

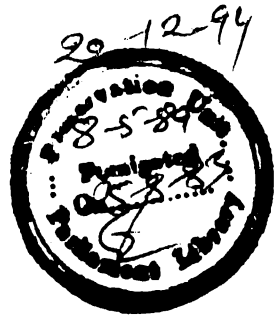


# PARLIAMENTARY DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

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VOLUME II, 1950

*(14th March to 17th April, 1950)*

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FIRST SESSION  
OF  
PARLIAMENT OF INDIA

1950

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PARLIAMENTARY DEBATES  
(PART I—QUESTIONS AND ANSWERS)

Monday, 20th March, 1950

*The House met at a Quarter to Eleven of the Clock.*

[MR. DEPUTY SPEAKER *in the Chair*]

MEMBER SWORN

Lt.-Col. Kanwar Dalel Singh (Rajasthan).

ORAL ANSWERS TO QUESTIONS

DUTY ON BLACK PEPPER

\*950. **Shri Sidhva:** (a) Will the Minister of **Finance** be pleased to state the date from which export duty was levied on Black Pepper exported from India to foreign countries?

(b) Is it a fact that the conditions of the duty were reversed after the issue of this notification and if so, why and to what extent?

(c) What would have been the income from this duty upto the end of the financial year i.e., 31st March 1950 if the duty as announced was kept intact?

(d) What will be the expected amount during the same period under the revised duty?

(e) What was the cause for and object of changing the duty after its announcement?

**The Minister of Finance (Dr. Matthal):** (a) November 18, 1949.

(b) Yes; the rate of duty remained unchanged at 80 per cent. *ad valorem*, but with effect from the 26th November 1949 a 'tariff value' of Rs. 200 per cwt. was adopted for the purpose of assessment of this duty instead of the prevailing market value.

(c) About Rs. 146 lakhs.

(d) About Rs. 68 lakhs.

(e) The duty on Black Pepper was imposed in the middle of the season in accordance with the policy announced on the 5th October, 1949. As the matter was urgent the actual stock position and market commitments including the effect of competition from alternative export sources could not be

fully assessed. Immediately after the duty was notified and the export commitments became known, it was considered desirable in the interests of maintaining our export trade, particularly, with dollar areas that the incidence of the duty should be reduced temporarily. It was therefore decided on administrative grounds and particularly to give greater elasticity to the fiscal measure to continue the original *ad valorem* rate but with the prescription of a tariff value which Government are competent to alter as soon as they are satisfied that market conditions have reached a degree of stability.

**Shri Sidhva:** Arising out of parts (b) and (e) of the question, may I know whether any approach was made by speculators who insisted that the Government should change the 'tariff value'? If so, may we know who were they?

**Dr. Matthal:** The persons who approached the Government on this subject were people engaged in the trade, who felt that the result of the duty as it was introduced in November was likely to affect injuriously the trade interests of the country and Government was therefore prepared to take this into account.

**The Minister of Commerce (Shri Neogy):** Apart from the trade some hon. Members of this House representing certain Southern areas actively interested themselves in this question and an adjournment motion was sought to be moved in this House when the position had to be explained.

**Shri Sidhva:** What was the total shipment of this pepper since this duty was changed, say up to the 31st January or the end of February, whichever figure is available?

**Dr. Matthal:** I have not got the information ready but I can get it for the hon. Member, if desired.

**Shri Sidhva:** Were Government fully satisfied that but for this change of duty the exports would have been affected?

**Dr. Matthal:** Government feel that they were perfectly justified in making this arrangement, in view of possible competition from alternative sources of supply.

**Shri Neogy:** May I, with your indulgence, Sir, point out that we are discussing this matter in an atmosphere of unreality, because this morning's papers carry the announcement that Indonesia has devalued her currency and even the rumour of such devaluation had a slumping effect on the Indian markets as was reported only yesterday in the daily newspapers.

**Shri Sidhva:** What was the rate of this pepper last week as compared with the rate that prevailed in the earlier part of February?

**Dr. Matthal:** You mean the market value? Subject to correction by the hon. Commerce Minister, the latest figure I have seen of market value is a little over Rs. 600.

**Shri Neogy:** It has already slumped.

**Shri Sidhva:** I wanted to know the market value last week.

**Dr. Matthal:** A little over Rs. 600 as far as I can tell.

**Maulvi Wajed Ali:** Is it a fact that as a result of this duty the price of pepper has gone up very much?

**Dr. Matthal:** The result of rupee devaluation has been a sharp rise in the price of pepper.

**Seth Govind Das:** Sir, today I have seen the spelling of 'pepper'. Since we have made the English language the State language for the coming fifteen years, will Government consider the possibility of using Hindi words also for such words which have two different meanings?

**Mr. Deputy-Speaker:** Next question.

**Seth Govind Das:** I want a reply to my question, Sir.

**Mr. Deputy-Speaker:** The hon. Minister is not in charge of language.

DISPLACED FOREIGNERS

**\*951. Seth Govind Das:** Will the Minister of **Home Affairs** be pleased to state the number of displaced persons from European and other foreign countries in India who are receiving Government grant at present?

**The Minister of Home Affairs and the States (Sardar Patel):** None.

**Shri Kamath:** Is it not a fact that till about a year or two ago there were certain Afghan detenus in Poona? If so, may I know whether they are still there, and whether the allowance that was being paid to those Afghan detenus has been discontinued?

**Sardar Patel:** There were some old Afghan detenus to whom some allowance is being given. I do not know whether this question covers these externees from Afghanistan: this question refers to displaced persons.

**Shri Tyagi:** Are some persons from Burma paid any allowances?

**Sardar Patel:** Nobody is getting any allowance.

COURT MARTIAL OF MILITARY OFFICERS

**\*952. Shri Frank Anthony:** (a) Will the Minister of **Defence** be pleased to state how many officers of the Army, Navy and Air Force, respectively, were Court martialled, during the years 1948-49 and 1949-50?

(b) How many of the alleged offences are in respect of misappropriation, cheating or other offences connected with military funds?

**The Minister of Defence (Sardar Baldev Singh):**

(a)	Army	Navy	Air Force
1948-49	21	16	14
1949-50	37	1	9
(b)	Army	Navy	Air Force
1948-49	7	2	2
1949-50	12	..	3

**Shri Frank Anthony:** Is it a fact that this increase among armed personnel of offences relating to money matters is the direct consequence of the low scales of pay?

**Sardar Baldev Singh:** Certainly not.

**Shri Frank Anthony:** What are the reasons which in the opinion of the Defence Minister have contributed to this?

**Sardar Baldev Singh:** If the hon. Member wants to know the details of all these things I will be able to get them for him but he should put a new question.

کہانی جی - ایس - مسافر : کہا آنریبل رکشا منتری بتلائیں گے کہ پچھلے سال  
ہائی ریجنس کے آفیسرس مہن سے کورٹ مارشل کے علاوہ کوئی ڈسبس کئے گئے ہیں؟

**Giani G. S. Musafir:** Will the hon. Minister of Defence be pleased to state whether apart from Court martial any high military officer has been dismissed?

سردار بلدیو سنگھ : ممکن ہے ہونگے - لیکن اسکے واسطے نئے سوال کی ضرورت ہے ۔

**Sardar Baldev Singh:** There may be some. Fresh notice of this question may be given.

**Shri Frank Anthony:** Is it not a fact that in some of these cases where Army officers have been entrusted with money they have gone straight out, paid their debts and have come and said "Arrest me"?

**Sardar Baldev Singh:** As I have already said, it will not serve any useful purpose if we go on suppositions. If the hon. Member has got any definite case in his mind and gives me the details of it I will be quite prepared to look into it.

**Sardar Hukam Singh:** May I know whether there were any cases of wilful neglect of duty or conscious negligence amounting to sabotage?

**Sardar Baldev Singh:** There may be some cases, but it does not arise out of this question. If the hon. Member puts a fresh question on this particular point I will be able to get the information.

**Shri Karunakara Menon:** Is the number of cases of misappropriation and other such cases increasing or decreasing after the advent of the Indian administration?

**Sardar Baldev Singh:** As the hon. Member will see from the figures, the number of cases in 1949-50 is much less as compared to 1948-49.

#### INCOME TAX INVESTIGATION COMMISSION

\*953. **Shri Kishorimohan Tripathi:** Will the Minister of Finance be pleased to state what has been the total expenditure on the Income Tax Investigation Commission since its establishment?

**The Minister of Finance (Dr. Matthal):** Rs. 11,61,127 up to 28th February 1950.

**Shri Kishorimohan Tripathi:** What has been the total amount of Income-tax realised through the efforts of the Commission?

**Dr. Matthal:** From the latest figures that I have seen, the total amount of evaded income which has been reported by the Commission is about 4½ crores of rupees, and the duty which would be assessable on that would be somewhere about three crores of rupees.

**Shri Gautam:** How much of it has been actually realized and has come to the coffers of the State?

**Dr. Matthal:** A little over twenty lakhs.

**Shri Gautam:** What is the delay or difficulty in respect of the other cases?

**Dr. Matthal:** I do not know if the hon. Member is referring to the difficulty in recovering or in investigating and settling them.

**Shri Gautam:** In settling them.

**Dr. Matthal:** The cases are essentially difficult and the kind of judicial process that the Commission has to adopt is not easy to employ and would take a little time. But now they have been able to cover a pretty wide ground and it is safe to assume that the process will be easier hereafter.

**Shri Kishorimohan Tripathi:** Has the business community concerned disclosed all the evaded income, and if so has any Income-tax been realized on that?

**Dr. Matthal:** I think probably what the hon. Member has in mind is its proportion to the total number of cases which have been settled so far. I should say that roughly about two-thirds have been settled on a voluntary basis.

**Seth Govind Das:** How long will it take for this Commission to settle all the cases? Has any report been submitted?

**Dr. Matthal:** It is not possible for me to answer that question at present.

**Shri A. P. Jain:** May I know what amount is involved in the cases settled by compromise and what amount in the cases which have been settled by orders of the Commission?

**Mr. Deputy-Speaker:** He has said about two-thirds.

**Shri A. P. Jain:** No, I want to know the amounts involved.

**Dr. Matthal:** I can give the information only as regards the number of cases. That is to say, the total number of cases settled so far is a little over 120. Out of that, about 80 or so have been settled on a voluntary basis. But what precisely are the amounts involved in the two categories I am not able to state straightway.

**Shri Jhunjunwala:** The hon. Minister said that only Rs. 20 lakhs has been realized out of a sum of Rs. 3 crores which is the amount assessed. What are the reasons for this? Is it that the assesseees are unable to pay or have no means to pay?

**Dr. Matthal:** One of the major causes is that there has been considerable depreciation in the capital value of assets during the past three or four years. Therefore, the process of recovery has to be based on instalments, payments which of course means that the recovery would be delayed.

**Shri Tyagi:** May I know how many cases are still pending before the Commission?

**Dr. Matthal:** The total number of cases which have been referred to the Commission is about 1,370.

**Shri Tyagi:** Is it a fact that only big cases are referred to the Commission, or are small cases also referred to them?

**Dr. Matthal:** I do not know what the hon. Member's idea is of 'big' cases.

**Shri Tyagi:** From the monetary consideration.

**Dr. Matthal:** What exactly is the hon. Member's monetary consideration?

**Shri Tyagi:** I want to know if it is only cases involving big sums of Income-tax that are referred to the Commission.

The hon. Minister does not seem to be inclined to answer this question.

**Dr. Matthal:** The hon. Member is very much mistaken. It is not that I am not inclined to answer it but I am unable to do it.

**Shri Tyagi:** May I know if the Government has announced any concession to such persons as are prepared voluntarily to come forward to pay the Income-tax due from them?

**Mr. Deputy-Speaker:** All that is known. A communique was issued and it is on that basis that settlements are made.

**Seth Govind Das:** Out of the total amount of Rs. 3 crores how much do Government think would be actually realized?

**Dr. Matthal:** It is more than I can tell at present.

**Shri Joachim Alva:** Are there cases in the City of Bombay, which my hon. friend had apparently in view when he referred to "big sums", where people have come forward with voluntary statements but thereafter they have been turned a deaf ear to by the levy of sums of tax out of all proportion to the voluntary statements, and in sheer desperation they have gone to courts of law for assistance? I will give the case of Narrondas Manordas.

**Dr. Matthal:** I have no information on that.

**Shri Gautam:** Is it proposed to wind up the Investigation Commission?

**Dr. Matthal:** On the other hand it has been announced that the life of the Commission has been extended by a year, that is, until normal expiry of the Act takes place.

**Dr. Pattabhi:** May I ask the hon. the Finance Minister whether any estimate has been made by Government of the tenure of this Commission and whether they will be allowed to function for twenty years to dispose of these one thousand and odd cases?

**Dr. Matthal:** Under the Act as it stands at present, the Commission will continue in existence until March 1951, so that the House will have ample opportunities of examining the situation.

**Shri Tyagi:** Can the hon. Minister give us an idea as to on what points the compromises have been arrived at—whether the sum due has been reduced, or whether their accounts have not been seen? What are the points on which compromises have been arrived at?

**Mr. Deputy-Speaker:** How can all these details be gone into?

**Dr. Matthal:** The general principles governing voluntary settlement were set out in the press communique which was issued by Government last October.

**Seth Govind Das:** How many parties have taken advantage of that communique? Have any parties come forward and made any proposals for voluntary settlement?

**Mr. Deputy-Speaker:** He has said that out of 120 cases about 80 have been settled on a voluntary basis.



## REGIONAL COMMITTEES OF ALL INDIA COUNCIL OF TECHNICAL EDUCATION

\*954. **Shri S. O. Samanta:** Will the Minister of Education be pleased to state whether Regional Committees of the All India Council for Technical Education have been set up?

مستتر آف ایجوکیشن (مولانا آزاد) : نہیں ۔ ابھی یہ کمیٹیاں نہیں بنی ہیں ۔  
امید کی جاتی ہے کہ بہت جلد بن جائیں گی ۔

**The Minister of Education (Maulana Azad):** No; but these Committees are expected to be set up soon.

**Shri S. O. Samanta:** Have Special Officers and the necessary staff been appointed?

مولانا آزاد : ہاں دو اسسٹنٹ ایجوکیشنل ایڈوائزرز اپائنٹ کئے گئے ہیں اور وہ بہت جلد کلکتہ اور بمبئی جانے والے ہیں ۔

**Maulana Azad:** Yes, two Assistant Educational Advisers have been appointed and they are to be posted very soon at Bombay and Calcutta.

**Shri S. O. Samanta:** Have sites for the South and North Regions been settled?

مولانا آزاد : نہیں ۔ ابھی اسکا فیصلہ نہیں ہوا ہے ۔ آنریبل ممبر کو معلوم ہے کہ ادھر بہت سے چیلنج ہوتے رہے ۔ پرانی انڈین اسٹیٹس صوبوں میں مرج ہوئیں اور صوبوں کی حد بندی کچھ سے کچھ ہو گئی، اسلئے مشکل تھا کہ کوئی صحیح حد بندی فوراً کی جا سکتی ۔ مگر اب بہت جلد اسکا فیصلہ ہو جائیگا—امید کی جاتی ہے کہ تین چار مہینے کے اندر ہم ریجنل کمیٹیوں کا کام شروع کر سکیں گے ۔

**Maulana Azad:** No, a decision in this respect has not yet been arrived at. The hon. Member knows fully well that recently a lot of changes have taken place. The old Native States have merged with the Provinces and so the boundaries of these provinces have greatly altered. So it was difficult to settle any boundaries immediately, but very soon a decision would be made in this respect. It is hoped that within two or three months we would be able to set up the Regional Committees.

**Shri S. O. Samanta:** What is the criterion by which the Members of the Committee will be selected?

مولانا آزاد : یہ میں ابھی نہیں کہہ سکتا ۔

**Maulana Azad:** I cannot give this information just now.

बाबू रामनारायण सिंह : मैं यह जानना चाहता हूँ कि कितनी कमेटियाँ बनेंगी ।  
और हर सूत्रे में एक दो कमेटियाँ बनेंगी या नहीं ?

**Babu Ramnarayan Singh:** I wish to know how many Committees would be set up and will there be two Committees for each of the provinces or not?

مولانا آزاد : یہ حلقے چار پانچ سے زیادہ نہیں ہو سکتے - ہر حلقہ میں ایک کمیٹی ہوگی - لیکن انکی تھیک تھیک حد بلدی میں ابھی نہیں بتلا سکتا -

**Maulana Azad:** There cannot be more than four or five circles. Every circle will have a committee, but just now I cannot tell the exact jurisdiction of each circle.

#### RELAXATION OF AGE LIMIT FOR JOINING DEFENCE FORCES

\*955. **Dr. M. V. Gangadhara Siva:** Will the Minister of Defence be pleased to state whether it is a fact that Government have, in view of the economic depression, relaxed the age of 16 to that of 20 in respect of Harijans, Tribal and Backward candidates wishing to join the Defence forces?

**The Minister of Defence (Sardar Baldev Singh):** The present age limit is not 16. It varies from Service to Service and for different types of recruitment. Government do not see any reason for relaxing these age limits on the grounds of economic depression.

**Dr. M. V. Gangadhara Siva:** May I know how many Harijans have joined the Defence Services?

**Sardar Baldev Singh:** It is difficult for me to give their different categories of recruitment. If the hon. Member wants to know the number recruited in the different Services, I will have to have notice for that.

**Dr. M. V. Gangadhara Siva:** Which are the States from which the largest number of Scheduled Castes recruits were enrolled?

**Mr. Deputy-Speaker:** That does not arise out of this question. The hon. Member wanted to know only if the age-limit will be relaxed.

**Dr. M. V. Gangadhara Siva:** May I know how many would have joined the Defence Services if the age-limit had been relaxed?

**Mr. Deputy-Speaker:** It is a hypothetical question.

**Shri A. P. Jain:** Is it a fact that some candidates, about twenty in number, were admitted to the Military Academy, who had actually failed in the entrance examination?

**Sardar Baldev Singh:** I do not know what case the hon. Member has in mind, but if he wants to have definite information I will find out and let him know about it.

**Shri A. P. Jain:** I have the case of the Military Academy, Dehra Dun, in mind where certain students were admitted even after they had failed in the examination.....

**Mr. Deputy-Speaker:** How does it arise out of this question? Here the questioner wanted to know as regards the relaxation of age.

