to us in connection with this debate, and also because of his own admission that trade agreements of this character must necessarily follow an agreement on the lines of the Bretton Woods Agreement, how can we ignore the possibility of at least the major features of these proposals being adopted at the conference, the international conference that is going to meet next summer in America?

In this connection, I am reminded of the observations made by the London “*Economist*”. There the editor says:

“It may be said that many of the consequences depend upon the form in which the principles of commercial policy, now merely proposals, emerge as a binding convention from next summer’s international conference. Formally, as Ministers have explained, Great Britain is not bound by any of these proposals, but it would be very innocent to be misled by these assurances.”

Then the paper goes on to express its fear that Britain is likely to be committed to most of these principles whether the proposals are adopted formally or not. Now, in this connection I am reminded of a discussion that took place about a year ago in the previous Legislative Assembly, relating to certain features of the Atlantic Charter dealing with the economic set up of the post-war world. The House will remember that India is not a party to the Lend-Lease Agreement. India has never formally executed any lend-lease agreement. In defence of this action, my honourable friend’s predecessor, Sir Jeremy Raisman, argued like this. The reason why we chose not to formally agree to the lend-lease agreement is that there are certain phrases there which are virtual echoes from the clauses of the Atlantic Charter to which I have referred, certain phrases there which might in course of time be taken to limit India’s liberty of action in the matter of her own economic policy. I shall give an extract from Sir Jeremy Raisman’s statement on this subject. This is what he said on the 26th March, 1945:

“My Honourable friend, Mr. Neogy, has pointed out that although Great Britain signed that agreement, they did not consider themselves as being automatically precluded from, say, the continuance of imperial preferential tariffs thereby.”

There is a subsidiary agreement by way of an exchange of letters, I understand, between Mr. Churchill and Mr. Roosevelt in which an assurance was obtained that the Atlantic Charter and the lend-lease agreement did not preclude

England from the privilege of continuing imperial preference. Sir Jeremy Raisman continues :

"That is true. They have made it clear that that is their view of the matter. But the Government of India found it difficult to obtain sufficient categorical indication of what the position would be."

I take it that the position would be with reference to India's future fiscal policy, that if India were to agree to those clauses it presupposed the levelling down of tariffs and also the discriminatory tariffs and the coming into existence of a sort of free trade in place of protection. Sir Jeremy continues :

"Therefore they decided that it was better, since they did not think it absolutely essential to execute a formal agreement in order to secure what each side desired in the matter of reciprocal aid, they came to the not unnatural conclusion that it was better to keep clear of any phraseology which might afterwards be thrown up against India in connection with post-war fiscal policies..... After all, India has always put forward the argument in regard to infant industries and the peculiar position of backward countries. It might well be that a formula which might be harmless to other countries would have been embarrassing, if it had been subscribed to by the Government of India."

Now let us turn to the principal features of these trade proposals. I turn to page 7. The Heading is "Purposes." What are the purposes of this proposed International trade agreement? Now, purposes 3 and 4 are directly relevant to the point that I am making. (3) runs as follows: The purpose of the organisation should be "to facilitate access of all members on equal terms to the trade and raw materials of the world which are needed for their economic prosperity". (4) "In general to promote national and international action for the expansion of the production, exchange and consumption of goods, for the reduction of tariffs and other trade barriers and so on." Do I take it that the precaution which the Government of India took, under the guidance of Sir Jeremy Raisman, has been given the go-by by my Honourable friend, the present Finance Member in regard to this matter. What, in his opinion, should be India's attitude towards these "purposes"? That is a point on which I should like to hear him categorically.

I should like now to come to the question of the sterling balances. The connection between the sterling balances and the Bretton Woods Agreement has been admitted practically on all sides of the House, and I therefore make no apology to return to this subject. It has already been said that an attempt was made to link up the question of our sterling balances with the very scheme adopted at Bretton Woods Conference and the attempt made by our delegation failed in that behalf. The clause in the Anglo-American Loan Agreement which is relevant to the subject is No. 10 which requires: (a) balances to be released at once and convertible to any currency for current transactions; (b) balances to be similarly released by instalments over a period of years beginning in 1955; and (c) balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and so on. This clause has already been quoted by previous speakers. In the Press communique, the Christmas communique, which explained Government's action in regard to the Bretton Woods Agreement, the last paragraph summarises these clauses. That paragraph has also been read out to the House by my honourable friend, Mr. Gadgil. It is very striking that whereas the substance of (a) and (b) have been given there, (c) does not find any mention in the communique. I should like to know from my Honourable friend the Finance Member as to whether this represents a decision which the Government of India have taken to exclude clause (c), so far as India is concerned.

The Honourable Sir Archibald Rowlands (Finance Member): No.

Mr. K. O. Neogy: Then do I take it that it was a clever ruse on the part of the scribe who is responsible for the composition of this communique to keep out of the public view the most important sub-clause of this clause in the Anglo-American Loan Agreement? Why was it that clause (c) does not find any mention? Does this represent the evidence of good faith on the part of the Government of India? I thought I would be able to congratulate the Honourable Member for having taken a decision already in this very crucial matter. I was therefore very much disappointed to find my honourable friend getting

[Mr. K. C. Neogy]

up and saying that the press communique is misleading. That is virtually what his interruption means.

I do not think I shall be justified in taking up any more of the time of the House. I want to emphasize once again a point that was made by my honourable friend to my left that the British assets in India, whatever they may be worth, should be liquidated in the first instance before we undertake any negotiation with Great Britain in regard to sterling balances, and that my honourable friend should be in a position to assure the House that in the course of his recent visits to England he has satisfied himself that the balances to be released under clause (a) would be sufficient for all our immediate needs, and that the balances to be similarly released under clause (b) would similarly suffice to meet our future requirements. On these two points, I think, the House is entitled to a categorical assurance from my honourable friend.

As regards clause (c), I should like to refer to the statement made by the Chancellor of the Exchequer in the House of Commons. He explains 3 P. M. clause number 10 of the Loan Agreement in the following words:

"We propose to ask each of the Governments concerned to discuss and settle with us on the broad basis, which will, of course, vary with the circumstances of each case, that part of the accumulated balances shall be set free forthwith.....and the balance shall be adjusted, perhaps, in some cases, adjusted downwards....."

I do not know whether there was any possibility of the adjustment taking place upwards in some other cases, but this is what the Chancellor says, and I will repeat it.

"The balance shall be adjusted, perhaps, in some cases, adjusted downwards, as a contribution by the sterling area countries to a reasonable settlement of this war debt problem. It is on those lines that we intend to proceed."

Now, Sir, I should like to know whether my honourable friend is going to put forward a claim that the adjustment, so far as India is concerned, should be in the upward direction.

Sir Cowasjee Jehangir (Nominated Non-Official): Sir, I think the wind has been taken out of the sails of Honourable Members of this House by the very reasonable agreement arrived at between the Treasury Benches and the Opposition to have an *ad hoc* Committee to consider this most important matter. Therefore, to go into the merits of the question just now would, in my humble opinion, be fruitless, as I presume that the result of this agreement will be that the Committee's report will be before this House and it will be followed by a full-dress debate. But one cannot help saying at this stage that the questions of the availability of dollar exchange for this country and as to how our sterling debt problem is to be settled are the most important questions and I trust that when we debate this matter after the Committee's report has been presented, light will be thrown on these two most important issues.

Now, Sir, there is a very homely saying that one cannot keep his cake and eat it. At the same time, there are always exceptions to the rule and I would respectfully urge that one of the exceptions to that rule is shown by the action of the Finance Member in having accepted the Bretton Woods settlement without consulting the House in the first instance. There are very few Legislatures, I should think, who are in this happy position. If the Committee and the House finally agree to accept the Bretton Woods settlement and become a partner, well, if any benefits are to accrue for having been an Original Member, those benefits will be gained. On the other hand, if the House comes to the conclusion that we should not join, it can do so without any material loss to this country. Therefore, I think I am justified in saying that this is one of the exceptions to the general rule, that we can not keep our cake and eat it at the same time. If that is the position and if I am correct in my interpretation of that position, we are in a very happy position indeed. We shall have time to consider the report and I trust that the Committee will thrash out the matter in all its aspects and we shall, let us hope, come to the right conclusions when that discussion takes place. If we are in that happy position and if we are placed in that happy position by any action that has been taken, I cannot see

any reason for censure. True it may be that an assurance was given that this House would be consulted before any final action was taken. But, as has been explained in this House, this matter was placed before a Committee called the Policy Committee. I see there is some amount of prejudice against that Committee. I do not see why. There were many eminent and independent Indians who were members of that Committee and they freely expressed their opinion. And I do not think I am betraying any secrets when I say that the Committee came to the conclusion, the only conclusion that anybody could come to, that this country could not commit itself until they knew the position of the United States and Great Britain, for, if those two countries did not come in, this scheme could never come into force at all. What was the use of trying to commit our country when it was not certain whether the scheme could ever come into force? Therefore, it was not possible to come to a decision or to consider the matter fairly until it was known what was the decision of the United States and the United Kingdom. It was only known late in December and therefore it appears very difficult for the Assembly to have been consulted. As to whether attempts were made to get time to consider this matter, after the United Kingdom made up their mind, is something on which perhaps the Honourable the Finance Member will explain himself. I am not in a position to say anything just now. But if any advantages were to accrue by a decision before the 31st December, those advantages have been obtained without any detriment to the interests of this country and without infringing the power of this House to give a final verdict in this matter.

Mr. Abdur Rahman Siddiqi (Calcutta and Suburbs: Muhammadan Urban): Mr. President, Sir, I wish the House had not gone into the details of the Bretton Woods Agreement. We should have accepted the challenge of the Honourable the Finance Member to give welcome to the two aspects of his resolution. Instead of putting forward these amendments and amendments to amendments which you allowed, I wish we had without any hesitation of *arriere pensée* in our mind thrown out the resolution as proposed by the Honourable the Finance Member.

Proposing of a Committee, Sir, leads me to the view that the proposers feel that there is something in this Bretton Woods show, in this International Fund and in this international arrangement which our masters in company with their colleagues have decided to inflict on us. Sir, I had the privilege to be present at the consultation held when the confidential letter of the Honourable the Finance Member came to Calcutta. Every one talked of sterling balances as if they were a legacy left to the millionaires and multi-millionaires of India without paying the slightest attention to the man in the street, to the average Indian citizen who had denied himself many things and created these sterling balances. Sir, what will happen to the sterling balances is not the point which I am making this afternoon. I am sorry nobody in the House has yet told us why all these ecstasies about joining this wonderful organisation as an original or as a non-original member, particularly when our position at the Bretton Woods Conference was considered as very humiliating for this country. Sir, I cannot vouchsafe for the authenticity of the information given to me in New York and in Washington by men placed in very high positions that India a creditor to the creditor nation of the world, in spite of its drowning in the Empire Dollar Pool was not given a seat on the permanent Council because Lord Keynes told Mr. Morgenthau that if you insist on India coming on the Council, these Indians will insist on priority being given to sterling debts. I shall not be able to say, no to them and therefore your debts will occupy a secondary position until I have paid India. Therefore the argument was supplied to Mr. Margenthau by the representatives of Great Britain that if you say that we cannot give two votes to the British Empire, we can easily brush aside India. The same mentality, Sir, was observed in the Aviation Conference at Chicago. India had to beg for a seat, and Cuba and Norway agreed to withdraw in order to give a seat to India.