**Babu Ramnarayan Singh:** Will the hon. Minister kindly give the reasons why he is not prepared to relax the age-limit in the case of Scheduled Castes?

**Sardar Baldev Singh:** As far as the recruitment of members of the Scheduled Castes in the Armed Forces is concerned, it is not possible for us to relax the age-limit because it creates different categories of officers and men which is contrary to the rules that we have framed, and will create an awful lot of difficulties for us.

**Sardar Hukam Singh:** May I know whether this Government of ours has considered the desirability of relaxing the age-limit in favour of persons who did not join the Services on account of conscientious objection to serve the alien Government?

**Mr. Deputy-Speaker:** It does not arise out of this question.

#### COST OF EDUCATION

\*957. **Shri Kishorimohan Tripathi:** (a) Will the Minister of Education be pleased to state whether Government have enquired into the average cost of education per student for the following:

(i) Primary education, (ii) Secondary Education, and (iii) Higher education?

(b) If so, what are the findings of the enquiry?

(c) If not, do Government propose to hold such an enquiry?

† **مستتر آف ایجوکیشن (مولانا آزاد):** ایک استیٹمنٹ ہاؤس کی ٹیبل پر درج دیا جاتا ہے -

† **The Minister of Education (Maulana Azad):** A statement is laid on Table of the House.

**Shri Kishorimohan Tripathi:** Are Government aware that quite a large number of students of the lower middle class are finding it impossible to take to higher and secondary education because of the high cost?

مولانا آزاد: نہیں - گورنمنٹ کے ہم میں اس طرح کی کوئی شکایت نہیں آئی -

**Maulana Azad:** No, the Government have not received any such complaint.

#### LOAN TO MADHYA PRADESH

\*959. **Shri Lakshmanan:** Will the Minister of Finance be pleased to state:

(a) whether any loan has been applied for by the State of Madhya Pradesh for the purpose of starting factories for the production of aluminium, cement, sugar etc.;

(b) whether any amount has been sanctioned and if so, how much; and

(c) whether the feasibility of the schemes proposed has been scrutinised by Government before sanctioning the loan?

**The Minister of Finance (Dr. Matthal):** (a) Yes..

(b) No.

(c) Does not arise.

**Shri Lakshmanan:** May I know whether the aluminium factory was a Government concern even from the start or whether it was taken over by Government from private hands?

**Dr. Matthal:** I am afraid I have no information about that, but I do not think the industries in respect of which loan assistance was asked and applications made by the Madhya Pradesh Government, refer to the aluminium industry as far as I can remember at present.

† See correction to this answer in Part I of Debates, dated 3rd April, 1950.

**Shri Frank Anthony:** Is it Government's policy to make loans to Provincial Governments even though there may be a danger of these loans being misdirected or wasted?

**Dr. Matthal:** That certainly is a consideration that Government takes into account. In this particular case, of course, Government had to consider whether in view of the present financial stringency sufficient priority could be accorded to the kind of schemes that the provincial Government had in mind.

**Shri Frank Anthony:** May I know whether because of the mismanagement with regard to this aluminium factory in Madhya Pradesh, the State Government has undertaken liability amounting to almost Rs. 88 lakhs without anything being done?

**Dr. Matthal:** I have no information about the aluminium industry.

#### CUSTOMS DUTY IN HYDERABAD

\*961. **Shri Sanjivayya:** (a) Will the Minister of States be pleased to state whether Government are aware of the fact that customs duty is levied in the state of Hyderabad?

(b) If so, do Government propose to abolish it?

**The Minister of Home Affairs and the States (Sardar Patel):** (a) Yes.

(b) It has been agreed with the Government of Hyderabad that internal customs duties should be abolished gradually over a period of four years from the 1st April, 1950.

**Shri Sanjivayya:** Is there any other State in India where customs duties are levied?

**Sardar Patel:** Yes. The agreements with Madhya Bharat, Saurashtra and Rajasthan limit the maximum period to five years with provision for earlier abolition depending on the growth of revenue from sales-tax.

#### PENSION TO LAST GOVERNOR GENERAL

\*962. **Shri Ranga Reddi:** Will the Minister of Finance be pleased to state whether any decision has been taken by the Government regarding the payment of pension or the like to the last of the Governor-Generals and if so, what is the amount?

**The Minister of Finance (Dr. Matthal):** Yes. Government have sanctioned an allowance for life of Rs. 1,000 per month with effect from the 26th January, 1950.

Government have done so, in pursuance of a principle which they wish to apply to retiring Presidents. It is proposed to initiate legislation for this purpose in due course.

**Shri Chandrika Ram:** Is this allowance subject to income-tax?

**Dr. Matthal:** Yes.

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**Shri Feroz Gandhi:** Sir, may I suggest that Question No. 977 be taken up along with Question No. 968 as they are on the same subject?

**Mr. Deputy-Speaker:** Yes. The hon. Finance Minister may answer both the questions together.

## EXPENDITURE ON QUESTIONS IN PARLIAMENT

**\*963. Shri Kunhiraman:** Will the Minister of **Finance** be pleased to state:

(a) the average expenditure usually incurred for answering each question (Starred and Unstarred) put in the Parliament by members; and

(b) how the figure is arrived at?

**The Minister of Finance (Dr. Matthai):** (a) As no staff is solely employed on replying to hon. Members' questions, it is extremely difficult to give an approximate figure. On the basis of the time spent in respect of questions addressed to me during the Budget and Autumn sessions of 1949 I should say that a very rough but conservative estimate of the average expenditure per question is Rs. 60.

(b) The figure was arrived at by dividing the total amount of time taken by various officers in preparing the material for replies to the questions received in 1949 by the Ministry of Finance by the total number of questions, and adding to the result an equal amount to allow for the time spent by other Ministries or offices in collecting material required by the Finance Ministry. This does not include the time spent by the Minister in studying the background material required for answering supplementary questions.

## EXPENDITURE ON QUESTIONS IN PARLIAMENT

**\*977. Shri Feroz Gandhi:** (a) Will the Minister of **Finance** be pleased to state the expenditure incurred by Government in answering questions in Parliament in 1948-49 and 1949-50 up to date?

(b) What additional staff has been appointed for this purpose in each Ministry?

(c) What is the approximate expenditure involved in answering this question?

**The Minister of Finance (Dr. Matthai):** (a) to (c). The information is being collected and a statement will be laid on the Table of the House in due course.

In this connection, the attention of the hon. Member is invited to my reply to the Starred Question No. 963 by Shri Kunhiraman.

**Prof. Ranga:** Is it not a fact that Ministers feel very uncomfortable when these questions are put to them?

**Dr. Matthai:** On the other hand, Ministers welcome these questions.

As far as I am concerned, this expenditure is entirely worth while. It is not merely that we are in a position, as a result of these questions, to put the House and the country in possession of information regarding important matters but I may also say that in respect of many questions addressed to me they have been the means of directing my attention to matters which otherwise might have escaped my notice—[*Hear, hear.*]

**Shri Tyagi:** May I know if the expenditure on telegrams and other enquiries made from the countryside, States and other places is included in this average?

**Dr. Matthai:** Yes.

**Shri Tyagi:** Will the hon. Minister agree and confess that the supplementaries which I put do not cost him anything?

**Mr. Deputy-Speaker:** Order, order. It costs the time of the House and not the time of the hon. Minister.

**SPECIAL RECRUITMENT BOARD, TRANSFER BUREAU AND EMPLOYMENT CO-ORDINATION COMMITTEE**

**\*965. Lala Raj Kanwar:** Will the Minister of **Home Affairs** be pleased to state whether the Special Recruitment Board, the Transfer Bureau and the Employment Co-ordination Committee are still functioning and if so, for what further period are they likely to continue?

**The Minister of Home Affairs and the States (Sardar Patel):** The Transfer Bureau was wound up about seven months ago. The staff employed under the Employment Co-ordination Committee has also been disbanded; the Committee continues to function without any staff in a purely advisory capacity. The Special Recruitment Board is likely to continue till the end of August 1950.

**Lala Raj Kanwar:** May I know whether these bodies or committees consist of permanent officials, or are there any non-official representatives on them?

**Sardar Patel:** The Special Recruitment Board has a non-official Member on it.

**Lala Raj Kanwar:** What is the number of appointments filled by these bodies so far?

**Sardar Patel:** I cannot give the numbers, because the work is still going on.

**Lala Raj Kanwar:** Cannot the work remaining to be done by these bodies or committees be usefully transferred to the Union Public Service Commission?

**Sardar Patel:** There are two Members of the U.P.S.C. on the Special Recruitment Board.

**ECONOMIC AND FINANCIAL ADVISERS AND STATISTICAL OFFICERS IN MINISTRIES**

**\*966. Lala Raj Kanwar:** (a) Will the Minister of **Finance** be pleased to state the names of the Ministries of the Government of India in which Economic and Financial Advisers or Statistical officers or officers holding similar designations and charged with similar duties are appointed?

(b) What is the staff employed under each such officer?

**The Minister of Finance (Dr. Matthai):** (a) Economic or Statistical Officers have been appointed in the following Ministries:

(1) Ministry of Agriculture, (2) Cabinet Secretariat, (3) Ministry of Commerce, (4) Ministry of Communications, (5) Ministry of Defence, (6) Ministry of Education, (7) Ministry of External Affairs, (8) Ministry of Finance, (9) Ministry of Health, (10) Ministry of Information and Broadcasting, (11) Ministry of Industry and Supply, (12) Ministry of Labour, (13) Ministry of Railways, (14) Ministry of Rehabilitation, (15) Ministry of Transport, and (16) Ministry of Works, Mines and Power.

There are no Financial Advisers in any of the Ministries, all financial advice work being done in the Finance Ministry.

(b) The information is being collected and will be placed on the Table of the House in due course.

**Mr. Deputy-Speaker:** These details are given in the brochure circulated by the hon. Minister.

**Dr. Matthal:** Yes, Sir.

**Lala Raj Kanwar:** Is there any proposal to appoint such Advisers in the remaining Ministries?

**Dr. Matthal:** At present, what we are considering is to set up an organisation which would help to co-ordinate the work done by the Economic and Statistical Advisers attached to various Ministries.

**Lala Raj Kanwar:** May I know how much money has been saved by the appointment of these Advisers?

**Dr. Matthal:** It is very difficult to equate the work in terms of money value, but there is a good deal of advantage which the Ministries have gained by reason of the appointment of these Advisers.

**Pandit Kumeru:** How long has the question of co-ordinating the work done by Statistical Officers been under consideration?

**Dr. Matthal:** As far as the statistical side is concerned, we have already taken steps towards the formation of a Central Statistical Organisation, and as far as economic work is concerned, there is already an economist attached to the Cabinet Secretariat, whose main business at present is to co-ordinate the work done by the various Ministries. I have no doubt that, as the Planning Commission begins to do its work, one of the matters on which it would be expected to make recommendations would be the setting up of an organisation here which would have the effect of co-ordinating this work completely.

**Prof. Ranga:** Is there any Economic Adviser to Government and if so, may I know whether he has any control and supervision over, or responsibility of providing guidance to, these Statistical and Financial Advisers?

**Dr. Matthal:** The Economic Adviser attached to the Cabinet has the primary function at present of co-ordinating the work done by the various Ministries.

**Shri Ramalingam Chettiar:** Are these Advisers working under the Finance Department or under the different Departments to which they are attached?

**Dr. Matthal:** Each Adviser works under his own Ministry.

**Shri B. Das:** To what extent will the Planning Commission utilise the services of the Economic Section of the Finance Ministry, through whom the Finance Minister wishes to co-ordinate the work of all Economic Advisers and Statistical Advisers?

**Dr. Matthal:** As the hon. Member will have noticed from the announcement made by Government in regard to the terms of reference of the Planning Commission, the basis on which they propose to work is that they will be in close touch with the Ministries concerned and in doing so, I have not the slightest doubt that they will keep in touch with the Economic Advisers attached to those Ministries.

**Shri Tyagi:** May I know what is the exact nature of work which these Economic Advisers are required to do in relation to each Ministry? Are they the sanctioning authority or they are only required to forward the proposal to the Ministry? I want to know the exact nature of their work.

**Dr. Matthal:** With regard to all these Ministries, as the hon. Member will appreciate, the economic problems which arise in connection with them are important problems, and when a Minister or a responsible officer in the

Ministry finds that he needs special advice on an economic problem which arises in connection with his Ministry, he takes the advice of the Economic Adviser. The work of the Economic Advisers is purely advisory.

**Shri Tyagi:** May I know if the appointment of these officers has accelerated the speed of the work in the different Ministries or it has halted it?

**Dr. Matthai:** It has increased the usefulness of the work. Speed is one of the elements of usefulness.

**Prof. Ranga:** Are these Advisers appointed in addition to the representatives of the Finance Ministry in these various Ministries?

**Dr. Matthai:** No. The work done by these Economic Advisers is not in respect of financial matters as such. The Financial Adviser deals largely with questions of expenditure and the technical side of finance, but these Advisers deal with general economic problems.

**Shri Sidhva:** With regard to Statistical Officers, may I know whether Government have any proposal to combine all the Statistical Officers into one Central organisation to avoid extra expenditure and also to collect proper statistics?

**Dr. Matthai:** The idea is to have a Central organisation, but that does not necessarily mean that the statisticians attached to individual Ministries would be eliminated: it would be necessary to have both.

**Pandit Kunzru:** Will the Central organisation for the co-ordination of the work of Statistical Officers be asked to lay down the qualifications that Statistical Officers recruited in future should possess? I suppose Government knows that Statistical Officers have been recruited on no uniform basis.

**Dr. Matthai:** That is certainly an important consideration, which I have no doubt both Government and the Central Statistical Organisation will keep in mind.

**Shri Raj Bahadur:** May I know the total expenditure incurred on these Advisers, their staff and establishment taken together?

**Dr. Matthai:** I have not got the information right here, but I can easily supply it to the hon. Member.

**Shri Raj Bahadur:** May I know whether there is any delay in the outturn of work on account of these Advisers?

**Mr. Deputy-Speaker:** This has already been answered. He has said that they are useful and there is no question of delay.

**Shri Raj Bahadur:** May I know whether there is any delay in the outturn of work?

**Shri Tyagi:** Are they useful in time or space only?

**Dr. Matthai:** I think I can give a straight answer to that question. Without an Economic Adviser who has special qualifications in that particular sphere of work, the possibility is that an officer in the Secretariat or a Minister not acquainted with economic matters might take a little more time in arriving at his conclusions. This Adviser, I think, helps to expedite them.

**Pandit M. B. Bhargava:** May I know whether the advice tendered by these Economic Advisers is always adhered to and acted upon by the Minister concerned? I want to know whether it is not brushed aside in most cases.



**Dr. Matthal:** It is taken seriously into account, but any particular suggestion made by the Economic Adviser may or may not be accepted, but it will certainly form the background against which the Minister comes to his decision.

**Pandit M. B. Bhargava:** What has been the past practice? In what percentage of cases was the advice accepted and in what percentage of cases was it ignored?

**Dr. Matthal:** It is not possible in these cases to draw a clear-out distinction between advice which has been accepted and advice which has been rejected. All that I can say is that the advice is seriously taken into account.

**Shri Iyyunni:** May I know whether it is a fact that there is an independent Economic, Financial Statistical Adviser attached to each Ministry?

**Dr. Matthal:** For each Ministry there is a separate Economic Adviser.

#### WOMEN SENT OVERSEAS FOR TRAINING IN NURSING

\*969. **Shri Rathnaswamy:** (a) Will the Minister of Health be pleased to state how many women were sent to foreign countries for higher training in nursing during the last five years?

(b) What are the qualifications prescribed for selection for this training?

(c) Are married women debarred from being selected for this course?

(d) How many women have so far been sent from Madras alone during the last five years?

**The Minister of Health (Rajkumari Amrit Kaur):** (a) 49.

(b) A statement containing the information is laid on the Table of the House.

(c) No, but preference is given to single women and widows without encumbrances.

(d) Six of the candidates were sponsored by the Madras Government.

#### STATEMENT

##### *Qualifications prescribed for candidates for posts-graduate nursing training abroad*

(a) *General Education.*—The candidates should have passed Senior Cambridge, Matriculation or equivalent examination. Good knowledge of English, both written and spoken is essential. (In 1949 candidates who had not passed the matriculation or an equivalent examination but were otherwise qualified were also considered).

(b) *Professional Education.*—The candidates excepting those applying for a course in Dietetics, should be certificated nurses and registered as such with one of the Nursing Councils in India. Female nurses trained in hospitals for women and children should also be trained and registered for nursing of male patients. Candidates for the Health Visiting course and course in District Midwifery should also be registered midwives.

(c) *Professional Experience.*—The candidates should have certificate experience of not less than three years as ward sisters or staff nurses in a hospital recognised as a training school for nurses. Candidates for the Public

Health Teacher or Public Health Administrator course should be qualified Health Visitors with five years' post-certificate experience.

Candidates for the Hospital Administration course should have had five years post certificate experience and should have held a post of an Assistant Matron or Ward Sister.

Candidates for the Sister Tutor Course should have studied chemistry and physics at least upto School Certificate.

Candidates for the Industrial Nursing Course should (a) not be less than 24 years of age, and (b) submit evidence of having had at least one month's satisfactory experience in one aspect of nursing work selected from each of the following two classes:

- (i) Casualty, out-patients, public health.
- (ii) ophthalmic, skins.

(d) The candidates for a course in Dietetics should hold a School Leaving Certificate, a School Certificate, or Matriculation, and one of the following qualifications:

- (i) A University Degree in Science. The candidates should have passed both in Physiology and Chemistry at the final examination for the degree.
- (ii) A University degree in Household and Social Science.

Candidates for this course need not be trained nurses.

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**Shri Rathnaswamy:** May I know how much it cost the Government for five years to give training in higher nursing?

**Rajkumari Amrit Kaur:** I would like to have notice of that question.

**Shri Rathnaswamy:** May I know, Sir, whether any preference is shown to women who have war service to their credit?

**Rajkumari Amrit Kaur:** No, I do not think any preference is given for war service as such. Preference is given to those who have had adequate service and have a background of nursing.

**Shri Rathnaswamy:** May I know the countries to which these people have been sent for higher nursing?

**Rajkumari Amrit Kaur:** They are generally sent to the United Kingdom.

**Shri Frank Anthony:** Is any preference given to nurses who have qualified themselves in the newly instituted degree examinations?