San Francisco, Sir, is known to every body and now, we are going to an organisation from where we were literally kicked out because Russia has very

[Mr. Abdur Rahman Siddiqi]

graciously agreed to get out, not to give us a seat, but because Russia has decided not to join. Sir, the Honourable the Finance Member gave us many reasons why joining the organisation would lead to a sort of exaltation of this country in the eyes of the nations of the world. It is rather a late idea, especially in the minds of representatives of the Government of India. Sir, I am not anxious to hold the present Finance Member responsible for the manner in which we have been treated. Perhaps his predecessor left instructions for him, but I do hold that the dates, 6th, 13th and so on could have been previously arranged to bring us down to our knees and to tell us that if you do not sign the papers through that very interesting signing agency, Sir Girja Shanker Bajpai, the man who signed the Indo-Burmese Agreement, and if he does not go and sign them in the State Department, India will cease to be India. I am satisfied in my own mind that if we had kept out the heavens would not have fallen on us. Sir whether it is America, or whether it is Great Britain,—this country with its 400 million people, with its raw materials and the gigantic market it is,—America and Great Britain and all the nations of the world would come and lick our shoes and seek markets here. With that strong position, I do not see why we should hanker after a seat in this wonderful world organisation which is not going to do any good to the world.

Sir, there was once the Dawes plan, there was once an International Bank, and there were many other schemes after the last war. I am satisfied that this wonderful Bank and Fund will go the way the other International Bank and the Dawes Plan went. We were told about a British country gentleman with a briar pipe in his mouth, Mr. Baldwin, now Earl Baldwin had to settle the Anglo-American debt. Was it paid? There were other settlements about debts. Did France, did Germany, did any of the countries pay their debts? We need not worry about the sterling debts. One day we shall be asked to make a generous gesture for the sake of the suffering world, for the sake of the high honour we attained as members of the mighty British Empire and so on and so forth. I hope my Indian colleagues in this House will not recommend a committee to consider whether we should forgive the debt to Great Britain. My position today is, give me back my money, every pie of it and then I shall consider the proposition whether I should join the Fund. Sir, money draws money, sometimes for the advantage of man, and sometimes to his disadvantage. If this 1,200 million sterling debt goes the other way, it might draw with it all the contributions we may be called upon to make. I would therefore request the House through you, Sir, whether it is possible for these gentlemen who have proposed the amendments for a committee to withdraw them and to give a direct answer to the welcomes wanted from us in a manner which will serve our country best.

Sir, I have spent many years in the public life of our country and I know that whenever you want to shelve something you have just to propose a committee and the thing is finished for ever. We have not yet decided by what date the report will be made, we have not yet decided about the formation of the committee,—whether there will be three Congressmen and two Muslim Leaguers and five Government and non-Government members, and so on, Why bother about all this? Let us once and for all say that we are not satisfied. I know, Sir, that under our extraordinary laws decisions of this House may be thwarted; any opinion given by us could be thrown away by the wonderful methods in which we are ruled today. Let them do it. I consider myself as in that good old Urdu adage, "Mochika mochi". Whether I decide one way or the other I do not possess the power to see that my decisions shall go through: they will decide as and when and in what manner they like it. Sir, you will find a trace of pessimism in the way I am placing my case before you. I am afraid that the older I grow the more pessimistic I become, for the simple reason that these debates and these legalisms which we throw from one side of the Chamber to the other lead us nowhere. If London decides that India shall be in this organisation we shall be there and friends will be found to recommend the formation of committees. If London decides that India

shall not be allowed to do this that or the other, I am satisfied in my own mind that we shall not be able to do anything. Take a very ordinary case. I want to purchase something in America and they do not grant me convertibility of the rupee into dollar; I must go through London, purchase sterling currency and then have it converted into the American currency. Is that the way in which this great country is going to be treated. Whether we are free, whether we are able to control our own destinies, my own point of view is that if we are going to dodge the Resolution as proposed by the Honourable the Finance Member by proposing a committee, whether for bargaining purposes or for gaining time or for trying to control the policies of that organisation, we shall be playing into the hands of people in London and their agents here. Let us say therefore that we do not want to join the organisation and if they push us into it the responsibility is theirs. To accept responsibility by going into a committee and then to get up again in this House and shout as we have shouted now for two days that we do not accept responsibility is not the right way to deal with the question. Let us throw the whole responsibility on Government which today is not ours and let us in our own way, if possible, do the best we can for our country, for our industries and for our people.

Shri Sarat Chandra Bose (Calcutta: Non-Muhammadan Urban): Mr. President, I desire at this stage to say a few words on the subject before the House, namely, the Resolution moved by the Honourable the Finance Member, the amendment moved by my Honourable and learned friend, Mr. Manu Subedar, as further amended by my Honourable friends, Prof. Ranga and Sri Ananthasayanam Ayyangar, and to sum up the debate on behalf of the Opposition. Sir, I have listened most closely and carefully to the speech that the Honourable the Finance Member made yesterday; and at the end of his speech I began to wonder whether he was at all minded to treat this House with the consideration and the courtesy it deserved. He moved the Resolution, he spoke on it, but he did not say one word on the most relevant issues that arose out of it, namely, release from the Dollar Pool and payment of our sterling balances. It was not long ago that he considered those two matters to be extremely important. It was on the 6th December 1945 that, writing to the Chairman of the Federation of Indian Chambers of Commerce and Industry, he said:

"My own personal view is strongly that it would be in India's interests to become an original member. . . ."

The Honourable Sir Archibald Rowlands: Sir, on a point of order, the Honourable Member is reading from a confidential letter.

Mr. President: What is this letter?

Shri Sarat Chandra Bose: I have in my hands copy of a letter addressed by the Honourable the Finance Member to the Chairman of the Federation of Indian Chambers of Commerce and Industry.

The Honourable Sir Archibald Rowlands: Will the Honourable Member read the first sentence of that letter? I have no objection to the letter being read, but I am merely taking a point whether it is in order to quote from a confidential letter.

Mr. President: I believe the Honourable Member, Mr. Siddiqui, who spoke last referred to that letter and gave out its contents, though he did not read the letter itself.

The Honourable Sir Archibald Rowlands: I do not know whether he referred to it or not. I am raising a point of order and asking whether it is in order for an Honourable Member of this House to quote from a letter written by a Member of Government and marked "Private and Confidential".