**Rajkumari Amrit Kaur:** Yes, certainly.

**Shri Frank Anthony:** Is it not a fact that experience has shown that nurses with degrees have less practical abilities than the old diplomaed nurses?

**Rajkumari Amrit Kaur:** That is not so.

**Shri Frank Anthony:** Is it not a fact that the University Commission has recommended that the less the Government insist on degrees, the more efficient will the administration be and whether this is in keeping with the University Committee's recommendations?

**Rajkumari Amrit Kaur:** We require highly-trained nurses for the training of other nurses here and it is very necessary for us to have these highly-qualified women.

**Shri Kamath:** In reply to part (c) of the question, did the hon. Minister say that preference will be given to unmarried or single women?

**Rajkumari Amrit Kaur:** I said preference is given to single women and widows without encumbrances.

**Shri Kamath:** When women are deputed abroad for higher training in nursing, is any assurance or undertaking given by them that on their return they will serve for a definite period and not get married or encumbered otherwise?

**Rajkumari Amrit Kaur:** All scholarship-holders give an undertaking that they will serve Government for a certain period.

**Shri Joachim Alva:** What are the standards for the selection of these candidates? Are they recommended by the Provincial Governments?

**Rajkumari Amrit Kaur:** I have laid a statement on the Table of the House giving the requisite standard.

**Shri Kamath:** Has there been any instance where any of these trainees got married while she was abroad?

**Rajkumari Amrit Kaur:** I would like to have notice of that question.

**Shri Raj Bahadur:** May I know the specific part of the training for which they are sent abroad which is not available in India.

**Rajkumari Amrit Kaur:** Very little post-graduate and specialised training is available here and I may say that these trainees who go abroad come back very much benefited by their studies there.

**Seth Govind Das:** Is it not a fact that because Mr. Kamath is not himself married, he has no authority to say anything on the question of marriage?

**Mr. Deputy-Speaker:** I would only urge on the hon. Member himself to decide it for Mr. Kamath.

#### RETRENCHMENT IN DELHI POLYTECHNIC

\*970. **Giani G. S. Musafir:** (a) Will the Minister of Education be pleased to state whether any retrenchment has been made, recently in the staff of the Delhi Polytechnic?

(b) If so, is it an economy measure?

(c) What was the total monthly expenditure on the said staff before the retrenchment and what is the expenditure at present?

(d) What was the total strength of staff, how much economy has been made and how many persons have been thrown out of employment?

• مسٹر آف ایجوکیشن (مولانا آزاد): نہیں - ایسا نہیں کیا گیا ہے - اور اس لئے

وہ سوال پیدا نہیں ہوتے - جو ہی - سی - اور تہی - میں کئے گئے ہیں -

**The Minister of Education (Maulana Azad):** (a) No.

(b) to (d). Do not arise?

## ARMY PERSONNEL CAPTURED BY PAKISTAN

\*971. **Shri Joachim Alva:** Will the Minister of Defence be pleased to state:

(a) the number of personnel from the Indian Army captured by Pakistan or the 'Azad Kashmir' forces up to the end of December, 1949;

(b) the number of persons from the Kashmir State Forces captured or detained by Pakistan Government or the 'Azad Kashmir' Forces; and

(c) where these persons are lodged?

**The Minister of Defence (Sardar Baldev Singh):** (a) 44.

(b) 644.

(c) They are detained in the Attock Camp.

**Shri Joachim Alva:** Do the Red Cross people inspect these camps?

**Sardar Baldev Singh:** I believe some of the representatives of the Red Cross have inspected these camps.

**Shri Joachim Alva:** Are these prisoners allowed to send letters to their relations in India and are such letters received regularly here?

**Sardar Baldev Singh:** I think so.

**Shri Raj Bahadur:** What are the ranks to which these prisoners belong?

**Sardar Baldev Singh:** The following are the particulars:

Indian Army	{	Junior commissioned officers	2
		Other ranks	40
		Non-combatant enrolled personnel	2
State Forces of Jammu and Kashmir	{	Officers	10
		Junior commissioned officers	15
		Other Ranks	587
		Non-combatant enrolled personnel	10
		Non-combatant unenrolled personnel	18
		Civilians	4

**Shri Joachim Alva:** Are any food parcels permitted to be despatched to these prisoners?

**Sardar Baldev Singh:** It is not possible for me to know what exactly the hon. Member means by 'food parcels'. But small parcels of sweets and other things are allowed to be sent to these prisoners.

**Shri Joachim Alva:** Are there any proposals under the consideration of the two Governments about the prisoners being sent back to India or their detention being terminated?

**Sardar Baldev Singh:** The hon. Member will recollect that a few days ago this question was answered by the Prime Minister to the effect that it has not been possible to come to any settlement with the Pakistan Government about the exchange of these prisoners.

**Shri Deshbandhu Gupta:** May I know the number of Pakistan army personnel captured by India?

**Sardar Baldev Singh:** We have some officers. If the hon. Member wants to know the exact number I will have to have notice of that.

## SOLDIERS' BOARD

\*972. **Shri Rathnaswamy:** (a) Will the Minister of Defence be pleased to state what are the functions of the Soldiers' Board?

(b) How many boards are functioning in India?

(c) What are the bases on which these boards are constituted?

**The Minister of Defence (Sardar Baldev Singh):** (a) The function of the Sailors' Soldiers' and Airmen's Board is to look after the welfare of ex-servicemen and their families and the interests of serving personnel absent from their homes.

(b) Besides the Indian Sailors' Soldiers' and Airmen's Board at New Delhi and twelve Central State Boards, there are 176 District/State Sailors' Soldiers' and Airmen's Boards.

(c) That normally there should be more than 5,000 ex-servicemen and families of serving personnel (each family counting as one unit) resident in the area of a District Board.

**Shri Rathnaswamy:** Is it a fact that many cases of soldiers who served in the last war are still pending settlement and if so what steps are Government taking to expedite settlement?

**Sardar Baldev Singh:** There is no doubt that a number of cases are still pending.

**Shri Rathnaswamy:** Is it the intention of Government to abolish these boards in the near future?

**Sardar Baldev Singh:** No Sir. On the other hand these Boards have served a very useful purpose.

## EX-BRITISH POLITICAL AGENTS

\*973. **Shri Joachim Alva:** Will the Minister of States be pleased to state:

(a) whether some British ex-Political Agents have recently come to India and are touring Indian States, contacting former Rulers; and

(b) if the answer to part (a) above be in the affirmative, whether Messrs. Phillips and Scott, former Political Agents of the Eastern States Agency are amongst those who are touring India?

**The Minister of Home Affairs and the States (Sardar Patel):** (a) and (b). Some ex-Political Officers including the two mentioned above by the hon. Member are touring India and renewing their old friendships.

**Seth Govind Das:** Have Government any report about their activities and their loitering in different places, particularly the States?

**Sardar Patel:** Why should Government have any reports about their private work? If they are doing any business, or renewing their acquaintances, no reports are necessary.

**Shri Raj Bahadur:** What is the nature of business which has been shown in their visas or passports under which they have come here?

**Sardar Patel:** Apart from business, anybody is entitled to come here as a tourist.

**Seth Govind Das:** May I take it, Sir, that nothing objectionable has been heard about these people from the C.I.D. or other Intelligence Departments of Government?

**Sardar Patel:** Nothing has been heard.

**Shri Joachim Alva:** Is any check kept upon these visitors who come to India via Pakistan on the pretext of meeting their old friends?

**Sardar Patel:** That is the most convenient route.

#### PANCHAYAT SYSTEM IN CENTRALLY ADMINISTERED AREAS

\*975. **Thakur Lalsingh:** (a) Will the Minister of States be pleased to state whether the Government of India propose to introduce Panchayat system in the villages of Centrally Administered areas?

(b) If the answer to part (a) above be in the affirmative, how long will it take?

**The Minister of Home Affairs and the States (Sardar Patel):** Village Panchayats are already functioning in most of the Centrally administered areas. Each area has adopted models most appropriate to its need, conditions and state of development. In the areas in which no such Panchayats are functioning Government will consider the introduction of the system as soon as administrative organisation has been completed.

#### FOOD POISONING IN DEHRA DUN ACADEMY

\*976. **Shri Kamath:** Will the Minister of Defence be pleased to state:

(a) whether all the cadets at the Dehra Dun Academy were taken ill recently due to food poisoning;

(b) if so, when and the nature of the malady which overtook them; and

(c) whether any inquiry has been held into the matter and if so, with what results?

**The Minister of Defence (Sardar Baldev Singh):** (a) Approximately 25 per cent. of the cadets of the Military Wing of the National Defence Academy were so taken ill.

(b) (i) These cases occurred between 28th February 1950 and 2nd March 1950.

(ii) The cadets concerned have all since recovered with the exception of nine or ten who are also now well on the way to recovery.

(c) (i) A preliminary investigation by senior medical officers was carried out immediately the incident occurred.

(ii) The officers found a food poisoning germ in the food or drink of the cadets, which has been isolated and is being investigated at the Armed Forces Medical Centre, Poona, in order to identify it.

(iii) A Court of Inquiry has also been convened to investigate into the causes of the incident and further action will be taken in accordance with the findings and the recommendations of that court.

**Shri Kamath:** Is it a fact that very recently the old caterer's services have been terminated and a new one has been given the contract?

**Sardar Baldev Singh:** I believe, not very recently but some time ago the contractor was changed.

**Shri Kamath:** Is there any truth in the report that the old caterer, whose services were terminated, deliberately poisoned the food with a view to spite the new caterer?

**Sardar Baldev Singh:** That is one of the reasons given for the food-poisoning but it is not possible for me to say anything definitely at present.

**Shri Tyagi:** Is the hon. Minister aware that a few months before a similar case had been reported about food-poisoning in this Academy?

**Sardar Baldev Singh:** No.

**Shri Kamath:** Was the old caterer summoned by this Enquiry Committee to give evidence?

**Sardar Baldev Singh:** As I have already stated, the investigation is going on and I am not in a position to say at present what the report of that Committee is.

**Shri Raj Bahadur:** How long after taking the poisoned food did the students get ill?

**Sardar Baldev Singh:** Next day after breakfast.

**Shri Tyagi:** What precautions have been taken to prevent this happening in the future?

**Sardar Baldev Singh:** As I pointed out, an enquiry has been held and the first report has been received. They have suggested certain measures for improving the sanitation as well as other measures but they have not been finalized as yet. Unless and until the enquiry is completed, it will not be possible for me to say anything in the matter.

**Shri Tyagi:** Is there no Medical Officer to test the food before serving?

**Sardar Baldev Singh:** No.

**Shri Kamath:** Was it the same illness which overtook them all and what were the symptoms of the illness?

**Sardar Baldev Singh:** The symptoms, as far as all these cases are concerned, were more or less the same and the first symptom was headache, vomiting and slight fever.

**Shri Raj Bahadur:** May I know whether any steps have been taken with a view to prevent the old caterer and the new caterer from absconding, by way of security or otherwise?

**Sardar Baldev Singh:** Even if the old or new caterer absconds I do not think it will be difficult for us to trace them.

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**Shri Kazmi:** Sir, may I be allowed to put question No. 968?

**Mr. Deputy-Speaker:** Yes, I can allow if it is a matter of importance.

**Shri Kamath:** Sir, will you not take the questions in the order in which they appear in the list, because Dr. Deshmukh's question is No. 958 and I have been authorized to put that question?

**Mr. Deputy-Speaker:** Dr. Deshmukh has obviously not told the hon. Member that he has withdrawn his question.

**Shri Kamath:** It is not shown here. Is it not customary to show that it is withdrawn?

**Mr. Deputy-Speaker:** I am told that the information was sent to the office very late. Anyhow such enquiries are not necessary. If any particulars are necessary regarding Dr. Deshmukh's question, the hon. Member should ask him on whose behalf he is trying to put the question. Shri Kazmi.

#### TRANSFER OF HIGH COURT JUDGES

\*968. **Shri Kazmi (on behalf of Shri Shiv Charan Lal):** (a) Will the Minister of Home Affairs be pleased to state whether after 26th January, 1950 any High Court Judges have been transferred from one High Court to another?

(b) What will be the principle on which such transfers will be made?

(c) Have any rules been framed for such transfers?

**The Minister of Home Affairs and the States (Sardar Patel):** (a) None.

(b) and (c). Such transfers would be made only in the public interest. Government do not consider it necessary to frame any rules until an occasion arises.

**Shrimati Durgabai:** May I know if this question of transfer arises only in the case of Judges other than the Chief Justice of a particular State?

**Sardar Patel:** May arise, I do not know. The new Constitution provides for the transfer of High Court Judges.

**Shrimati Durgabai:** May I know if and when the question of transfer arises, it is only limited to the Judges of the High Court other than the Chief Justice?

**Sardar Patel:** That is a matter of interpretation of the Constitution.

**Shri Lakshmanan:** May I know whether Judges in Part (b) States are entitled to transfer to Part (a) States?

**Mr. Deputy-Speaker:** It is a matter of interpretation of the Constitution. It is a hypothetical matter now.

**Shri Kazmi:** May I know whether the transfers are to be made just as in other services, as a matter of routine or it will be only for special reasons that transfers shall be made?

**Sardar Patel:** Transfers can be made only in public interests.

**Shri Jagannath Mishra:** Has Government adopted or proposes to adopt the policy of not allowing a resident or a recruit from the Bar within the jurisdiction of the High Court to serve as a Judge or Chief Justice of that High Court?

**Mr. Deputy-Speaker:** That does not arise.



## WRITTEN ANSWERS TO QUESTIONS

### DIVISION OF ASSETS OF PUNJAB UNIVERSITY

\*956. **Shri D. S. Seth:** Will the Minister of Education be pleased to state:

(a) whether the division of assets of the University of the United Punjab has been given effect to in all respects;

(b) if the answer to part (a) above be in the negative, in what respects the division has not been given effect to;

(c) whether all the diplomas and certificates of the students who appeared in the examinations of the said University upto 1947 and before have been received;

(d) whether it is a fact that several Indian students are vexed for their certificates and are being asked for payment of more money; and

(e) whether Government propose to set up a machinery to receive such diplomas from the Pakistani University and to distribute the same in India?

**The Minister of Education (Maulana Azad):** A statement in reply to the above questions has been laid on the Table.

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#### STATEMENT

1. Punjab University of United Punjab was not partitioned and therefore the question of division of assets does not arise. The present East Punjab University is a new organisation instituted by legislation of the East Punjab, now Punjab (I) Government.

2. Government have been receiving complaints from displaced persons that Punjab University (P) imposed very difficult conditions and had prescribed exorbitant fees for the issue of duplicate certificates to them. Even where these conditions were fulfilled, and fees paid up, the certificates were either not issued or inordinately delayed. The Deputy High Commissioner was asked to approach the Punjab University authorities. He communicated that in spite of his best efforts he was not able to assist displaced persons on account of the delaying tactics employed by that University and further that the University had stopped entertaining applications on account of difficulties in submission of fees in the absence of exchange rates between the two countries.

In view of this, the Government persuaded the Punjab University (I) to issue certificates to the displaced persons on application on basis of record and collateral evidence that could be collected in India.

Very recently the Deputy High Commissioner for India in Pakistan has communicated that the Punjab University (P) have now offered to issue within 10 days certificates for which fees had been received by them.

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#### PAY OF PRABHAKAR TEACHERS

\*960. **Shri D. S. Seth:** Will the Minister of Education be pleased to state:

(a) the scale of monthly pay allowed to teachers in Centrally administered areas possessing the qualifications of Prabhakar in Hindi; and

(b) whether Government propose to consider the desirability of a general increment in pay of the teachers qualified in Hindi, to the extent allowed to teachers of corresponding qualifications in English, in view of the raised status of Hindi as the State language of the Republic of India?

**The Minister of Education (Maulana Azad):** (a) A statement is laid on the Table of the House. [See *Appendix V, annexure No. 30.*]

(b) In pursuance of the recommendations of the Central Pay Commission and in order to remove certain anomalies, the pay scales of many categories of teachers have been further revised in January 1950. The new scales as shown in the Statement referred to in (a) above will also take effect from 1st January 1947. The new scales are intended to remove the differential treatment meted to Indian language teachers and prescribe scales of pay commensurate with the qualifications in different subjects and categories.

#### ISOLATION HOSPITAL, DELHI

**\*964. Shri R. Velayudhan:** Will the Minister of **Health** be pleased to state:

(a) the number of patients admitted in the Isolation Hospital at Delhi in the year 1949;

(b) the number of deaths due to small pox in the same Hospital during the same period;

(c) the number of Doctors in the Hospital; and

(d) the number of beds in the same Hospital?

**The Minister of Health (Rajkumari Amrit Kaur):** (a) 2,107.

(b) 128.

(c) Two permanent. Additional temporary staff is employed when necessary during epidemics.

(d) 45. In times of emergency the number can be increased to 200 by putting up sheds.

#### POLICE TRAINING INSTITUTIONS

**\*967. Shri S. N. Das:** (a) Will the Minister of **Home Affairs** be pleased to state the number of Police Training Institutions in the Centrally administered areas?

(b) Have any changes been made in the courses of training after the 15th August, 1947?

**The Minister of Home Affairs and the States (Sardar Patel):** (a) and (b). There are no training institutions for officers in the centrally administered areas but as regards other ranks, information is being collected and will be laid on the Table of the House in due course.

#### CASES OF CORRUPTION IN M.E.S. FORMATIONS IN DELHI CANTONMENT

**\*974. Shri D. S. Seth:** Will the Minister of **Defence** be pleased to state:

(a) the number of cases of corruption reported in the various M.E.S. formations at Delhi Cantonment during 1949-50; and

(b) the number of cases out of those referred to in part (a) above wherein personal searches were conducted departmentally and the number actually proved guilty?

**The Minister of Defence (Sardar Baldev Singh):** (a) Four.

(b) No personal searches were conducted departmentally. If by "personal searches" departmental Courts of Enquiry are meant, then four such Courts of Enquiry were held. As a result of these, in one case the person concerned was dismissed from service, while in another the charges were not proved and the individual concerned was transferred to another Station. The other two cases are still under investigation.

#### INTERNATIONAL CHILDREN'S EMERGENCY FUND

**\*978. Shri B. Velayudhan:** (a) Will the Minister of **Health** be pleased to state whether the International Children's Emergency Fund has allotted a lump sum to India?

(b) If so, what is the amount?