Diwan Chaman Lall (West Punjab: Non-Muhammadan): Sir, on a point of order, can my Honourable friend quote any rule or standing order regarding quotation from a confidential letter? If my Honourable friend has written to an organisation and asked that organisation to consult its members, where does the question of confidential nature arise?

Mr. President: Whatever it may be, the correspondence is between two parties and one Honourable Member has already disclosed that letter. I do not think the point of order arises.

Shri Sarat Chandra Bose: I can well understand, Sir, that it will be most disconcerting to the Honourable the Finance Member if I were to quote portions of his letter.

The Honourable Sir Archibald Rowlands: No, Sir, he can go on.

Shri Sarat Chandra Bose: On the 6th December 1945, this is what he said in his letter to the Chairman of the Federation of Indian Chambers of Commerce and Industry:

"My own personal view is strongly that it would be in India's interests to become an original member, but that before announcing her adherence we should obtain assurances from His Majesty's Government that we shall be released from the Dollar Pool and that an adequate proportion of our sterling balances should be converted into free exchange, including dollars."

That was the attitude of the Honourable the Finance Member on the 6th of December 1945. That was exactly the attitude of his predecessor in office, Sir Jeremy Raisman. May I ask, Sir, what has happened between the 6th of December 1945 and today? Why this mysterious and enigmatic silence about release from the Dollar Pool and about the repayment of India's sterling balances? Questions which were considered relevant in 1944, questions which were considered relevant in 1945 are completely ignored by the Honourable the Finance Member today.

Sir, I shall take the House back to the year 1944, if I may, for a moment. Sir Jeremy Raisman, as Honourable Members are aware, was a member of the Indian Delegation and immediately on his arrival at New York it was decided by the whole of the Indian Delegation that Sir Jeremy Raisman and Sir Chintaman Deshmukh should go to Atlantic City with a view to ensuring that the questions in which India was particularly interested, specially the sterling balances, were included in the Draft Agenda of the Conference—I mean the Bretton Woods Conference. Now, let us examine what happened after that. Time after time members of the Indian Delegation attempted to raise the subject of release from the Dollar Pool and repayment of India's sterling balances. Time after time that attempt was frustrated. I wish to draw the attention of the House to certain facts and certain events which happened in the year 1944. The Indian Delegation proposed the addition of a new purpose in the statement of purposes of the International Monetary Fund, namely, "to promote and facilitate the settlement of abnormal indebtedness arising out of the war". The proposal came up for consideration in Committee No. I, of the Conference and, in fact, it was Sir Jeremy Raisman himself who opened the discussion. Says the Report of the Indian Delegation :

"The importance attached to this question in India was so great that it determined largely the public interest in, and attitude towards, the international monetary proposals. India expected to embark, after the war, on a programme of considerable industrial development and looked to the availability of her large sterling balances for the import of capital equipment in the immediate post-war years when the United Kingdom would be largely engaged in internal rehabilitation and reconstruction."

Sir, the proposal of the Indian Delegation came up before Committee No. I, and the Conference, but of course, it failed to obtain support from other delegates particularly the delegates of the United Kingdom and of the United States of America. Mr. A. D. Shroff, who was a member of the Indian Delegation, pressed the matter hard. He, as the Report says, proceeded to point out that "Public opinion and feeling on this question in India was unanimous and extremely strong and unless some method were devised to facilitate the solution of what was an extremely important matter for us, the ultimate attitude of India towards the International Monetary Fund would be largely influenced by the decision of the Conference on this question". He added that we could not be asked to wait indefinitely till the United Kingdom had reached a stage when sterling would be freely convertible into other currencies. He demanded that there should be conversion at least of a portion of our sterling balances into other

foreign currencies Sir, I find from the Report of the Indian Delegation that the United Kingdom delegate remarked that "in the opinion of the Government of the United Kingdom, sterling obligations were to be respected in accordance with—mark the words—in accordance with the long tradition of British international finance". Tradition of British international finance, forsooth! The tradition of British international finance *vis-a-vis* India is a tradition of love: love of the tiger for the lamb, love of the vulture towards its prey!

Now, Sir, proceeding further I have to remind the House that the Indian Delegation attempted to place before the appropriate Committee and the Conference a new revised amendment to the purpose of the Fund. The amendment also met with the same fate as Sir Jeremy Raisman's proposal to which I have already referred. The amendment that was moved by a member of the Indian Delegation was not even seconded by any of the delegates present at the Conference, and so it dropped. In this connection, Sir, I shall make no apology for quoting a few words from the speech at the same Conference by Mr. A. D. Shroff, a gentleman, who, if he errs at all, errs on the side of moderation. He said :

"I am very sorry to say that the manner in which the proposal of the Indian Delegation was received by this Committee and the very casual fashion in which it was disposed of have caused serious disappointment to this side of the Committee."

And he added further :

"What I ask for is a multilateral settlement of a portion of our balances. If the Conference is prepared to accept the principle of our amendment, then I see no difficulty at all in evolving a concrete formula by which the two purposes set out in our amendment can be met. The purposes set out in our amendment are two : To secure multilateral convertibility for a reasonable portion of our balances, and, secondly, to devise a formula so as not to place undue strain on the resources of the Fund.

"I am bound to point out this : that if you are prepared to ignore a country of the size of India with 400 million population and with natural resources, though not fully developed, yet not incomparable to the natural resources of some of the biggest powers on this earth, we cannot be expected to make our full contribution to the strengthening of the resources of the Fund."

The Indian delegation placed India's point of view with all the strength that its members could command but it met with the same fate as all proposals, made in the true interests of India, have met in the past, are meeting in the present and may meet for some time more in the future.

Now as regards the payment of the sterling balances, it was said, and I find that quoted in the record of the second meeting of the General Policy Committee which was held in Bombay on the 4th and 5th May 1944, that "in the absence of a satisfactory solution of this problem, the prospects of India's willingness to adhere to this scheme would be considerably prejudiced". But, of course, the delegates of the United Kingdom and the delegates of the United States of America were adamant and the result was that the Indian delegation had to return to India without any of their demands being accepted by the Conference.