(c) On what lines will this allotment be spent in India?

**The Minister of Health (Rajkumari Amrit Kaur):** (a) to (c). A detailed statement is placed on the Table of the House. [See *Appendix V, annexure No. 81.*]

#### SCHEDULED CASTES IN MINISTRY OF DEFENCE

**109. Prof. Yashwant Rai:** Will the Minister of **Defence** be pleased to state:

(a) the number of scheduled caste in the Ministry of Defence in each category of service;

(b) whether the number is not as reserved for scheduled castes; and

(c) what special steps Government propose to take to fill in the reserved quota under the spirit of Article No. 335 of the New Constitution?

**The Minister of Defence (Sardar Baldev Singh):** (a) Gazetted Officer—1, Assistants—6, Lower Division Clerks—4.

(b) No.

(c) Attention is invited to the answer to part (b) of unstarred Question No. 89 asked by the hon. Member on the 10th March 1950.

#### EDUCATIONAL SCHOLARSHIPS BY BHOPAL GOVERNMENT

**110. Thakur Lalsingh:** Will the Minister of **Education** be pleased to state:

(a) the number of students studying in different educational institutions outside Bhopal to whom scholarship is granted by the Bhopal Government in the current year; and

(b) the amount of scholarship granted to each?

**The Minister of Education (Maulana Azad):** The information is being collected and will be furnished to the Member in due course.

## EDUCATIONAL INSTITUTIONS IN BHOPAL

**111. Thakur Lalsingh:** Will the Minister of Education be pleased to state:

(a) the names of private educational institutions (for males only) to which Government aid is granted in the town of Bhopal;

(b) the number of students in each;

(c) the standard up to which each of these institutions imparts education; and

(d) the amount of aid granted to each of these institutions?

**The Minister of Education (Maulana Azad):** The information is being collected and will be furnished to the Member in due course.

## CLASSICAL SUBJECTS IN BHOPAL SCHOOLS

**112. Thakur Lalsingh:** Will the Minister of Education be pleased to state:

(a) the names of Government schools in the town of Bhopal in which Arabic, Persian and Sanskrit (along with Theology) is taught;

(b) the number of teachers employed in these schools and how many students receive instruction in them;

(c) the annual expenditure incurred in these schools; and

(d) the average amount spent on each student?

**The Minister of Education (Maulana Azad):** The information is being collected and will be furnished to the Member in due course.

## MONETARY GRANTS BY BHOPAL TO EDUCATIONAL INSTITUTIONS IN INDIA

**113. Thakur Lalsingh:** Will the Minister of Education be pleased to state:

(a) the names of the educational institutions in India to which monetary aid is given by the Bhopal State;

(b) the annual aid granted to each; and

(c) the criteria of granting this aid?

**The Minister of Education (Maulana Azad):** The information is being collected and will be furnished to the Member in due course.

Monday, 20th March, 1950



# PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

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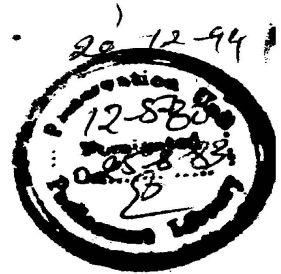
VOLUME I, 1950

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First Session  
of the

PARLIAMENT OF INDIA

1950



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# PARLIAMENTARY DEBATES

(PART II--PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Monday, 20th March, 1950.

*The House met at a Quarter to Eleven of the Clock*

[MR. DEPUTY-SPEAKER *in the Chair*]

## QUESTIONS AND ANSWERS

(See Part I)

11-40 A. M.

### PAPERS LAID ON THE TABLE

REPORT OF THE REHABILITATION FINANCE ADMINISTRATION.

**The Minister of Finance (Dr. Matthai):** Sir, I lay on the Table a copy of the Report of the Rehabilitation Finance Administration for the half-year ended the 31st December, 1949, in accordance with sub-section (2) of Section 18 of the Rehabilitation Finance Administration Act, 1948. [See *Appendix VI, Annexure No. 17.*]

### GENERAL BUDGET—LIST OF DEMANDS—*contd.*

#### SECOND STAGE—*contd.*

##### DEMAND NO. 19—MINISTRY OF COMMERCE

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 58,23,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Ministry of Commerce’.”

##### DEMAND NO. 34—PORTS AND PILOTAGE

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 44,89,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Ports and Pilotage’.”

##### DEMAND NO. 35.—LIGHTHOUSES AND LIGHTSHIPS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 11,22,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Lighthouses and Lightships’.”

##### DEMAND NO. 60.—COMMERCIAL INTELLIGENCE AND STATISTICS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 55,69,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Commercial Intelligence and Statistics’.”

## DEMAND No. 62.—JOINT STOCK COMPANIES

**Mr. Deputy-Speaker:** Motion is

"That a sum not exceeding Rs. 4,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Joint Stock Companies'."

I suppose the hon. Minister does not want to intervene at this stage.

**The Minister of Commerce (Shri Neogy):** No, Sir,

**Shri Goenka (Madras):** For a change I do not want to discuss or refer to the acts of omission and commission of the offices of the Chief Controllers of Export and Import. I understand that the whole office of the Chief Controller of Imports is being reorganised and I shall certainly wait until we know the results of this reorganisation and I hope and trust that the complaints which we have heard from all over the country will be eliminated after the reorganisation of the Chief Controller's office takes place. I am glad that the hon. the Commerce Minister has after all decided to reorganise this office to see that these complaints are eliminated.

So far as the policy of our import and export is concerned, I am afraid we are really lacking in any policy. Going into the history of our import and export control, I find that in the year 1946 we liberalised imports and when we found in the year 1947 that this was not a successful policy, we brought about restrictions. Then again in 1948 when we found the ill effects of our 1947 policy, we again liberalised imports and when we found again in 1949 the ill effects of our 1948 liberalisation, we again brought about restrictions; and in 1950, I understand, there is going to be a certain amount of liberalisation again. I am not suggesting that we should not change our policy according to the exigencies of the situation, but there must be an overall policy for the next five years as to how much money we are prepared to spend on our imports and what is the requirement of the country and what is the estimated amount of our exports. I may perhaps refer here to the policy of the Commerce Department for the second half of the year 1949, which I presumed was arrived at in consultation with the Cabinet. That policy, as I understand it, was that what you get from your exports you can expend on your imports. You can also expend £ 50 millions being the releases from our Sterling Balances. Then we can also expend what we can borrow from the World Bank. That was the policy for the second half of the year 1949. Even after devaluation this policy was allowed to continue. No change was made in that policy following devaluation. This, I feel, should hardly be the policy. I have no time to discuss this policy in detail, but I would say that our policy should be to import to the value of our exports, and if we happen to import more, we must be very careful about it. We have been complaining for the last several years that there have been no proper statistics maintained by the Government of India and particularly by the Commerce Department. I need not go into the question of what will happen when there are no statistics available. I will cite one example from the last Budget. The hon. the Finance Minister and the hon. the Commerce Minister gave us an indication that our adverse balance of trade was to the tune of Rs. 90 crores. About three months later, in the Import Advisory Council the hon. the Commerce Minister gave us the figure of Rs. 140—50 crores. Then, finally I understand that our adverse balance for the year 1948-49 was 214·9 crores. It is a most unsatisfactory state of affairs that the revised figures of the Government of India should be wrong to the tune of 125 per cent. There can be no excuse for a state of affairs like that. There is the Bank of England, there is the Reserve Bank, there are the great accountants of the Government of India,

there is the great Finance Department and there is the great Commerce Department. All these departments cannot tell me what the estimated adverse balance is going to be. Rs. 90 crores becomes Rs. 214·9 crores. Again, in the period April-September we had an adverse balance of Rs. 146·53 crores. And in October we had an adverse balance of 22·0 crores. It is true that in December and January we had a small favourable balance of trade, but let us not suffer from any complacency on that account, because we have seen signs of complacency in the Commerce Department. There are two main items of our imports, hundred crores worth of cotton and a like amount of jute. We did not import any cotton or jute in this particular period. If we do not import the main items of our raw materials during a particular period, then it is very easy to say that we have had a favourable balance of trade. Then, again, the February figures show that the exports are already dwindling. This is the state of affairs, so far as our balance of trade position is concerned. These are the figures which have been given to me, but judging from the experience of last year, I am not convinced that these figures are accurate. If the figures for last year were wrong to the tune of 125 per cent. I do not know what the actual figures are likely to be this year.

Now, I come to another aspect of the question, and that is in regard to the import of luxury articles. I do not know the difference between non-essential articles or luxury articles and essential articles. I think they are one and the same. In any case, they are very vague terms which may help the Minister to counter arguments. I would like to refer to the statement of the hon. the Finance Minister in his Budget speech in which he reiterated what the hon. the Commerce Minister mentioned in this House some time back. What he said was that the countries with whom we have entered into bilateral agreements insist that a certain proportion of their non-essential goods should also be allowed to be imported into India, and the general impression created by the hon. the Commerce Minister and the hon. the Finance Minister was that, if we have imported non-essential goods, it was because of the bilateral agreements we have entered into with some countries, and it is because of those agreements we have had to import about 10 crores worth of non-essential goods or luxury goods. I have gone through the trade agreements with other countries, circulated by the Commerce Department, and I see that except for the country known as Czechoslovakia which has insisted that about £10,000 worth of non-essential articles should be allowed to be imported into this country, out of a trade agreement worth Rs. 3 crores there is no other country which has stipulated such a condition. When I say relevant period I refer to the period during which these luxury or non-essential goods were imported. There is no country in the world except Czechoslovakia that has insisted on the import into this country of non-essential goods. Even Czechoslovakia stipulated import of goods of the value of £10,000. This is not even one-thousandth part of our total imports. This is the argument put forward in support of the importation of these non-essential or luxury goods. It would have been enough for the hon. Minister for Commerce to say that since we put everything in the O.G.L., non-essential articles were imported and I would have no grievance. When you put everything in the O.G.L., you cannot impose any restrictions on the imports whether of luxury or non-essential goods. But, this argument—that we had to do it in pursuance of the bilateral agreements which we had entered into and in pursuance of the insistence by those countries—is one which is far from being accurate.

Then, another case was made out that these non-essential articles were imported as a result of the recommendations of the Twenty-five-man Committee of the Congress Party which came to this conclusion. This is far from correct. I shall quote that particular portion of the recommendation of that Committee. What the Committee recommended was this. "A careful control

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of exports and imports is essential. In the case of imports, besides capital goods, consumer goods of utility like bicycles, typewriters, sewing machines, should be encouraged". They never said that non-essential articles should be imported. They certainly did not say that you should not only spend all your balances, but you should import 80 million pounds worth stuff more and again you must get another 50 million for further imports under the O.G.L. They did not say anything of the sort. What they said was that articles of utility should be imported. I have no grievance if these things are not said in support of what has happened. I only say that that is not correct.

Then, again I was told—I say this on the authority of the Reserve Bank of India—that before we entered into these bilateral agreements with foreign countries, we had a favourable balance of trade to the extent of Rs. 10 crores, and, after these bilateral agreements, our adverse balance of trade is Rs. 50 crores. I would like the hon. Minister for Commerce to allay the wrong impression—probably it is a wrong impression on the minds of the people—that this adverse balance is the result of these bilateral agreements. The hon. Minister for Commerce indicated that it was not as a result of the bilateral agreements. I would like him to tell us how it happened that the favourable balance of trade of Rs. 10 crores was converted into an adverse balance of Rs. 50 crores after these bilateral agreements were entered into.

**Shri Neogy:** In which year was this favourable balance of trade?

**Shri Goenka:** Immediately before these bilateral agreements: I think in 1948.

Now, I come to devaluation. Consequent upon devaluation certain things have happened. As the House is fully aware, when this devaluation came in, we insisted that a Devaluation Committee should be appointed by this House, for the purpose of going into every aspect of the question as it affected this country. What happened? The Committee practically was a still-born committee. It met for about an hour in the end of November and then it met again on the 5th of December. Certain questions were raised in the Committee in regard to jute, etc. I shall refer to the proceedings. In the Devaluation Committee, I mentioned certain aspects of the question in regard to jute, tea and cotton, and the hon. Minister for Commerce agreed to have the matter examined and circulate a note at the next meeting of the Committee. It is now more than four months; not only was a meeting of the committee not called, but the note which was prepared and given to the hon. Minister for Commerce, has not been taken notice of; and even if it had been taken notice of, nothing is known of what has become of that. The fact is this. Certain aspects of the question were raised. You will appreciate, Sir, that after devaluation, either we have to raise our prices by 44 per cent. or we have to export more goods to the extent of 44 per cent. to realise the same amount of foreign exchange. Here, I shall refer to the speech of the hon. Minister for Finance. He says that in 1931 as a result of the devaluation, the countries reduced their prices, but as a result of the devaluation in 1949, the prices remained the same. This is what he says:

".....as far as America is concerned, resulted in the maintenance of the original level of the prices. Dollar prices have remained steady since September 1949 on the whole. The result is that sterling prices of industrial commodities have gone up almost to the extent of the devaluation."

So far as the sterling area is concerned, prices have gone up. In the Dollar area, prices have remained the same. What have we done? Here is a country, India which exports jute. Before the devaluation, the price of jute was Rs. 55

here. On the basis of Rs. 55 the price in America was 17 dollars. Now, the price in America remains 17 dollars; but we sell at 13 dollars, not because prices in America have gone down, but because we do not want to raise the prices. In the Agricultural Committee meeting a serious proposition was put up that we must not buy jute below a particular price. The hon. Minister for Commerce says that we must not sell above a particular rate. This is the only country in the world where we buy at the highest price and sell at the lowest price. I can prove to the satisfaction of this House that so far as jute is concerned, while the price in America is 17 dollars, we are selling at 13 dollars, not to the consumers, but to the middlemen who run away with the four dollars. This is a well known scandal which has been admitted even by the President of the Indian Jute Mills Association. I can give the evidence of people who are interested in this particular trade and prove to your satisfaction that this money really does not go to the consumer. In any case, the Commerce Ministry decided that the price of jute should be raised by cutting down the production of jute, which they did in the month of July and thereafter, the price of jute went up to Rs. 60 and then it has come down to Rs. 55. If this price was quite good before the devaluation,—at that price the Commerce Ministry did not think that jute will be replaced by some other article—what is the reason that we should sell jute at the same price after devaluation? No doubt, they have levied a duty of Rs. 270, which accounts for about 15 per cent. Five per cent. has been given to the middleman; I do not grudge that. What about the other 24 per cent? The said 24 per cent. should go to the millowners or to the producers or to the Exchequer by way of export duty. While the prices of all commodities have gone up in the sterling area, as the hon. Minister for Finance has said, what is the reason that we in India should not raise these prices?

Again, the same is the case with tea. I can give facts and figures to prove that tea meets with the same fate. So also is the case of cotton.

Can you give me some time more, Sir?

**Mr. Deputy-Speaker:** The hon. Member has already taken twenty minutes.

**Shri Goenka:** I am very sorry I cannot go into more details. All I would say is that I do want an explanation from the hon. Minister for Commerce as to why a meeting of the Devaluation Committee was not called when points directly affecting the foreign exchange position of the country and the profit and loss position of the Government were raised in the Devaluation Committee, although it was promised that a meeting would be called; as to who is responsible for this careless delay in calling a meeting of the Committee which would have discussed these matters and convinced the hon. Minister for Commerce or the hon. Minister for Finance, or the Minister could have convinced the Committee, that there was no case either for an enhanced export duty or for removing the ceiling on prices. We would have decided one of these two things. Here is a case where the Ministry does not bother about the House at all. Many things they decide upon in spite of the wishes of the House. *a fait accompli* is produced before us and we are told, "take it or leave it." This House has no option. That is the state of affairs. I have absolutely no grievance against the Finance or the Commerce Minister individually. But the way in which they treat this House and the Members who are elected to the Committees is far from satisfactory. Although at first I did not want to mention this matter, I decided to open my heart in this matter of the way in which we are treated by the executive.

**Shri T. T. Krishnamachari (Madras):** May I ask what our time table is?

**Mr. Deputy-Speaker:** The Demands for this Ministry will be put to vote at 4 P.M. and the discussion on the Demands of the Finance Ministry will be begun at 4 P.M. We may sit till 6 of the clock if necessary and finish it.

**Shri T. T. Krishnamachari:** I think that even 'Cabinet' can be discussed under the Demands for the Finance Ministry, the time probably would be very short.

**Mr. Deputy-Speaker:** Unfortunately, the Finance Minister was responsible for not introducing the new system this year.

**The Minister of Finance (Dr. Matthal):** What exactly is the suggestion, Sir? It is not individual responsibility.

**Mr. Deputy-Speaker:** It is not individual responsibility. Up to 31st March we are following the old practice. We have to pass the Finance Bill by that time and the entire Budget day after tomorrow. Therefore discussion has to be limited if a sufficient number of Demands have to be discussed.

**Shri Kamath (Madhya Pradesh):** May I ask why the House was not consulted before it was decided to persist in the old practice?

**Mr. Deputy-Speaker:** The House is not generally consulted in these matters.

**Shri Sidhva (Madhya Pradesh):** Commerce and Finance have close concern for setting-up a balanced economy in the country and it is upon these two the welfare and economy of the nation depend. The standard of life of the common man also depends upon the wealth of the country. We have wealth in abundance—both natural and material—both are hidden. Unless that hidden and concealed wealth is brought out, unless the rich minerals which we have in abundance are surveyed by the geologists at a very early date and unless the material wealth which people have earned during the prosperous times is brought out to the surface and free movement of that wealth is established, I doubt whether there will be real happiness despite all the efforts of the Finance and Commerce Ministers in this country. Therefore these two Ministers play a very important part in the economy of the country. I am sure that, instead of confining to his duties connected with import and export and shipping which are of course very important, the Commerce Minister could revise his policy to such an extent as to bring about an innovation by looking into what is wrong with our wealth hiding itself and what steps should be taken to bring it out and establish free movement of it.

As far as the Departments of Import and Export in the Commerce Ministry are concerned, in the early stages there was scandal about them. Corruption was so rampant and their working was so wretched and rotten that the people were so disgusted with them that they would have preferred to have those two Departments wound up. But I am glad that during the last year there has been some improvement both in the import control and export control. I must congratulate the hon. Minister for taking personal pains to bring about this improvement. If he maintains this improvement he will be getting encomiums from the people hereafter. He has started to move in the right direction and if he goes ahead he will get the fullest support of this House. This does not mean that corruption has absolutely disappeared. It cannot be absolutely removed from the entire Department.