I ask again; why this mysterious and enigmatic silence on the part of the Finance Member on the question of the release from the dollar pool and repayment of our sterling balances? If His Majesty's Government and their agents and representatives in this House say that it is not possible for His Majesty's Government to repay even a portion of our sterling balances, if they confess bankruptcy, they can at least do this; they can mobilise British assets in India, which my honourable and learned friend, Mr. Manu Subedar, estimated at about Rs. 1,300 crores, and use them for repayment of at least a portion of India's sterling balances. But, as I have said not word was said by the Honourable the Finance Member yesterday about release from the dollar pool or the repayment of our sterling balances. I know, Sir, that Lord Keynes said at that conference that "nevertheless the settlement of these debts must be, in our clear and subtle judgment a matter between those directly concerned"—a familiar likeness to what was said in the past on other subjects affecting India.

[Shri Sarat Chandra Bose]

When India's position was discussed at the Peace Conference after the first World War, it was said that it was a matter between England and India and the World Peace Conference had nothing whatever to do with it. Similarly today it is said that, if it is a question of payment of our sterling balances by England, 'well, that it is a matter between those directly concerned—between England and India—and the United Nations Monetary and Financial Conference had nothing whatever to do with it'. The last sentence of Lord Keynes is richer still. This is what he said:

"When the end is reached and we can see our way into the daylight, we shall take it up without any delay, to settle honourably what was honourably and generously given."

The fact is, Sir, that it was not given at all. It was seized by brute force.

Prof. N. G. Ranga: Hear, hear.

Shri Sarat Chandra Bose: And we on this side of the House have hardly any expectations that Great Britain, as far as this matter is concerned, will ever be honest or generous.

Prof. N. G. Ranga: They do not say that they are going to be generous. They only talk of honour.

Shri Sarat Chandra Bose: The truth of the matter is that the Churchillian policy still holds the ground, i.e., "We hold what we have".

Sir, the Government of India undertook again and again not to make any commitments until opportunity for discussion had been afforded to the Legislature. I examined closely the speech of the Honourable the Finance Member and I attempted in vain to find any satisfactory answer to the question as to why the Legislature had not been consulted and why there was this unseemly hurry to draw India into the folds of the United Nations Monetary Fund. The Honourable the Finance Member said yesterday that there was advantage in becoming an original member. He did not venture to dilate on those advantages, but when he spoke of those advantages I recalled to mind what was said after the first World War, namely, that there were great advantages in India becoming an original member of the League of Nations. India knows now what advantages she has derived from becoming an original Member of the League of Nations. She was a slave country then, she is a slave country still, though I am more than ever convinced she will not remain a slave country for long.

Several Honourable Members: Hear, hear.

Shri Sarat Chandra Bose: I say, Sir, after the greatest consideration I could bring to bear on this subject, that there were no over-riding advantages at all in becoming an Original Member of this Monetary Fund. What could be achieved by becoming an original member could certainly be achieved by becoming a member subsequently after taking the vote of this Legislature, if this Legislature sanctioned it.

When I read the report of the Indian delegation and the connected papers that the Government were pleased to circulate among the Members of the House, I felt that the attitude of the Government of India in this matter could be summed up in these words: Large promises, smooth excuses, circumstantial falsehoods, political chicanery and economic jugglery. These have been and still are the weapons, offensive and defensive, of the Government of India. It is true that those weapons have become somewhat blunt today; but I realise, and the country realises, that it still remains for us to break those weapons into pieces. And we shall do it

I am well aware that it is necessary for all nations, including India, to bring about world peace and world Economic order. I recognise that they are big

questions: questions which have assumed even greater importance after the second World War. But I shall say on behalf of the party which I have the honour to represent in this House and on behalf of the larger party outside this House which also I have the honour to represent, that India demands, and rightly demands, a seat of honour at the international table. India refuses and will always refuse to be a beggar standing and waiting for the crumbs that might fall from the international table.

Prof. N. G. Ranga: Hear, hear.

Shri Sarat Chandra Bose: She will not allow herself any more to be suffocated between predatory British imperialism on the one hand and gigantic American commercial imperialism on the other. We shall take our stand on our honour and dignity. We shall not look to this side or that. Our course is clear; our road is straight.

Sir, I have done, but, before I conclude, I desire to make an appeal to this House to rise to its full stature, to condemn the action of the Government of India in committing this country as they have done, to support the amendments of my Honourable friends, Mr. Manu Subedar, Prof. Ranga and Mr. Ananthasayanam Ayyangar, to have the matter examined in the light of the supreme interests of India and to give the right and correct lead to the country.

MOTION FOR ADJOURNMENT

FAILURE TO CARRY OUT ASSURANCE *re* RAIL-ROAD COORDINATION SCHEME—*contd*

Mr. President: Before we proceed I should like to have the position clear regarding the adjournment motion. How has it been decided?

Mr. M. Asaf Ali: An agreement seems to have been reached between the Leader of the House and the Member in whose name the adjournment motion stood and that agreement is again subject to further modification. Perhaps it has been agreed that the Leader of the House would not mind if a Committee of the House is appointed—perhaps an *ad hoc* committee—and the functions of this committee will be explained later on if necessity arises. But so far as the terms of reference of this committee are concerned, they are still subject to negotiation between the Leader of the House and the Leader of the Opposition and the Leader or Deputy Leader or representative of the Muslim League party and I hope that the Leader of the House will make a statement on the subject and if I am wrong, he will correct me.

The Honourable Sir Edward Benthall: I understand the position to be this. If I agreed on behalf of Government to an *ad hoc* committee, to discuss the progress report on road-rail co-ordination, which I laid on the table on the first day of this Session, the Honourable the Mover of the adjournment motion will then agree not to move this adjournment motion. I was in favour, when I spoke before, of the Standing Finance Committee for Railways dealing with this matter but I now agree to a special *ad hoc* committee with reference to this matter. On this understanding I believe the Mover will not move his adjournment motion and I think the other Parties are also in agreement with this.