**Babu Ramnarayan Singh (Bihar):** Why?

**Shri Sidhva:** It is known to you very well. Of course corruption has to be totally removed. As I said I am glad that there is improvement in the position.

As regards the disposal of applications there has been also improvement. I must congratulate the Minister upon this improvement, but I must tell him that it is not in all cases that there has been improvement. Disposals also require a little more attention. People who come for licences should not be



asked to wait indefinitely. Let them be told either 'Yes' or 'No' early enough. Why should they be made to wait for months and then told that the matter is under consideration. This practice leads to suspicion which is sometimes real and sometimes false. I submit that the hon. Minister should issue orders directing that as far as the disposal of applications are concerned there should be no delay. Sometimes the delay is justifiable and sometimes it is intentional. This sort of thing brings down the reputation of the Government. It is very necessary therefore that the disposals should be very quick. I have communicated to the Minister instances of these delays. I will now give an instance of this kind which came to my notice recently. There was a case where one party was favoured against the other and it created suspicion in the minds of the people that there was corruption. A Bombay merchant applied for a permit for export of ground-nut oil cakes and he was told that no such permit would be given to the Dollar area. Immediately another merchant was given a licence for 2,000 tons and on this he earned nearly Rs. 2,00,000 as profit. When the first merchant made enquiry of the Export Advisor in Bombay he was not given any straight reply as to why it was not given to him but to another merchant. I do not know whether this was done as a favour, and if so, done by whom. I want to know why he was not given a straight answer whether export was allowable or not.

Now, coming to the adverse balance, I find that the situation has improved. In 1948-49 it was bad. November, December and January were good months. Now we are on the proper path and I am sure our adverse balance would be soon changing into a favourable balance, if vigilant eye is kept.

I now come to exports. Besides export of tea, manganese, mica and jute which are wanted by foreign countries, I would like to know what efforts have been made to popularise other articles of ours in foreign countries and thus facilitate their export. We have Trade Commissioners in large number in foreign countries. From the book which the hon. Minister has presented to us I find that we have our Trade Commissioners in 31 countries. He has given us an exhaustive list of the places where there are show rooms. But what is the net result of all this? The hon. Minister said that the manufactures of refugees are also exhibited as products of cottage industries. To what extent have they been popularised? I want to know the figures. We have got highly paid Trade Commissioners but they have no zeal or patriotic feeling. Some persons with business knowledge should be sent as Trade Commissioners and they will be able to see that our goods are popularised. Under bilateral agreements other countries are anxious and insist that we should take certain articles of theirs if we want certain other articles of theirs. Why do we not insist on other countries that they should purchase the cottage products of our cottage industries if they want certain other articles from this country? Our Trade Commissioners should not remain content with the exhibits in their show rooms but they should make earnest efforts to popularise the goods and create a demand for them. It is only stated here that they are doing their best but it does not state what has been the export in those articles. Barring the major commodities, for which there has always been a demand for several years, nothing seems to have been done to create a market for our other goods.

This morning at question time I raised the matter of the duty on pepper. The hon. Minister in his reply stated the amount of loss which would have been sustained if the duty had not been changed. I am not against the export of pepper. With due deference to the hon. Minister may I submit that they have not given proper thought to this matter. Within one week they had changed the original duty at the instance of some speculators who represented to them that they had made forward contracts and if Government did not change their decision they would suffer and export would fall. We have to see

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whether our export is going to be affected. The export prices have gone up and we would have benefited to the extent of one and a half crore of rupees in duty. My feeling is that some people come to you, people who are interested in the trade. The hon. Commerce Minister said that an adjournment motion was sought to be moved and that some Members also came to him. I do not know anything about it. He should take a dispassionate view. Once they have taken a decision let it work for a month or two and see whether our exports fall or increase. If the exports decreased I would give him my support in any measure he wants to adopt. I am afraid in this matter our Ministers have played into the hands of speculators. I have a high regard for the integrity and honesty of our Ministers and there can be no question about it. But they are led away sometimes by others' statements that our exports will be affected. I am convinced that in this matter the speculators have benefited by the innocence of the Ministers.

It was stated by the hon. Minister this morning that Indonesia has devalued her currency but Indonesia will not be in a position to export her pepper for another three years. It takes five years for the pepper crop. During the civil war the pepper crop of the Netherlands Indies had been devastated and so it will take them another three years to grow any pepper. Devaluation has nothing to do with it, because there is nothing available to export. If anything, it will be a very little quantity. Hence it is that there has been a demand for pepper from India.

Sir, I wish you allowed me a little more time.

The wealth of the country depends on the Commerce and Finance Ministries. I do not think I would be doing any justice to the country and the nation if I do not have at least half an hour to bring to notice of the Government certain matters relating to these departments. I do not want to encroach upon the time of the other hon. Members.

I give the hon. Minister credit for the Committee on State Trading and the Fiscal Commission. These are important bodies and we are keenly awaiting their reports. I am thankful to the hon. Minister for fulfilling his promise. The Fiscal Commission, if its report is favourable, will revolutionise our finance. You, Sir, are one of the members of the Commission and we expect from you a report which will be really beneficial and change the whole economy of our country.

Before I sit down I would like to touch on Marine Engineering, for which there is a college in Bombay and another at Calcutta. There are only 25 students there. Large numbers of students have applied for admission but there was no room for admission. They should expand these colleges. There is very great necessity for Marine Engineering and our boys are willing to go in for that course. Shipping is one of the principal factors in our foreign trade. I hope Government will allot a little more money for this purpose: it is absolutely necessary. So far as Indian tonnage is concerned it has been increased but due to shortage of trade our ships are without cargo. I would request the Government to see that our food and other materials are brought in Indian ships and see that the ships in the possession of Indian companies do not suffer for want of cargo.

In conclusion I hope the Commerce and Finance Ministers will consider their whole policy *de novo* and not follow the old British policy. Let them study the commercial practices of other countries and revolutionise their own policies. Then let them place before the House what they have achieved.

**Shri Joachim Alva (Bombay):** Sir, I want to bring to your notice one important fact. Personally I am not interested as I am not a speaker on the

list. What I am concerned with is that we are discussing very vital subjects like commerce and finance and Members have taken great pains to study the subjects. They should therefore be given more time to speak. We are grateful to you, Sir: I know we get more latitude from you. When you are in the Chair we are quite comfortable: I am saying this without meaning any reflection . . .

**Mr. Deputy-Speaker:** The hon. Member has already taken away this much time

**Shri Joachim Alva:** Such vital subjects require at least half an hour for each Member. They have poured the midnight oil and have a mass of material.

**Mr. Deputy-Speaker:** When the Finance Bill is taken up for consideration many of these matters can be referred to then. The House has three opportunities for discussion—the General Discussion on the Budget, the Cut Motions relating to the Ministries and lastly the Finance Bill.

**Shri Munavalli (Bombay):** I take this opportunity to speak on the position of adverse balance of trade, upon which some hon. Members have already spoken.

**Shri Raj Bahadur (Rajasthan):** It has not been adverse for the last four or five months.

**Shri Munavalli:** I will come to that: please have some patience. If we take into consideration the various circumstances, we will come to know that this adverse balance was the corollary of our trade which piled up our sterling balances, during the war. During war there was inflation and consequently prices shot up very high. Our exports could fetch more and more and accumulated the Sterling Balances, in the account of the United Kingdom. But naturally these are to be paid to us, by means of imports. So, when there was liberalisation in import licensing, naturally the pent up needs of the country could be satisfied and imports were consequently on a very large scale. It is true that when we imported under the Open General Licences, we imported not only essential goods but also unessential ones. There is one factor that has to be remembered, namely, that the foodgrains cost us very much and we had to import foodgrains to the extent of 2.75 million tons. But it is not only in 1948 and 1949 that we imported foodgrains: we have been importing foodgrains since long, after the separation of Burma. If we look to the figures of imports of 1939 we will find that we have imported foodgrains to the tune of 2.24 million tons. We have also exported some of the foodgrains. Deducting the foodgrains that we have exported, the net import of foodgrains is to the tune of 1.75 million tons in 1939. So, there was no other go but to import foodgrains in order to see that the people in India were properly fed. But it can be said that it was not a very wise policy, and that is why the food programme, as now enunciated, has been taken up in right earnestness.

If we look to the figures of imports during the first half of 1949 there is an average of Rs. 60 crores per month, whereas our exports averaged to the tune of Rs. 85 crores per month. That is why we had an adverse balance of trade and it caused a great threat to the economy of the country. Thanks to O.G.L. XVI which came as a great hope, now our adverse balance of trade has been turned into a favourable balance of trade. It was remarked by my hon. friend Mr. Goenka that we shall have to curtail imports to such an extent that they should be only to the extent of the earnings of our exports. But I do not think that by the adoption of this sort of policy, we will be in any way the gainer, because we have got to develop our industries which need capital goods and the industries that already exist need raw material. Further, consumer goods that are not produced in our country also are quite essential and need be imported. Under these circumstances it will not be worth while to say that our

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imports should be only to the extent of our earnings by exports. We shall have to utilise the Sterling Balances, released to the extent of fifty millions, for the purpose of our imports. This fact has also been mentioned in the book circulated to us, and I think that this policy of the Government needs to be supported by this House. There is no doubt that we shall have to improve our export position. But there are certain difficulties which we have to take note of. After partition we have lost much of the area which used to supply us with cotton and jute. We have necessarily to import cotton.

**Shri Neogy:** And jute.

**Shri Munavalli:** And jute. But we know that it is very difficult to import from Pakistan on account of its present behaviour. We used to import 17,00,000 bales, both from Pakistan and from other foreign countries. Instead of depending upon Pakistan we shall have to see that we grow more cotton as well as jute in order to be self-sufficient. This fact may affect our Grow More Food campaign. But somehow or other we shall have to adjust it, because to rely simply on the Grow More Food campaign at the cost of other things like cotton and jute will be of no use and will not be in the interests of the country. Moreover, we shall have to see that our country produces more and more so that there will be enough goods not only for consumption in our own country but also a large surplus, which we can export to other countries. Simply curtailing imports will be of no use. We shall have to import goods that are required for our needs and for the needs of our industries. In following this policy we must try to see what are the requirements and the needs of our country, so that instead of importing anything according to the whims of the applicants, we import only such goods that are required and are quite essential for the benefit of the country. I think that this policy has been adopted, and on account of the able management, we find that the new trends in favour of our balance of trade have come into existence.

My friend Mr. Sidhva stated much about the Import Licence Department and he said that there was a great scandal, etc. But we must also try to realize whether the public, especially the trading class, behaves in a proper manner in this respect. Those persons who apply for import licences have been so demoralised on account of the high profits they got during the war, that by some hook or crook they want to have their applications sanctioned. If the Department is to be blamed to a certain extent, part of the blame equally goes to the public and to the trading class as well. Those of us who are clamouring so much about the scandal and corruption of Government Departments must see that the public also is educated and their moral standard brought to a higher level. It is only then that corruption will be rooted out. If we attack the authorities only it will be a one-sided criticism and there will be no hope of removing this corruption.

**Sari Alagesan (Madras):** The headaches and troubles of the hon. Finance Minister, in my opinion, flow more as a direct result of the deeds and misdeeds of the hon. Commerce Minister than anything else. Though one would expect that the grip on the commercial policy of the Government ought to be steadier and firmer than it has so far been, one is sorry to find that the policy which guides the commercial destinies of our country has so far been a vascillating and weak one. Let us take the export policy which is now not one of control but promotion. Previous speakers referred with satisfaction to the small favourable balance of trade that we have been having in the past few months. Well, it has yet to be seen whether the volume of exports which has increased has really meant a gain in terms of the dollar after devaluation. Only then can we really feel satisfied over it.

Now, the policy is to export more and import less. One of the major items of our export is groundnuts. Let us examine how this article has been dealt with recently. A target is fixed for the export of groundnuts, but one State strangely enough decides against it and bans the export of groundnuts. It has no power to do so; it is not entitled to do so, yet the Central Government, in order to save its face, has to impose a temporary all-India ban on the export of groundnuts and then they begin examining the question. Well, after examining the question, they perhaps tried to cajole and coax that State Government into allowing the export of groundnuts, but the State Government was adamant and had its own way. So, the Central Government, again in order to save its face, has now made the prohibition of the export of groundnuts a permanent one. I do not know how much of the quota has been exported and how much of the target fixed for export has been achieved. There are other States like Hyderabad and Madras which are interested in the export of groundnuts. Were those Governments consulted? If so, we do not know what their opinion was. It would be fair in the interests of at least those States that the export of groundnuts is allowed. Export should be allowed from those States and an exception can be made in the case of the States which may not like to export groundnuts.

Again, pepper has been very much discussed. It has been confused with paper by an enthusiast of Hindi and what not. The price of pepper has shot up since a long time. Pepper prices have jumped by four to five hundred per cent. Pepper is one of the dietary articles in Madras and the rise in its price—now I think it is about Rs. 15 or 18 per *miss* there—has caused great hardship. As even the poorer sections consume this article, there has been a great clamour for lowering the prices. I do not know how it can be done. But I know the reasons for the temptation to raise the prices. The temptation is so great because black pepper is a very good earner of dollars, of gold, and so if we fail to export it in sufficient quantity we may to that extent lose our dollar earnings. Even so, the position in the country has to be taken into consideration, the wishes of the consumers have to be taken into consideration and something should be done to lower the price of pepper. Even if it is necessary to ban its export, I should say that the Government should take such a step.

Then, let me come to imports. The policy here has been very defective. My friend, Mr. Goenka, said that he does not find any policy, that there should be a long-range policy which should not be changed every now and then. I know the answer of the hon. Commerce Minister to that. His opinion is that this cannot be done on a long-range basis; even in England it is so, he says. We can decide it only for a six-monthly period. Well, I agree, but then when is the policy for the six-monthly period decided? Is it decided before the end of the previous six months or is it decided in the middle or perhaps the latter half of the effective six-monthly period?

Another anomaly in this import policy is this. In certain cases applications are invited even before deciding the policy—it is something like putting the cart before the horse. You should decide the policy and then start inviting the applications. At present exactly the opposite course is being followed. As a result, what happens is this. After inviting applications you find that you do not want to import certain items and so you ban its import. People who have made the applications are in the hope that they will be given permits for imports but they do not get them.

**Shri Neogy:** Is the hon. Member quite sure about his facts?

**Shri Alagesan:** Therefore, I would urge on the Commerce Minister to decide the policy well in advance of the six-monthly period for which permits are issued.

[Shri Alagesan]

Another defect is want of co-ordination between the Ministry of Commerce and the Ministry of Industry and Supply and other Ministries. One instance I shall cite. It is in the matter of import of small power diesel oil engines. You know very well that in Madras there has been famine for a number of years consecutively now and in the non-delta areas the agriculturists very much depend upon these engines for irrigation. Suddenly the import of these engines was stopped causing a very great hardship to the agriculturists there. One would expect that this matter being very intimately connected with the Department of Agriculture, their advice should have been taken, but one finds that it was not done. The Industry and Supply Ministry somehow thought that these engines are manufactured in sufficient numbers in the country and that they are sufficient to meet the needs of the country—which is not a fact. So, they asked the Ministry of Commerce to ban their import. Well, the matter was taken up by the Madras Government with the Centre and the Central Agriculture Ministry stated that they were not aware of the matter and that they could not imagine how there can be enough of these engines manufactured in the country. So, the Agriculture Ministry referred the matter to the Industry and Supply Ministry who then woke up and promised to remove the ban. Now it has been removed and I hope the flow of these engines will be greater hereafter.

**Shri Neogy:** Does it indicate lack of coordination between the Industry and Supply and Commerce Ministries?

**Shri Alagesan:** Yes, Sir. The Ministry of Agriculture also is involved here. If there had been proper coordination, this costly mistake could have been avoided and the agriculturists of Madras could have been spared a great deal of hardship. The hon. Minister will find, if he goes through the files, that the Madras Government actually wrote that this ban on import of small power oil engines, i.e., below 25 H.P. affected their Grow More Food Campaign. That is sufficient reason for me to say that there is want of coordination at present between the various Ministries.

**Shri Neogy:** We act on the advice of the Industry and Supply Ministry and yet you say that there is no coordination. It is a strange piece of logic!

**Shri Alagesan:** Again, I would like to say with regard to the import policy that while in practice it is to encourage the actual users, in practice it is putting them to great trouble. There are a number of licensing authorities. There are so many lists and there is confusion between these lists. I would urge that there should be a more rational re-distribution of the licensing authorities and the various lists should be revised. This will lead to a smoother working and will give greater effect to the policy we adopt. I would only quote one example in support of my statement. Take paints which are ready for retail sale—they can be licensed by the Import Trade Controllers at the ports, but if they are purchased in bulk, it should be done by the Chief Controller of Imports in Delhi. Precision measurement tools like gauges are licensed by the Deputy Chief Controller at Calcutta, whereas instruments, apparatus and appliances are licensed by the Chief Controller of Imports in Delhi. This kind of arrangement leads to great difficulty. The educational institutions, etc., who are the actual users get confused as to the particular lists under which these items fall. They do not know which authority to approach. All this hardship, inconvenience and delay can be easily avoided if there is a more rational re-distribution of the licensing authorities and the various lists.

**Shri Alexander (Travancore-Cochin):** It is a matter of great satisfaction that our export drive is gaining momentum and strength. Our Commerce Minister deserves to be congratulated for the untiring energy which he has bestowed to this matter. I do not want to discuss the general export-import

policy. I want only to stress some specific points with regard to Travancore-Cochin and the rest of Malabar, particularly in reference to the trade in coir, copra, pepper, fish etc. The coconut tree—*Kalpakavriksham* as it is called—is the *Kamadhenu* of our place. There are few people in Kerala who do not derive any direct or indirect benefit from it. This tree is the chief source of our exports, which are coir, copra and coconut oil. The ebbs and tides of the coir and the other industries affect even the basic structure of the economic life of our State. The coir industry, in its various stages, employs more than five lakhs of people, and any fall in export is bound to cause unemployment among them. If you examine the statistics, you find that the export of coir goods has gone down very much since the year 1947. Although there was a favourable rise before two or three months ago, the position has deteriorated since then. I will give the figures to the House. The total export of unmanufactured coir in 1947 was 621 tons; in 1948 it went down to 349 tons; in 1949 it was 480 tons. The export of manufactured coir products in 1947 was 1 crore and 60 lakh tons; in 1948 it was 97 lakh tons and in 1949 it was 86 lakh tons. The value in 1947 was Rs. 6 crores and in 1949 it was only Rs. 4½ crores.

In the matter of coir yarn, however, there seems to be an increase in export. The other manufactured goods have deteriorated very much. I ask the hon. Minister: has his Ministry taken note of these facts and gone into the causes of this fall? I again ask: is there any plan for stepping up these exports, which are dollar earning exports? The export to America has gone down. It is admitted on all hands that the damp-resisting quality of coir yarn makes its use very popular in rope manufacture and other things which are required in war. This may be the reason for the increase in the export of coir yarn. But in the case of other manufactured articles, the fall in export is said to be due to the exporters not conforming to any standard. The hon. the Commerce Minister may say that it is up to the States concerned to impose such standards as they like. But to encourage these exports which have great potentialities of bringing us dollars and sterling, Government should take very early steps to lay down the standards to which the exports should conform. I would even go a step further and say that that warehouse system and State trading should be adopted in regard to this item, as we cannot afford to lose our foreign markets, because of some unscrupulous exporters. Figures go to show that exports to countries other than the U.K., America and Australia have increased, which means that there is scope for a market in those countries. I would ask the hon. the Commerce Minister whether the Trade Commissioners stationed in those areas have any directions to exploit the possibilities of advancing our exports to the countries where they represent India. Considering the magnitude and the importance of these exports particularly from the point of view of Malabar, I would request the hon. Minister to bestow more attention on this important aspect of our foreign trade.

Next, I come to copra and coconut oil. Last year—if I remember aright—the Travancore-Cochin Legislature adopted a resolution unanimously that it viewed with concern the negotiations that were being carried on for the import of copra from Ceylon. It may be that India is deficit in coconut oil. But, I ask, was the interested Government consulted before action was taken? The arbitrary manner in which these things are dealt with will only cause concern to the States. Again, before imposing the export duty on pepper the States affected should have been consulted.

One other matter which I want to bring to the notice of the House is the export trade in fish. The whole of the coastal areas of our place practically lives upon these fish exports. Prawn is one of the main items of export and

[Shri Alexander]

India we would see that there is a very great fall in the exports of fish. As again Rs. 3½ crores worth of fish exported in 1947, we exported only Rs. 1½ crores worth of fish in 1948. I have tabled a question in connection with export of prawns. Again our traders abroad feel considerable difficulty in transferring money home, because Banks do not cash Bills of Lading on account of the prevailing insecurity. I would request the hon. the Commerce Minister to go into the details of the prawn export and do his best to help these poor traders. Already the Communists are trying to take advantage of the prevailing dissatisfaction in the coastal areas. We should do everything possible to see that they are not allowed to exploit the situation.

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

*The House reassembled after Lunch at Half Past Two of the Clock*

[MR. DEPUTY-SPEAKER in the Chair]

**Shri T. N. Singh** (Uttar Pradesh): I have been, being a new Member and also not being conversant with the intricacies of figures and commerce, trying to understand to the best of my capacity the figures given by the Department as also the various statements by the Finance Minister. I have also tried to find out whether there is any definite policy behind all that has been happening in the Commerce Department. I hear that the policy is to conserve our Sterling Balances and that is the guiding factor in all our dealings relating to the export and import. It is said that we must import less and export as much as we can. Perhaps that is a sound policy, but what have we been actually doing? We are told that food is an important thing for the lives of many millions and so we must import food materials. Then our industries must go on and we must also import raw materials or semi-manufactured materials and so we import them. Then we are told that because of the bilateral agreements we have to import luxury goods. Also, because for various reasons, we are more or less a very international-minded people, so we must import various things. Then there is inflation and the dread of inflation has encouraged us to get more imports because we want to control it. This is what we have been doing. But all of a sudden we realized in March 1949 last that we have been running down our Sterling Balances and that we must stop the O.G.L.

I do not know what motives have actuated the various decisions of the Department. I do want that from now on a definite policy should be laid down in regard to this matter. It will not be bad if we concentrate on the old policy of the Congress, that we shall be 100 per cent. *Swadeshi*. I do not know why that great principle which brought us Swaraj should be abandoned overnight? It may satisfy our vanity to appear as international figures or nations, but why should we not revert to that policy? Why should we sacrifice nationalism and *Swadeshim*? It is said that inflation is a great dread and that we must try to control it and that without curbing inflation our economy will not be in order. But I want to know what is the real way of controlling inflation. Inflation occurs only when too much money is chasing after too few goods. Therefore what is actually needed is increased production and not tinkering with the export and import policy or importing certain things at a particular time in large quantities. Probably it will be wrong to tackle this question from the Commerce Department's point of view.

Coming to the details, I would urge on the House to look into the White Paper on the Budget (Part A) in which it is stated that 21 per cent. of our imports are due to food material. It says:

"Broadly, industrial goods and foodgrains amounted to 80 per cent. of the imports and consumer goods, many of them of an essential character like powdered and condensed milk, fruits, spices, etc., accounted for the remaining 20 per cent. of imports."



Why was this allowed at all? These things affect only an infinitesimal part of our people. Millions in the villages are not accustomed to powdered milk, fruits etc. They are almost a luxury to them. I take it that this statement is correct. I want to know why we should have such a botch-potch policy where we do not know what we have to import.

Then I will refer to some other imports. I calculated the figures for the period July 1948 to June 1949 and I find that out of the various imports two crores accounted for liquor, and glassware and earthenwares accounted for 6½ crores. Similarly some provisions and other things accounted for 9½ crores. These are not food articles. All these could certainly have been restricted and brought under control. It is often said that the tourist traffic will be affected if we do not import sufficient quantities of liquor. I wonder whether we have earned sufficient money from the travellers that come from abroad.

Then I want to know how we are going to tackle this import and export question so as to really benefit our economy. That should be the criterion for whatever we do in this matter. Our problem is to increase production. Our main problem, it is also said, is to control inflation. From these two angles again I see that the age-old policy of ours *viz.*, *Swadeshi*— is the only solution. Without that I doubt very much whether we shall be able to do anything really good for our country.

Therefore, I urge that we should revert to that policy. I do not see any reason why we should not encourage our village industries. After all, in our large scale industries only about 25 lakhs of people are employed. Will this really solve our problem? If we want to increase our production, the only way to do it is to spread it over our entire population. We are not so rich or prosperous that we can afford to have our 300 million people half employed, or not employed at all. We cannot afford to do that. It is only the rich and the prosperous who can afford not to work. We cannot afford to have this much of idleness, lethargy or unemployment. Can we then really afford to have all these imports? I ask. Why have we stopped or postponed a few crores worth of hydro-electric machineries so urgently needed for expansion of village industries and instead imported powdered milk, etc.? Unless our imports and exports are so canalised or so managed that our production in the villages increases, our whole attempt to increase production would be futile and against the interests of the nation. That is why I urge the Commerce Minister and the Government to consider this suggestion of mine. Probably I may be considered old-fashioned for urging the country to revert to *Swadeshi*. Let us abandon this craze for going in for big machinery. I am not against it, but let us for the present postpone it. Let us only get those things that will help in starting village industries and make our industries broadbased. As I said, I may be considered old-fashioned for urging this, but I am sure that if one gives his thoughts to this question seriously, probably he will agree with me.

Before I finish, I would like to refer to one matter. I find that between July 1948 and June 1949 we have imported about Rs. 16 crores worth of cloth and that we have also exported during the same period about Rs. 18 crores worth of cloth. I do not know why we should be spending foreign exchange on the import of cloth. I think that this matter of cloth import and export requires some considerable thinking over.

I do not want to take up any more time of the House.

**Shri Jhunjhunwala (Bihar):** The economic and financial position of our country much depends upon the import and export policy which we enunciate and much more on the way it is administered. I do not think it necessary to dilate on what has been done in the past. Everybody knows that our export and import policy, in theory, is that we should export more and more, and should import more and more capital goods and less and less consumer goods, so that

[Shri Jhunjunwala]

we can increase production in our own country and meet the demands of our people by our own production. But in actual practice, we find that in the past not only essential goods but also goods which are useless and without which we can very well do, have been imported at very great cost, inasmuch as it has resulted in frittering away most of our Sterling balances. As I said, the policy as enunciated is not followed in practice. Since 1946 up till now capital goods which are stated to be under heavy machinery, have been imported to the tune of Rs. 240 crores, but if I look at the production figures, I find that most of our big industries are suffering for want of capital goods. Under the heading 'heavy capital goods' so many items are given which it is very difficult to discriminate as to what particular machinery is required for what particular purpose. It is very essential that our Commerce Ministry, before issuing any licences, should find out which particular machinery should be given priority. The whole question is of priority. As I said, Rs. 240 crores worth of capital goods have been imported, but nothing is known about the form in which these goods have been imported and how far they have resulted in production of essential goods. It is often said that our policy is to import only the essential goods and to help production in our own country, but the Commerce Ministry realises what it has done only after the goods have been imported. For instance, last year soda ash was imported in considerable quantities; glass materials were imported in considerable quantities, but it was only after the industries concerned made representations that the Commerce Ministry realised that the industries had suffered because of its import policy. What I want to urge on the Commerce Ministry is that it should keep on examining each case from time to time carefully and find out what its effect is likely to be upon particular industries and upon our overall plan of production.

The other day the question was put to the hon. the Commerce Minister as to what was the effect of the bilateral agreements on our balance of trade position and his reply was that it was very difficult to know.

**Shri Neogy:** It is nil. It has no effect on our balance of trade at all. If my hon. friend wants the figures, I am afraid I will have to lay on the Table of the House a statement giving the figures. It is a long thing.

**Shri Jhunjunwala:** But when the question was put, he said that it was difficult to know.

**Shri Neogy:** I am wondering whether my hon. friend has followed the trade agreements. Has he read the trade agreements?

**Shri Jhunjunwala:** I have read the trade agreements. I have discussed the trade agreements with the hon. Minister, and I have pointed out to him many defects in those trade agreements.

**Shri Tyagi (Uttar Pradesh):** Which have not been removed.

**Shri Jhunjunwala:** What I was going to point out is this. You said at that time that to a very great extent it was not possible for you to say. I say, you did not realise at that time, when you were importing such things, without which we could do and our Sterling balances are being frittered away.

**Shri B. Das (Orissa):** Please address the Chair.

**Mr. Deputy-Speaker:** Does not matter; I will accept everything.

**Shri Jhunjunwala:** When Mr. Goenka pointed out to you that, you said that so many consumer goods, luxury goods, were being imported because of bilateral agreements.....

**Shri Neogy:** I never said that. When did I say that?

**Shri Jhunjhunwala:** He rightly pointed out that it is only £10,000 worth of.....

**Shri Woggy:** I never said that, My hon. friend persists in misrepresenting me.

**Shri Jhunjhunwala:** I have not got the copy of the answer given by the hon. Minister and as such shall stop here. What I want to say is this. The Commerce Ministry do not keep statistics and are not alive to the things that they are doing. It is only after a thing happens that they examine it and say that such and such import has got an adverse effect on our export or import policy. Mr. Goenka said that you should have a five-year plan. I say that it is not possible, under the present circumstances, to have a cut and dried five-year plan. You have to see from day to day as to how our import and export policy affects our trade here, affects our production here and you have to go on changing from time to time if necessary with the permission of the House, or with the permission of the Cabinet or by taking the responsibility upon yourself. You should not go on doing a thing and after a thing happens, come and say, "we have done this according to a particular policy, and it has resulted in this." It is no good consoling oneself by ascribing one's act to something which by remaining vigilant one could have rectified. This part of my argument has taken a longer time because of interruption from the hon. Commerce Minister. I did not want to dilate upon it so much.

Then, as my hon. friend, Mr. Goenka, pointed out,—I wanted to say much on this point—we do not understand why we are exporting goods at a lower price. Before the devaluation, the price of jute was Rs. 55. At present, on the basis after devaluation, it works out to Rs. 71.

**Mr. Deputy-Speaker:** The hon. Member has got only two or three minutes more. I do not think there is any point in repeating what another hon. Member has said. If there is any new point, the hon. Member will address himself to that.

**Shri Jhunjhunwala:** All right, Sir. I shall say a word about tea. We are producing about four million pounds of tea. This is being sold at Rs. 1-8-0 per pound. The price at which it is quoted in other countries is Rs. 2-4-0. If we take this article alone, we could get 21 crores of Rupees more. I do not know why we should continue the Indo-British Agreement and why we should not negotiate for the sale of tea to other countries at higher prices.

**Shri Tyagi:** Tea has been sold to His Majesty's Government.

**Shri Jhunjhunwala:** So I am pointing out that we are suffering so much loss because of the action of the past Government and our present Government is also continuing in the same foot steps to sell our things at a cheaper rate. The result is, we are losing so much in jute and Tea as has been pointed out and so also in other articles.

One point which I wanted to particularly impress upon the Commerce Ministry is this. They should have a co-ordinated plan as to the materials that we want to import and the materials which we should not import. My submission is that we should not import such materials without which we can easily carry on. As for instance, in the present list for which import licence is being issued, we find so many things: toilet brushes, watches, printing papers, cigarette, photographic instruments etc. If we exclude these things, I do not think we would be losing anything; on the other hand, I think we can gain much. In order that we could build up our economy on a proper footing, we must restrict our imports to a very great extent, we must adopt austerity measures and we must educate our people to use our own materials even at some inconvenience and at a higher cost. It is only when we stop the import of

[Shri Jhunjhunwala]

foreign articles that our people will become used to indigenous articles though they may be inferior in quality.. It is only when we begin to use these articles, that the quality of these articles will also improve.

**Mr. Deputy-Speaker:** The hon. Member has taken much time already.

**Shri Jhunjhunwala:** One minute more and I have finished.

Our import and export policy has created a sort of a monopoly in the hands of a few. It is not, I should say, the fault of the Ministry. In granting permits, new-comers who may be *bona fide* traders have been excluded. It may be said that 10 per cent. is being allotted for them. As against that, there is the criticism that even out of this 10 per cent., the people who obtain licences, sell the licences in the market, and resort to all sorts of undesirable methods. I must say it is not the fault of the applicants. The Commerce Ministry should devise ways and means to issue permits to such persons who are *bona fide* traders and who should not be put out of employment. Because of their policy. There is already unemployment in the country. If we go on restricting imports and exports licences, the result would be a monopoly in the hands of a few who were doing business in the past and new people will have no chance.

**Shri Bharati (Madras):** If the achievements of the hon. Minister for Commerce are to be judged by reference to the present balance of trade position, I think he richly deserves the congratulations of the House. I am very glad to find that India's favourable balance of trade reached a new peak of 17.54 crores in February 1950, according to the provisional figures of India's sea-borne trade. When the figures for January were published which were 10.64 crores as favourable balance which showed a decline of nearly 5 crores, because the December figure was 15.14 crores, many Members doubted that the level may not be maintained. I was very glad that a favourable balance which started in November at 9.96 reached 15.14 crores in December, 10.64 crores 3 P. M. in January, and in February, 17.54 crores. My only hope and wish is that this favourable balance of trade should not only be maintained but consolidated.

I want to refer to only one article in connection with the import policy, that is with reference to bicycles. Open General Licence XI was stopped in May 1949 and with that the import of cycles was also stopped. Subsequently, however, to those dealers who had opened Letters of Credit, licences were given under what is known as O.G.L. Concession scheme. There are dealers who, without any irrevocable Letters of Credit, were dealing with the United Kingdom and getting supplies under what is known as payment against D.P. terms. When all this was represented to Government in June, the Commerce Ministry issued a notification under which it was stated that licences will be issued to all firm commitments, whether L.C. or D.P. for a number of commodities including cycles. I do not know what has happened since then. But I am told that a number of persons have submitted their applications for import of cycles and that so far nothing has been done.

In this connection, I would like the hon. Minister to remember certain facts. The requirements of the country, according to the report of the First Tariff Board presided over by Sir R. K. Shanmukham Chetty were 6,00,000 for a year. Then the Second Tariff Board under the presidentship of Shri G. L. Mehta somehow reduced this estimate to nearly 3,50,000 for 1949-50 and then increased it annually by 25,000. I feel inclined to think, that the Second Tariff Board was under the influence of some vested interests. Whatever it be, whereas the First Tariff Board estimated the requirements as 6,00,000 per year, the Second Tariff Board has thought it fit to reduce the estimate to 3,50,000.

**Shri Neogy:** We were the concerned with Undivided India.

**Shri Bharati:** I am aware of that. Even then, the reduction can only be to the extent of 25 per cent. Then they stated that it must be increased at the rate of 25,000 annually. I am prepared to accept these figures of the Second report.

We have indigenous manufacture of bicycles here. What is the position with regard to this? It is interesting to note that the annual production of indigenous article is not as much as it was expected.

**Shri T. T. Krishnamachari:** It is 70,000.

**Shri Bharati:** The estimate of indigenous production for 1947 was 40,000 by the Hind Cycle Company and 25,000 by the Hindustan Cycle Company. But the actual production was only 35,481 or 89 per cent. of the estimate by the former and only 7,993 or 32 per cent. by the latter. The estimated figure for 1948 was 60,000 by the Hind Cycle Company and 35,000 by the Hindustan Cycle Company, but the actual production was only 30,058 by the former and 6,217 by the latter. The reduction in the total number from the estimated figure of 40,000 in the case of the Hind Cycle Company is from 35,481 to 30,000. The same was the case with the Hindustan Cycle Company whose estimate was 25,000 for 1947 whereas the actual production was only 7,993. The total production in 1947 was thus only 43,424 and in 1948 36,275. For the current year the figures of production are 72,000 as Shri T. T. Krishnamachari mentioned just now. When you find that the production figures are lower than the requirement figures, I would like to know what steps the Government have taken to fill up the gap.

This morning, Shri Goenka referred to the 25 Member-Committee of the Congress. It is very interesting to find that the Committee have taken special care to mention that the bicycles must be one of the essential commodities the import of which ought to be encouraged. In Paragraph 29, they say, "that careful control of imports is essential, and the import of essentials like bicycles should be encouraged. Therefore, I need not impress upon the Minister the need for this form of vehicles. Cycles are essential in our country. I have given these figures only to show that there is a real need for importing cycles in our country.