As regards the composition of the Committee, we have not yet had time to settle that matter with the leaders and if the principle is agreed to, I trust that the leader, deputy leader or representatives of parties will be good enough to meet me in my room afterwards to settle the details of the composition of this committee.

Mr. M. Asaf Ali: Is it not a fact that it was agreed that the terms of reference of this Committee would also be the subject of further adjustment? It is not merely a question of considering the progress report but perhaps we

[Mr. M. Asaf Ali.]

can go a little further and examine the policies behind it. However, that is a matter which can be negotiated between the Leader of the House and the others who are interested in this question. For the moment an *ad hoc* committee of the House has been agreed to and as regards composition, etc. we will talk about these things in the lobby and come to some settlement. If that is agreed to I do not think the Mover will care to move the adjournment motion.

Shri Mohan Lal Saksena (Lucknow Division: Non-Muhammadan Rural): I had a talk with the Honourable the Leader of the House.....

Mr. President: I want to make my position clear as to how I am interested in this. Unless some decision is come to within four minutes from now, I must proceed with the adjournment motion. There are two courses open. One would be that the present debate may be carried over to tomorrow, if the adjournment motion is to be taken up now and the Finance Member should have the time that he wants for the purpose of replying to all that has been said on all sides of the House. I am prepared to suspend the present business to take up the adjournment motion. The other alternative, to my mind, would be to agree to postpone the adjournment motion till tomorrow. We may take it up tomorrow just as we decided to take it up today after consultation. I should like to know from the Leader of the House what he has to say. I am entirely in the hands of the House on that question.

Shri Sarat Chandra Bose (Calcutta: Non-Muhammadan Urban): Sir, I agree with the suggestion made by you that the adjournment motion may be taken up tomorrow and today the Bretton Woods debate may conclude.

Pandit Govind Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, may I submit for your consideration as well as for the consideration of our leaders that an adjournment motion on the Bombay firing stands in my name which is a matter of great and urgent importance.

Mr. President: Honourable Members will help me, I hope, because time is running against.

Shri Sri Prakasa (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Put the hands of the clock back, Sir.

The Honourable Sir Edward Benthall: I am agreeable either to the adjournment of the adjourned adjournment motion till tomorrow or to the appointment of an *ad hoc* committee. As regards the terms I think the terms to be discussed should be those contained in the adjournment motion. But if the Honourable Member opposite wishes to discuss a wider scope for this committee later, I think it would be possible to consider that at the proposed meeting.

Mr. President: So the position, as I understand, is this: that the adjournment motion is adjourned till tomorrow. That is the position today. In the meanwhile, negotiations may be carried on. If the parties are able to agree, well and good. If not, we take the adjournment motion tomorrow.

MOTION RE BRETTON WOODS CONFERENCE AGREEMENTS—*contd.*

The Honourable Sir Archibald Bowlands: Sir, in view of the fact that Government have accepted that a Committee should be set up to examine the subject matter of this debate and in view of the fact, as I judged from the two amendments put down by both parties, that the committee is generally acceptable to the House, I do not propose today to deal in any detail with the many technical points that have been raised in the course of this debate. The

debate has been extremely useful in having focussed the attention of the House on the points which worried some of the Members and those points, I think, can better be dealt with, on the technical aspects anyhow, in the committee which is proposed. I have no doubt that I may again be accused of brevity, as I was accused of brevity in my opening speech, and I have given the reasons why I decided to be brief. But I deny Prof. Ranga's soft impeachment (if any impeachment of my friend directed against the Government can be regarded as soft). Anyhow, I deny the impeachment that I was revealing my ignorance of the agreement; that I was trying to conceal some of the secrets from the House, which I did not want them to know. Nevertheless, there are a number of matters with which, I think, it would be for the convenience of the House and for the Committee that follows it, if I dealt. I do not wish to take the point that has been raised by one Honourable Member, namely, whether the action of the Government, being purely formal,—was or was not a breach of the pledge given by my predecessor. I accept fully that it is a breach of the pledge given by my predecessor. Legalistically, it may be argued from the wording that it really did not amount to a breach; but I accept it was a breach; and I tried to explain in my opening speech why the Government thought it necessary to proceed to adhere to Bretton Woods in disregard, if you like, of the pledge given by my predecessor. The point was very well explained by Sir Cowasjee Jehangir and I do not want to add to what he has said.

The next thing that was alleged was that the decision of the Government was dictated by Whitehall. There seems to be a popular idea in the minds of my friends opposite that all that we do in Delhi is to sit at the end of a telephone or telegraph wire or at the dak box, receiving our orders from Whitehall. Nothing can be further from the truth. Whitehall did not dictate, in the slightest degree, the decision of this Government to adhere to Bretton Woods. (*An Honourable Member*: "Too good to believe!") May be; but so long as I am in my seat, I am not taking orders from Whitehall or from anybody. Perhaps I will be told next that my Demonetisation Ordinance was dictated by Whitehall!

It was alleged that one of the reasons for this dictation was because of the value of the export trade of Great Britain to India. The boot however is on the other foot. The proportion of exports to the United Kingdom in relation to the total export trade of India is well over 33 per cent. The total percentage of the United Kingdom exports to India is under 7 per cent. So if there is any advantage in the trade argument, it is in favour of India and not of the United Kingdom.

I am afraid that some of my friends opposite have failed to see the wood for the trees and have brought in a number of questions that are not strictly relevant to the matter under discussion. I do accept, however, that the question of the sterling balances, as pointed out in the brilliant speech, if I may say so, of Dr. Sir Zia Uddin, is a connected question. There is a connection between them but they are really separate issues. It was claimed that India should not have adhered to the Bretton Woods Agreement, because thereby it lost a bargaining counter. I personally do not think that the fact that India has adhered to Bretton Woods will have the slightest effect on the course of those negotiations. The use of a threat of that sort is not going to do anybody any good. Anyhow, if it were the case that it was a good bargaining counter, the threat to withdraw which we are enabled to do by giving immediate notice is an equally good bargaining counter. There is no particular point in our giving a bargaining counter away in advance if it is really to be used in the negotiations on sterling balances.

The next point is that withdrawal from the Bretton Woods now would constitute a blow to British prestige. I think there is no validity in that argu-

[Sir Archibald Rowlands]

way, it would be to enhance it, because here would be an example to people who believe that this country is ruled from Whitehall, in that it has abstained from overruling the verdict of the Legislature. If there is any question of prestige involved, the result would be an enhanced prestige and not a diminished one. When we go to these negotiations on sterling balances, India is perfectly free to take any line it likes, including a demand for part of the balances to be liquidated through the compulsory acquisition of British assets in India. There is nothing at all to prevent them from raising that issue and having it fully discussed.

I think it was my friend Mr. Gadgil who wanted to know what had happened about taking up this question of sterling balances; whether we had done anything about it. I do not deny that I have had at least some semi-official correspondence with Whitehall. In my judgment it is very much better to postpone discussing this question of sterling balances until we see whether, as a result of the elections, another Government in succession to this will emerge. That is the kind of government which, I think, would be better equipped to handle this question of sterling balances. If, unhappily, that event is too long delayed, and I am called upon to take part in such negotiations, I give a pledge, and renew the pledge I have already given, that I am prepared to associate with the official delegation non-officials, including representatives acceptable to the parties in this House.

The next question that was raised was the question of the par of exchange. There was a suggestion by, I think, Prof. Ranga that there was a limitation on the capacity of India to exercise the right which it would have under this Agreement, to vary its par of exchange because it was linked to sterling. In point of fact, the Agreement implied a break of that link: it compels it in certain cases. India is perfectly free not to change its par of exchange even if the United Kingdom were to find it necessary to vary its par of exchange: at its own instance, up to 10 per cent, and with the consent of the Fund 10 per cent or even more. India would be free to change her par of exchange without it having any effect on the par of exchange of sterling. In point of fact, if India remains a member of the Bretton Woods Agreement, an amendment to the Reserve Bank Act will be undertaken by Government, breaking away from the exchange of about 1s. 6d. So, so far from imposing any limitation on India's monetary sovereignty, it removes such limitations as may be set upon it at the present time.

The next thing said was that this involves a return to the gold standard, which has proved so ruinous in the inter-war period. It is true that gold is going to take a part in the operations of the Fund and Bank; but it is going to take a relatively minor part. Anyhow, it is not taking any such part as would represent a return to the gold standard. The features of the old gold standard were, first, its fixity and, later, its automatic operation. In the arrangements proposed, while stability and order are introduced into international exchange, there are provisions for varying the exchange, provisions for varying the gold value of all the currencies participating. In any case, those features cannot be regarded as the old gold standard; and I do not wish that my word only be taken as authority for it; there is the authority of Dr. Dalton, that distinguished economist,—whose opinion was shared by two previous Chancellors of the Exchequer, in spite of the attempts of Mr. Boothby in the House of Commons to dispute it, which attempts failed utterly. Even Mr. Boothby had to admit the claims of Dr. Dalton.

Mr. Neogy in his usually convincing speech wanted to know what the position of India was in relation to the trade discussions to which India has been invited in the summer of this year. India is as free to take whatever line she likes in

relation to these trade negotiations as she is free to take whatever line she likes in relation to the sterling balances. She can use her own judgment; she can refuse to reduce her tariff walls to a point where her own nascent industries would be threatened. After all, America herself built up her prosperity by high tariff walls, and I see no difficulty in persuading America that, in the peculiar position in which India finds herself, a similar procedure will have to be followed by her. After all, it will only be following America's own example. I think all we are aiming at is that there should be no discriminatory tariff position, and not that there should be no tariff walls.

I think that covers most of the points that I wanted to make, except that I think it is only fair to deal with the point raised by the Leader of the Opposition in his speech just before he sat down. He wanted to know what had happened between the date I wrote a personal confidential letter to the three trade associations and the date on which we adhered to Bretton Woods. I circulated the papers regarding the United States and the United Kingdom Loan Agreement. If he had read that, he would have noticed that in paragraph 7 the United Kingdom undertook to make arrangements which involve the breaking up of the Dollar Pool and secondly it undertook to enter into negotiations with India and other sterling debtor countries with a view to converting a percentage of the accumulated sterling balances into freely convertible currencies.

That brings me back to a point raised by Mr. K. C. Neogy as to whether we are going to make a claim under (a) and (b) of 10(i) of this Agreement. It is my intention to base our minimum claim on the best estimate of what India needs in the first five years, and, in the meanwhile, investigations and inquiries are being pursued vigorously to that end and the results will be available to myself, if I have to lead the delegation, or to my successor if, as I think, he will be called upon to undertake it. Sir, I think that is all I have to say.

Mr. President: We have before us the motion of the Honourable Member and two principal amendments. There are three amendments to one amendment and one amendment to another amendment. I will first dispose of the amendments to amendments.

First, I put to the House amendment No. 6 in the name of Mr. Ayyangar.

Mr. Manu Subedar: I accept it.

Mr. President: It has to be put to the House.

Shri Sri Prakasa (Benares and Gorakhpur Divisions: Non-Muharamadan Rural): What would be the result? Suppose we pass this amendment. It is really part of another amendment. If we reject that amendment, what will be the position? I think the main amendment must be taken first. If we accept that, then this can be added on to that later.

Mr. President: The position is not as the Honourable Member suggests. This is an amendment to an amendment. If the House accepts any of these two amendments, then I shall have to put to the House the amended amendment. If the House rejects that, then the original amendment will be put.

The question is:

"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'."

The motion was adopted.