I am not one of those who want the bicycles to be imported for all times. We must encourage the indigenous industry. But that does not certainly mean that there should be a dearth of this article in the country and people who need it very much should be put to great difficulties. The present position, I am told is, that there is practically no stock of cycles in the market. In the Madras State there are only about 1,500 cycles with the dealers. As there is no import of cycles from May, except in the case of dealers who have had letters of credit, there is actual shortage. I find that the price of cycles has gone up very much. On the 4th May, 1949, the price of BSA was Rs. 190 and on the 10th Feb. 1950 it rose to Rs. 285; the price of Hercules rose from Rs. 175 to Rs. 265; the price of Phillips rose from Rs. 160 to Rs. 250; the price of Norman rose from Rs. 155 to Rs. 215; the price of James rose from Rs. 150 to Rs. 200. Even at these prices cycles are not available. I, therefore, think that allocation of exchange is very essential for this article. I agree we must conserve foreign exchange. But these cycles are very necessary. I am one of those who feel that foreign exchange must be conserved. I congratulate the Minister for saving foreign exchange. But as I said this article is very essential for the ordinary man. In Delhi particularly, I have seen cycles carrying three or four persons and I find even milkmen carrying milkpots to distant places on bicycles. I hope I have impressed upon the hon. Minister the need for this essential article. It is no doubt a question of priorities. This article, in my view must be given fairly high priority in the allocation of

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foreign exchange. I find that a licence has been given for the import of musical instruments and toys and similar articles to which Mr. Jhunjhunwala just referred. I feel that cycles should have priority over musical instruments and toys.....

**Shri T. T. Krishnamachari:** We want music!

**Shri Bharati:** If my friend Mr. Krishnamachari is musically inclined I have no quarrel with him. Let us have musical instruments to please Mr. Krishnamachari and I will also enjoy the music. But to avoid this shortage in cycles I request the Commerce Minister to consider this suggestion. I am not suggesting that licences should be given to particular individuals. The Government have a definite policy as to whom the licences should be given. It should be given to well established traders in the line and a certain percentage may also be given to newcomers. I request that early decision may be taken to fill this gap between local production and the actual requirements of the country. There are certain companies being floated and they may come into being in time. I am not pleading that the import should be of the same quantity for all years to come. The position should be watched and import progressively reduced in proportion to the increase in indigenous production. I hope the hon. Minister will look into this question carefully and give high priority to the import of cycles.

**Shri Barman (West Bengal):** I come from a district which district for district contributes the most to the economic wealth of India so far as balance of payments is concerned. It is in that connection that I have had some occasions to come into contact with the department and the hon. Minister. I shall be failing in my duty if I did not pay a word of tribute to the department, at least to the few officers at the top with whom I had occasion to come into contact. Though I am not a planter nor owning any shares worth consideration, still coming as I do from a district which produces a large quantity of tea, I had to come into contact with the Ministry. I may say that whereas formerly people thought that Delhi was situated on the Olympian heights and approachable only to big business, I had the honour to represent the case of the small growers before the Ministry. Though the Ministry was faced with a difficult task, because there were recommendations from influential quarters against the small growers, yet I must pay a tribute to the hon. Minister and his department for the fact that the case of the small growers was very sympathetically considered.

It is the tea industry more than any other that brings money from outside to India. Formerly it was in British hands, beginning from the plantation stage, its storage, testing and shipping and also on the sale side it was almost entirely in the hands of foreigners. Though India produces 50 per cent. of the world's tea, the market is at Mincing Lane, London. This defect was realised by our national Government and they have been trying to do whatever is possible to bring this industry, which is India's wealth, into Indian hands and management. For that purpose the Central Tea Board was appointed by this House and I hope in the very near future Indians will acquire influence in the industry. There are certain difficulties in the way. Special training is necessary, and it is known to the department. I hope the Ministry will expedite matters so that as soon as possible we may be masters of our house.

I would like to draw the attention of the House to a few things. A few months ago India was faced with a difficult position so far as balance of payments was concerned. The root of the trouble was the high level of prices. The inflated prices of our commodities could not compete in the international

market and our exports were dwindling day by day. Fortunately in one respect, though not in others, devaluation came and this department in certain respects got the advantage of it and it has been doing whatever is possible. But there was another factor which was working against the interests of our country's export trade namely, speculative business. This will be evident from the questions asked on the floor of this House and they still continue to be asked. Though the growers grow the commodity they get much less of the price at which it is marked abroad. Though the middleman must get his legitimate share it is the hoarders and speculators all along who are playing havoc with the economic life. By some fortuitous circumstance these people have hoarded some money during wartime. There is large capital at the hands of a few and they are playing havoc with the economic life. It is for the Commerce Ministry primarily to deal with this matter. As much of these people's profits as possible should come to the public exchequer through State trading or it must go to the producers themselves who produce by the sweat of their brow. There is no reason why a few people because they have hoarded some money should play havoc with our economic life. The sooner this evil is rid of our economic life the better.

There is no time for me and therefore I would not refer to other things. But I should like to know what the hon. Minister has done in order to check the transfer of capital from our own country by the process of evasion of exchange control. That is a very important matter. While our own country is suffering due to lack of capital, if our dishonest capitalists transfer their capital to other countries by under-invoicing their exports and over-invoicing their imports it is a serious matter. The state can detect an evil doer within our country with the help of a *chowkidar* or the police—when we can detect such a small thing—is it impossible with an adequate organisation to detect the people who have thus transferred our wealth from our own country to other countries? I hope that if even one per cent. of them can be detected and heavy punishment inflicted on them, this canker from our body politic and our economic life will vanish very soon.

Sir, with your permission I shall mention only two things. One is as regards this control. I had submitted something to the hon. Minister and I hope that matter is all right by this time. As regards the general policy may I submit that there are certain commodities over which control measures are applied now but over which, I think, there is no necessity to apply them. For example, we have to take a permit for importing bamboo poles from Burma. When they are imported here there are people who finish these bamboo poles into angling poles and export them to America. Now, Burma is a soft currency area. We have to purchase them in the soft currency area. When these bamboo poles are finished here our labourers get work. It is a well known thing that no trader would conduct any trade unless he gets a profit in it. So we purchase at a less price our unfinished goods and when we export them to the dollar countries—I am specially mentioning this dollar commodity—When we export them to America certainly we get a profit out of it. In the process of the article coming and going we have a great margin. At the same time it provides employment to our workers. Similarly, we bring cashewnuts from East Africa, process it and then export it to America. We import from soft currency areas and export to dollar countries. In these cases I do not think there should be any necessity at all for import or export control, except what nominal control might be necessary in the view of the Ministry.

I am not an expert about that. I would request the hon. Minister to look into these things and eliminate as many things as possible from his list of controls, so that his own work may be lightened and so that the business people may have better facilities.

**Shri Ohalika** (Assam): The main functions of the Ministry of Commerce, as I understand, are, the development of foreign trade by the conclusion of bilateral agreements, the liberalisation of export control, improvement of the scope of commercial connections and investigation of the problem of trade promotion. And those functions, I can fairly say, have been very satisfactorily performed by the Ministry of Commerce. They have improved our trade agreements and entered into bilateral agreements with as many countries as they could. As such our congratulations are due to the Commerce Minister who has undertaken so much and come to agreement with eleven countries.

But I think we are getting mixed up a little between the functions of the Commerce Ministry and those of the Industry and Supply Ministry. Very often we have found the Commerce Minister being asked why there was no production of certain articles. I do not think the Commerce Minister is responsible for that. His responsibility lies in the fact that he allows the capital goods to come into our country. If he has permitted them to come and somebody has not produced, he is not responsible. As far as I know, from the statement of Mr. Jhunjhunwala, during last 4 years we allowed capital goods worth Rs. 246 crores to be imported. (*Interruption*). But he finds fault with the Commerce Minister that he has not produced anything. Is the Commerce Minister responsible for production? He is only responsible for allowing the import of capital goods. He has done so, and I think he has done the best thing. We have been trying for long to get capital goods so that we can produce. But then you turn round and find fault with the Commerce Minister, as to why he has not produced. That is not his function. It is the function of the Industry and Supply and other Ministries, and they are responsible for the non-installation of the machinery or for the non-production of goods. I, therefore, think we are mixing up the functions of the two Ministries and find fault with the Commerce Minister over something with which he has nothing to do, except to do the commercial part of it.

His main function is to promote trade—trade of Indian goods. And have we succeeded in foreign countries in doing so? I think we have to a great measure succeeded. Recently we find from the Trade Report of the Commerce Ministry that in shellac we have gone ahead with sending out about Rs. 18 million worth of shellac goods. And that stands to the credit of the Commerce Ministry.

I shall not go into details in respect of those subjects which have been dealt with by my other friends. But there is one function which the Commerce Ministry exercises, namely, starting commercial services abroad about which I want to say something. The number of centres of this service has been increased from ten to thirtyone. I am referring to the Commercial Services abroad. This Department has been inherited by the present regime from the British, and I find that most of its personnel is recruited from the I.C.S. who are very good in their own way—and I think they have improved in the meantime—but yet I think they have not been able to bring that mind on these subjects which we should have expected in commercial circles. I think it will be better if in this commercial department it is possible to associate with it people who are in the trade or who know the trade properly. Further, I should like that in this commercial department and in the commercial delegations there should be more and more of the Parliamentary representatives from this House who will be able to represent the common man in the street. I think they probably represent rather too much of the capitalists and without any proper knowledge of the requirements of our people in the villages. So I think more representation should be given to commercial delegations from this House. I trust the Commerce Minister will take a note of this.

We have increased our commercial representations in different centres of the world. We have increased them from ten to thirtyone centres. But it



requires a little explanation. We have said that we should exercise economy, and I am sure the Commerce Ministry have exercised more economy than many. Yet a little explanation is necessary for expanding it from ten to as many as thirtyone centres. I think that explanation will be forthcoming.

**An Hon. Member:** They have exercised economy in what respect?

**Shri Chakha:** In many respects, and I am glad that I congratulated the Commerce Minister for having exercised it. But the opening of thirtyone centres in the place of ten has entailed some expenditure, and if an explanation is given to the House probably will be satisfied that it is necessary in order to expand our own commerce. The organisation of show-rooms in New York.....

**Shri Neogy:** Come to tea, please. There is no time.

**Shri Chakha:** I shall come to tea. It is not yet four o'clock for tea!

As regards these show-rooms, you have done well in postponing those at Rio de Janeiro and Paris, but the New York show-room is necessary and you have done well in taking it in hand.

As regards tea, I am glad that exports have almost remained steady. So far as the U.K. is concerned, we have exported about 378 million lbs. to that country. A suggestion was made by my hon. friend, Mr. Goenka, that if a higher export duty is imposed on tea, probably we shall sell more. But shall I remind him that even with this present price there is a decrease in exports? This statement of mine is corroborated from the report on tea published by Messrs. J. Thomas & Co., Ltd. Tea Brokers, which says that for the year ending May 1949, our export of tea to U.S.A. has dropped to 15 million lbs. from 86 million lbs.

**Shri Goenka:** It is an old story. Talk of the story after devaluation.

**Shri Chakha:** There are many stories that you tell—I will tell another story.

In the year 1944-45 we sent to the U.S.A. 86 million lbs. whereas in 1948-49 we sent only 15 million and odd lbs. Do you not think it has dropped? Do you think if we raise the export duty you will be able to increase our exports? I think it is a suicidal policy which Mr. Goenka has advocated and I should be dead against raising the export duty in any way. The figures of export relating to Canada are 86 million lbs. in 1944-45, but for 1948-49 we have dropped to 8 million lbs. With an enhancement of price will it be possible to raise our exports? If by raising prices exports can be increased to hard currency areas, than I think this recipe should be taken but then I am sure the Commerce Minister will be careful enough not to take the recipe from the hon. Member from Madras to raise the price and bring about a drop in our exports to the U.K., U.S.A., Canada and other countries. I trust the hon. Minister will not follow his advice.

As regards the Tea Marketing Expansion Board, I have a little grievance against the Commerce Ministry. In 1938 we spent about £8,000 on propaganda in the U.S.A. and in 1947-48 we spent about £63,000 but the consumption has decreased to a great extent as mentioned before. Similarly, we spent £2,500 on propaganda in Canada in 1938 and now it is about £92,000, in 1948-49, but the consumption there has dropped considerably. I suggest that even here there should be Parliamentary representation because we have not been able to catch the minds of the masses there. The people who represent the masses here will be able to catch the minds of the people there. Therefore, in tea propaganda a certain amount of liberalization of ideas should be introduced and I trust the Commerce Minister will not fail to do this.

Then, I have some grievance against the import of tea chests also. Formerly the Indians concerns could import about ten lakhs—I say this subject to correction—but now they only want to import about five lakhs

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of tea chests, but they have been given permission to import only two and a half lakhs. If you want to improve the tea chest trade by Indians, you should have a little liberal policy. We have been caught in a trap. Formerly the Europeans allowed imports for themselves and there was no standard or anything like that. Now they have turned round to the policy that only the consumers should import them—which means 86 per cent. of them are non-Indians. You have to be careful; you are given a formula which you ought not to swallow. You and your I.C.S. Secretaries should be careful. They are still in their infancy as regards matters commercial. When they are told that the consumers should be allowed to import, they are caught in the trap thinking that the Indians will get it—actually the trade is passing to other hands. In spite of all their intelligence, your officers have yet to have that in sight into commercial matters. Therefore, I request that you should look into the matter and give consideration to Parliamentary representation in these things. You should give more consideration to the Indian industry so that it may thrive, improve and develop.

**Shri Neogy:** The debate on the Demands of the Commerce Ministry has been appropriately opened by my hon. friend, Mr. Ramnath Goenka. I very much appreciate his interest in the Commerce subjects. He has access to regions about which we can have only vague guesses. That, particularly, endows his criticisms with an additional value. But I am afraid that on this occasion he has somewhat overshot the mark in certain points. My hon. friend is greatly dissatisfied with the policy of the Commerce Ministry because, according to him, there should be an overall policy for five years at a time. Now, if such an opinion were expressed in any other country, well, people would not give much credit for it. I have taken some pains to study the position in the other countries with which we have to deal because when the conditions of trading are not stable enough in the countries with which we have to deal, however stable our own conditions may be, you cannot possibly adopt a fairly long-term policy in regard to trade matters. But even as regards the conditions in our own country, I was amazed to find that my hon. friend has managed to forget the partition and all the ills to which we have been heir as a result of the partition. Today, speaking here in this Parliament, I feel as if the uncertainties of the situation, so far as foreign trade is concerned, so far as Indian export trade is concerned, are, if anything increasing. Is it on this shifting foundation that I am expected to adopt a long-term policy? What is the position of the jute industry and of the great jute trade on which depends our balance of payments and balance of trade? My hon. friend knows more about the jute position than I do. Does he consider that the position of the jute trade today is so stable as to enable me to make a calculation with any degree of remote accuracy as regards how we are going to handle the export trade in jute in future, for the next five years? I come to tea. Luckily for us, tea is not in such great jeopardy as jute is. Even then, my hon. friend, Mr. Chaliha knows to what extent the problem of transport has become uncertain. I do not want to dilate on this particular point, but until and unless our relations with Pakistan improve—if they ever do—the tea trade itself will be in jeopardy to a certain extent so far as Assam is concerned—and Assam accounts for the bulk of the tea trades. Is this an element of certainty on which I am expected to base my long-term policy? These are the two principal export commodities—dollar earners, apart from earners of foreign exchange in general.

Now, I should not multiply instances. There are other commodities to which I could have made reference, but I want to emphasise that conditions in India today are often more unstable than conditions in other countries with which we have to trade, and it is not possible to have a policy with regard to foreign trade extending to five years. I would challenge anybody in this House.....

**Shri Goenka:** May I remind the hon. Minister that I said, "subject to the exigencies of the situation from time to time"? That is what I said.

**Shri Neogy:** Well, yes. I welcome my hon. friend's amendment to his own proposition. I very much welcome it. If my hon. friend is pleased with a fictitious picture, I will produce it tomorrow, not covering five years, but I am going to produce a picture which will hold good for the next century—subject to that very important qualification. I think I need not proceed with that particular point any further. My hon. friend is not very serious about it.

I have already stated on a previous occasion that what I am aiming today is to have the licensing policy as far as possible cover an annual period rather than a six-monthly period, for which there was ample justification—and there is even today ample justification. How do we plan our programme? What happens is that we have to calculate in the very first instance our expected or actual export earnings and if we have to formulate our plan with any degree of accuracy, we have to take the figures on a six-monthly period as a safe guide for the next six-monthly period. We cannot take a figure of export trade for a longer period, having regard to our experience. So, the first element is the calculation of the six-monthly export earnings.

Then we take into account the sterling releases. As a matter of fact, I do think that the sterling releases constitute a very important element in our balance of payments calculations. I personally do not see that it would be possible in the very near future to do without drawing upon the sterling balances for the purpose of balancing our payments. That is my personal conviction, but I should be only too happy if we can do without drawing upon the sterling balances. That should be our ideal and that is my ideal, I may tell the House (*Hear, hear.*) For some time, we have to depend upon periodical releases. Only this time the period is slightly longer than in the past.

When we take these two things into consideration, we calculate first of all Government's own requirements by way of imports. They are naturally given the highest priority—I mean, the Departmental requirements, Defence being the most important, then agricultural requirements and then industrial equipment if Government is directly interested in any industrial project. After that, we come to the figure that is available to us to play about with, so to say—that is, the amount which is available for the purpose of meeting commercial imports. That is how, broadly speaking,—I am not going into details—the six-monthly programme is drawn up.

As I have already said, it is my hope that it will be possible to have an annual programme rather than a six-monthly programme, but we should be working on the cautious side and we should not include the entire sector of foreign trade if we have to have an annual programme. We would perhaps be in a position to set apart a particular sector or a proportion of the entire trading sector for the purpose of being dealt with on an annual basis. More than that, I am not in a position to promise.

My hon. friend has referred to the Devaluation Committee. He expressed a good deal of dissatisfaction at the fact that that Committee has not been meeting as often as one would wish. My hon. colleague the Finance Minister is going to deal with this question and I therefore do not want to take up the time of the House by dealing with that point.