Mr. President: I now put to the House Prof. N. G. Ranga's amended amendment: The question is:

"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 9 members be elected to go into this question and report at an early date to this House;

'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'."

The motion was adopted.

Mr. President: I now put to the House the amended amendment.

The amendment of Mr. Manu Subedar, as now amended, will read as follows:

"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 now be taken, a committee of this House consisting of 9 members be elected to go into this question and report at an early date to this House,

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'."

I forgot to mention to the House Amendment No. 2 by Mr. Tyson which does not survive. Therefore I do not put it to the House.

I propose to have the vote of the House on this in three parts. The first part is the first paragraph of the amendment of Mr. Manu Subedar.

The question is that the first paragraph of this amended amendment be adopted.

The Assembly divided:

AYES—53.

Abdul Ghani Khan, Khan.
Adityan, Sri S. T.
Asaf Ali, Mr. M.
Ayyangar, Sri M. Ananthasayanam.
Bose, Shri Sarat Chandra.
Chaman Lall, Diwan.
Chettiar, Sri T. A. Ramalingam.
Daga, Seth Sheodass.
Damodar Swaroop, Sjt. Seth.
Dani, Mr. G. B.
Gadgil, Sjt. N. V.
Gangaraju, Sri V.
Gauri Shankar Saran Singh, Mr.
Gole, Mr. P. B.
Gounder, Sri V. C. Vellingiri.
Govind Das, Seth.
Guruswami, Mr. S.
Hans Raj, Raizada.
Hiray, Sjt. B. S.
Jagannathdas, Sri.
Jhunjhunwala, Mr. B. P.
Jinachandran, Sri M. K.
Karmarkar, Shri D. P.
Khan, Mr. Debendra Lal.
Lahiri Chondhurv, Srijut Dhirendra Kanta.
Madandhari Singh, Mr.
Mahapatra, Sri Bhagirathi.

Malaviya, Pandit Govind.
Manu Subedar, Mr.
Masani, Mr. M. R.
Menon, Sri A. Karunakara.
Mukut Bihari Lal Bhargava, Pandit.
Narayanmurthi, Sri N.
Neogy, Mr. K. C.
Paliwal, Pandit Sri Krishna Dutt.
Ram Narayan Singh, Babu.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Reddiar, Sri R. Venkatasubba.
Saksena, Shri Mohan Lal.
Salve, Mr. P. K.
Sanyal, Mr. Sasanka Sekhar.
Satakopchhari, Sri T. V.
Sharma, Mr. Krishna Chandra.
Sharma, Pandit Balkrishna.
Sinha, Shri Satya Narayan.
Sri Prakasa, Shri.
Sukhdev Udhowdas, Mr.
Swaminadhan, Shrimati Ammu.
Thakur Das Bhargava, Pandit.
Vadilal Lallubhai, Mr.
Varma, Mr. B. B.
Vinchoorkar, Sardar N. G.

NOES—53.

Abid Hussain, Choudhury Md.
 Ambedkar, The Honourable Dr. B. B.
 Banerjee, Mr. B. M.
 Benthall, The Honourable Sir Edward.
 Bewoor, Sir Gurnath.
 Bhattacharyya, Rai Bahadur Devendra Mohan.
 Chapman-Mortimer, Mr. T.
 Chatterjee, Lt.-Col. Dr. J. C.
 Dalal, The Honourable Sir Ardeshir.
 Ebrahim Haroon Jaffer, Mr. Ahmed.
 Griffiths, Mr. P. J.
 Habibur Rahman, Khan Bahadur.
 Harendra Singh, Sardar Bahadur Captain
 Sardar.
 Himmatsinhji, Col. Kumar Shri.
 Hirtzel, Mr. M. A. F.
 Hydari, The Honourable Sir Akbar.
 Ishaq Seth, Haji Abdus Sattar Haji.
 Jeelani, Khan Bahadur Makhdum Al-Haj Syed
 Sher Shah.
 Jehangir, Sir Cowasjee.
 Joshi, Mr. S. C.
 Kharegat, Sir Pheroze.
 Killedar, Mr. Mohammad M.
 Lawson, Mr. C. P.
 Liaquat Ali Khan, Nawabzada.
 Madan, Dr. B. K.

Mason, Mr. P.
 Mitchell, Sir Kenneth.
 Morris, Mr. B. C.
 Nairang, Syed Ghulam Bhik.
 Naqvi, Mr. A. T.
 Nauman, Mr. Muhammad.
 Oulnam, Mr. S. H. Y.
 Rahmat-ullah, Mr. Muhammad.
 Raja Bahadur of Khallikote.
 Roy, The Honourable Sir Asoka.
 Rowlands, The Honourable Sir Archibald.
 Sargent, Dr. John.
 Sen, Mr. B. R.
 Siddique Ali Khan, Nawab.
 Siddiquee, Shaikh Dafuddin Ahmed.
 Spence, Sir George.
 Stokes, Mr. H. G.
 Tamizuddin Khan, Mr.
 Thorne, The Honourable Sir John.
 Turner, Mr. A. C.
 Tyson, Mr. Geoffrey W.
 Vaidyanathan, Mr. L. S.
 Waugh, The Honourable Mr. A. A.
 Weightman, Mr. H.
 Yamin Khan, Sir Mohammad.
 Yusuf Abdoola Haroon, Seth.
 Zafar Ali Khan, Maulana.
 Zia Uddin Ahmad, Dr. Sir.

Mr. President: Order, Order; the Ayes are 53 and the Noes are also 53.

I really do not know whether there is any principle at all which can be applicable in respect of the casting vote on a motion of this type. Without further discussing or going into the question of any principle I would better go with the Ayes, on the merits.

The motion was adopted.

Mr. President: I now place the remaining two parts, but I am placing them together instead of putting them separately.

The question is that the second and the third paragraphs of Mr. Manu Subedar's amended amendment be adopted, namely:

"That in order to determine what steps should now be taken, a committee of this House consisting of 9 members be elected to go into this question and report at an early date to this House,

'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."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 30th January, 1946.

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