My hon. friend complained about the unsatisfactory character of statistics of export and import trade. I want to claim that so far as statistics of sea-borne trade are concerned, there is hardly anything to complain about. But what he refers to is the fact that in regard to our balance of trade position the figures given from time to time on different occasions have differed. Now, if

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has been made clear on those occasions when references were made to this subject that the figures represent such estimates or statistical calculations as were possible to be made on the basis of the sea-borne trade statistics. Due to the partition of the country, we have had to deal with a huge land frontier and it took us some time to put in position the necessary machinery for the purpose of collecting trade statistics across this extensive land frontier. I cannot say that I am still satisfied that the arrangements are quite perfect. Therefore, for some time in the beginning, our adverse trade balance with Pakistan was not taken into account in these figures, because we did not have the machinery with which to collect the statistics. It was altogether a new situation. Now, the accounts for the different statistical estimates that have been given from time to time.

**Shri Goenka:** May I know from the hon. Minister whether the entire difference of Rs. 125 is accounted for by the land frontier difficulty?

**Shri Neogy:** I will come to that again. To a certain extent, it was not possible for us to estimate with any accuracy the result of the operation of the Open General Licence. It took us time to compile the statistics and there again I have to thank my hon. friend, associates and others, because what actually happened in connection with the O.G.L. was that people simply went mad. Those who had made black money thought that this was their opportunity. They actually utilised the O.G.L. for the purpose of satisfying their gambling propensities. Normally, we depend upon the trade for making a fairly accurate estimate of the needs of the country. Normally, we could leave the regulation of foreign trade to private enterprise. Here what happened was that people having black money, not daring to bring that out for purposes of open investment, thought that, whether they were in the line or not, this was their opportunity. They went on gambling in the importation of articles which they did not know anything about. That actually accounted for this large importation under the O.G.L.

**Shri Sidhva:** Perfectly right.

**Shri Goenka:** Who was responsible for this then?

**Shri Neogy:** You were. The open general policy was adopted mostly on the recommendations that we received from a body of economists who, we thought, were competent to advise us.

**Shri Sidhva:** They were not really competent.

**Shri Goenka:** No, no.

**Shri Neogy:** The Committee of the Congress Party in this Assembly decided...

**Prof Ranga (Madras):** We did not do that.

**Shri Neogy:** The question is: what is it that my hon. friend is objecting to in the case of the O.G.L.? The first few Open General Licences had nothing to do with any luxury articles. They related mostly to machinery and other things. When the luxury articles were put on the O.G.L.—I am not giving the names and titles of these—a particular Open General Licence did contain certain luxury articles. It was deliberately done, because it is perfectly sound public finance to allow the importation of certain non-essential commodities, provided there is demand for them in the country and provided, by the utilisation of a comparatively small amount of foreign exchange, you can collect for the Exchequer a very large amount of revenue. This point has been dealt with by my hon. colleague the Finance Minister only the other day in the course

of the Budget Demands. Now, that is our justification for including certain luxury items in the scope of one of the Open General Licence—and mind you on that very occasion the import duties were raised very very high in regard to those articles which were placed on the O.G.L. And in this connection may I refer to the recommendation which we received from no less a body than the Federation of Indian Chambers of Commerce. The Federation suggested as an alternative to import licensing policy and as an alternative to import control, a very high tariff wall, excepting in the case of certain categories of capital goods. Now what was done was exactly what later was approved by the Federation of Indian Chambers.

Many hon. Members persisted in stating, or rather creating an impression, that a huge chunk of the country's wealth had been frittered away by the import of luxury goods. I am prepared to sit down with anybody in this House and analyse the figures. As my hon. colleague who has some responsibility in the matter has pointed out, the proportion of such so-called luxury goods would not exceed 1.5 or 2 per cent. of the total imports. And how much did the Exchequer make out of it? Some hon. friends of mine said that I am a source of headache to the hon. Minister of Finance. Now I say that it is not open to me personally to do anything in this matter. It is always a conjoint policy decided by all the Ministries concerned. But even assuming that I am in a position to do whatever I like, in this particular instance the headache is represented by a few crores of rupees which he never anticipated—quite a few crores which he needed last year and which he is needing this year.

My hon. friend Mr. Goenka, tried to confuse the House—at least he succeeded in confusing one hon. Member, Mr. Jhunjhunwala—that the trade agreements had something occult about them which produced this strange result. I do not know whether my hon. friend, Mr. Goenka, has read through the whole of this book or he has read merely the annexures while he burnt his midnight oil.

**Shri Goenka:** May I know if my hon. friend has read it?

**Shri Neogy:** Of course, I have. I am going to read it at least now. Now, look at the first Article which says:

“With respect to the items mentioned in schedules attached to this Agreement and which shall be taken to form an integral part of the agreement, the contracting parties agree (let us take the substance of the agreement) that wherever necessary according to the laws and regulations applicable in either country, import and export licences shall be granted according to the laws and regulations, applicable, up to the yearly quantity or value mentioned against each item.”

That is to say, if any person is interested enough and makes an application for a licence the two countries undertake to give the import or the export licences, as the case may be to that person up to the quantity specified against a particular item. It is not at all an agreement of a binding character. It assumes the availability of certain quantities, and provided the private traders to whom we leave the trade are interested in applying for a licence. That is the substance of these agreements. Now my hon. friend says that it is these trade agreements that have produced this adverse balance of trade.

Now even assuming that there is a necessary connection between the adverse balance of trade and the trade agreements, I have got figures here to indicate that—I have compared the pre-war and post-war position—in the case of several countries the adverse balance has been reduced, in others the adverse balance has been substituted by a favourable balance and in yet others the adverse balance continues as before. There is no necessary connection between the trade agreements and the adverse balance. In the case of Germany and Hungary before the war we had an adverse balance of trade: that has been changed into a favourable trade balance in 1948-49. In the case of Czechoslovakia and Ceylon the pre-war balance of trade has been maintained. In the case

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of Austria the pre-war adverse balance of trade is still being continued, but the margin of it has been reduced. In the case of Egypt, Switzerland, Sweden and Japan the adverse balance of trade still continues. In all these cases the comparative figures are of the period 1938-39 and 1948-49, the latter being partially covered by the Trade Agreement.

Now, another point was made that we had tried to create the impression that luxury goods have to be imported as a condition of these trade agreements. I do not remember to have said any such thing. On two occasions I mentioned two individual instances. Where the other party to the agreement insisted upon the inclusion of luxury articles. Now, there are a few countries, not one, but a few . . .

**Shri Goenka:** May I just read out what the hon. the Finance Minister said in his speech while presenting the Budget. He said:

"On a careful examination of the figures I am satisfied that what can be called luxury goods amounted to not more than 1.5 to 2 per cent. of the total imports. My hon. colleague the Commerce Minister has more than once explained to the House that the reason why it has become necessary to import articles of this kind is that in the bilateral agreements that we make with other countries, these countries generally insist upon a certain proportion of their non-essential goods being imported into India."

**Shri Neogy:** There are several countries in the trade agreements with which there are conditions to this effect, not one as my hon. friend seems to imagine. But then apart from the trade agreements that have been concluded, our officers have reported that in the other instances also they have been insisting upon the inclusion of such articles. They succeeded in resisting the attempts of the countries in some cases, but they had to give in in the case of others. Not merely in regard to countries with which we have entered into agreement has this point arisen.

It is within the knowledge of this House that this attitude has been taken up by many other countries. I had the honour of piloting a Bill to give effect to negotiations which go by the name of GAAT—the Geneva negotiations which were subsequently supplemented by the Annecy negotiations.

This House is a party to the grant of concessions in import duty in respect of luxury articles which are expected to be exported by some of these countries which were parties to those negotiations. If my hon. friend were to refer to that debate, he will find that there was pointed reference to some of these things, *e.g.*, wireless receivers or parts, certain perfumes, ribbons, toilet requisites, etc., in respect of which this House definitely reduced the import duty as a result of tariff negotiations at Geneva. It is therefore too late in the day to take up the point and to say this is something unknown to us and that we have exceeded what we were expected to do in regard to this matter. It is not merely the trade agreement that matters in this connection. It is the general attitude of the countries outside that matters. We are anxious to sell our cottage industry products. Mention has been made more than once of the steps we have taken or not taken for promoting the export trade in luxury goods. We expect the rest of the world to take our luxury articles simply because they are manufactured by the Cottage Industries in India. Some hon. Members want us to expect the U.S.A. to modify their tariff policy and relax the tariff in favour of cottage industry products which is a euphemism for luxury goods. While we take up this attitude, we have made up our minds that we are not going to import anything but capital goods. It is a most absurd attitude to take up for any Parliament.

Now, I think, I have covered more or less the points made by my hon. friend Mr. Goenka. By the way, I have not covered the most important point he made. He said that we buy raw jute at the highest prices and sell jute goods at the lowest prices. Both these propositions are absolutely inaccurate. In the first place the price we fixed for jute is not much higher than the price that was actually paid by us just on the eve of devaluation and I may tell the House that if it is really anxious to make this country self-sufficient in the matter of raw jute supplies, any lower price than this will not enable us to carry out the programme that we have set before us. In fact we have been told on occasions that the price is not enough to act as an encouragement to the Indian growers to expand their jute cultivation. Therefore, it is not a question of our deliberately paying a higher price. My friend says that we are selling jute at a very cheap price to America and I want to tell the House that that is our deliberate long-term policy that we have adopted because we have been yielding ground to substitutes in America and it is our policy to make jute goods available in America at a lower price. That is our long-term policy, not a policy of making whatever money you can just taking advantage of the occasion. That is a mentality that may suit the black-marketeer. So far as I am concerned, this Government cannot be run on the principle of black-marketeers. We have to adopt a long-term policy and this is the long-term policy which we have adopted and not the policy which Mr. Goenka wants us to adopt. We want to sell our jute goods at cheaper prices in America so as to enable us to recapture whatever ground we have lost and if possible to expand our market there. If in this we are being foiled by black-marketeers, it is our duty to try to prevent the black-marketeers flourishing in this matter and foiling our attempts. It is not the duty of Government to enter into competition with the black-marketeers and make as much as we can. That is not the concept of the function of Government as far as I am concerned.

As regards tea, I do not think I need say anything much because nothing very much was said. Mr. Jhunjunwala acted as an indifferent echo of Mr. Goenka and he could not put forward his points very successfully. I think when I got the energetic Mr. Chaliha to put his vigorous dissent, I should be satisfied because he knows where the shoe pinches coming as he does from Assam.

I do not think I will have time enough to deal with the other hon. Members who have made specific points. I would just refer to one or two important matters mentioned by Mr. Sidhva. He mentioned an individual case and I know what interest he takes in these matters. I am speaking in all seriousness but unfortunately this morning I got a letter from him referring particularly to the case to which he made reference in his speech. He says—'I am enclosing a letter which explains the position.' But the letter was not there. So I am rather at a disadvantage. I have written to him to furnish me with a copy of that letter and I will definitely give my closest attention to what he has stated when I see the letter.

Mr. Alexander referred particularly to the Coir Industry and I may assure him that I take the greatest interest in the welfare of the Coir Industry because it is a very valuable dollar earner apart from the fact that it provides employment for several lakhs of our people in the South. Now, I do not know whether my friend is aware that during the first 10 months of the financial year 1949-50 we have exported more coir manufactures than in the whole of the years 1946-47, 1947-48 or 1948-49. There is therefore no cause for despair in this matter but I do agree that there is a good deal of room for improving the quality particularly because complaints have been coming about the quality of the coir products. If we get any definite proposals from the State Government concerned,

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I shall personally go into the matter and see whether any scheme can be adopted in collaboration with the State Government for the purpose of improving matters.

Mr. Alagesan expressed his dissatisfaction at the ban imposed on the export of groundnut kernel. Here again I should point out that during January 1950 alone we exported nearly as much as the export for the whole year of 1940 or 1948. It is not correct to say that the Saurashtra Government forced our hands. As a matter of fact I dispute the proposition that any State Government is in a position to force our hands in this matter. In fact some hon. Members suggested that we do not sufficiently take care to see that the provincial opinions are ascertained whereas in this instance we are told that we are led by the nose by the States!

Then, my hon. friend, Mr. Alagesan, particularly wanted to know why we did not consult the State Governments. Not only did we consult the State Governments, but his own Government, the Madras Government, opposed the exportation of groundnuts. And he wants us to believe that Madras opinion is very much perturbed over the point! The position is that the Madras Government would not permit us to resume the exportation of groundnut, but let me assure the House that as soon as we find that consistently with the needs of domestic consumption we can re-open the export of groundnut, we will do that without any objection at all.

**Prof. Ranga (Madras):** Do not be in a hurry.

**Shri Neogy:** About bicycles. My hon. friend, Mr. Bharati, pointed out that there is a good deal of difference of opinion as regards the requirements of the country between two Tariff Boards. As I said while interrupting him, the first Tariff Board took into account the requirements of the country as a whole, viz., undivided India, but even then it seems to me that the present estimates are on the low side. In regard to this matter, what we have done is to send out an enquiry to all the State Governments as regards the present position. It is not that the interests of the manufacturers have been weighing with us. The fact remains that under the Open General Licence, a very large number of bicycles had been imported. As we have deliberately adopted a restrictive policy in regard to orders placed during the period of the Open General Licence, we are naturally loath to allow any large quantity to come by way of OGL concession licences. But we are aware of the high prices ruling in the market and as we are assured by the State Governments that the stocks are low in the States and the demand is high, we are surely going to take note of that information and take necessary action. We are waiting for replies from the State Governments in this matter.

I think, I have to apologise to the House for having taken so much time.

**Mr. Deputy-Speaker:** The question is:

"That a sum not exceeding Rs. 58,23,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Ministry of Commerce'."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The question is:

"That a sum not exceeding Rs. 44,89,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Ports and Pilotage'."

*The motion was adopted.*



**Mr. Deputy Speaker:** The question is:

"That a sum not exceeding Rs. 11,22,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Lighthouses and Lightships'."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The question is:

"That a sum not exceeding Rs. 4,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Commercial Intelligence and Statistics'."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The question is:

"That a sum not exceeding Rs. 4,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Joint-Stock Companies'."

*The motion was adopted.*

#### DEMAND No. 1.—CUSTOMS

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 2,05,50,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Customs'."

#### DEMAND No. 2.—UNION EXCISE DUTIES

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 4,90,94,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Union Excise Duties'."

#### DEMAND No. 3.—TAXES ON INCOME INCLUDING CORPORATION TAX

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 2,68,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March 1951, in respect of 'Taxes on Income including Corporation Tax'."

#### DEMAND No. 4.—OPIUM

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 1,21,02,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Opium'."

#### DEMAND No. 5.—STAMPS

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 1,12,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Stamps'."

#### DEMAND No. 18.—MINISTRY OF FINANCE

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 1,18,88,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Ministry of Finance'."

**DEMAND NO. 29.—PAYMENTS TO OTHER GOVERNMENTS, DEPARTMENTS, ETC., ON ACCOUNT OF THE ADMINISTRATION OF AGENCY SUBJECTS AND MANAGEMENT OF TREASURIES.**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 16,62,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Payments to other Governments, Departments, etc., on account of the administration of Agency Subjects and management of Treasuries'."

**DEMAND NO. 30.—AUDIT**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 3,74,54,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Audit'."

**DEMAND NO. 64.—MISCELLANEOUS DEPARTMENTS**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 1,73,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous Departments'."

**DEMAND NO. 65.—CURRENCY**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 85,68,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Currency'."

**DEMAND NO. 66.—MINT**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 87,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Mint'."

**DEMAND NO. 70.—TERRITORIAL AND POLITICAL PENSIONS**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 23,43,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Territorial and Political Pensions'."

**DEMAND NO. 71.—SUPERANNUATION ALLOWANCES AND PENSIONS**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 2,65,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Superannuation Allowances and Pensions'."

**DEMAND NO. 73.—MISCELLANEOUS**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 22,88,39,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous'."

**DEMAND NO. 79.—GRANTS-IN-AID TO STATES**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 11,56,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Grants-in-aid to States'."

**DEMAND NO. 80.—MISCELLANEOUS ADJUSTMENTS BETWEEN THE UNION AND STATE GOVERNMENTS**

**Mr. Deputy-Speaker:** Motion is:

"That a sum not exceeding Rs. 1,01,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous Adjustments between the Union and State Governments'."

## DAMAND No. 81.—RESETTLEMENT AND DEVELOPMENT

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 3,31,68,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Resettlement and Development’.”

## DEMAND No. 88.—PRE-PARTITION PAYMENTS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 2,00,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Pre-Partition Payments’.”

## DEMAND No. 95.—CAPITAL OUTLAY ON THE INDIA SECURITY PRESS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 12,56,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Capital Outlay on the India Security Press’.”

## DEMAND No. 98.—CAPITAL CUTLAY ON INDUSTRIAL DEVELOPMENT

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 9,63,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Capital Outlay on Industrial Development’.”

## DEMAND No. 101.—CAPITAL OUTLAY ON CURRENCY

**Mr. Deputy-Speaker.** Motion is:

“That a sum not exceeding Rs. 1,84,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Capital Outlay on Currency’.”

## DEMAND No. 102.—CAPITAL OUTLAY ON MINTS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 49,60,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Capital Outlay on Mints’.”

## DEMAND No. 105.—COMMUTED VALUE OF PENSIONS

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 42,75,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Commuted Value of Pensions’.”

## DEMAND No. 106.—PAYMENTS TO RETRENCHED PERSONNEL

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Payments to Retrenched Personnel’.”

## DEMAND No. 108.—CAPITAL OUTLAY ON SCHEMES OF STATE TRADING

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 7,37,22,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Capital Outlay on Schemes of State Trading’.”

## DEMAND No. 110.—INTEREST-FREE AND INTEREST-BEARING ADVANCES

**Mr. Deputy-Speaker:** Motion is:

“That a sum not exceeding Rs. 8,29,08,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of ‘Interest-free and Interest-bearing Advances’.”

*Internal Customs Duties levied by States Unions*

**Kanwar Jaswant Singh** (Rajasthan): I beg to move:

"That the demand under the head 'Customs' be reduced by Rs. 100."

**Shri B. Das**: Sir, this is the second time the House is discussing.....

**Shri T. T. Krishnamachari**: Sir, is there any time-limit?

**Mr. Deputy-Speaker**: We will sit till 6 o'clock.

**Shri T. T. Krishnamachari**: May I suggest that the speeches should be cut down to 10 minutes?

**Mr. Deputy-Speaker**: Yes. Even then we will sit till 6 o'clock.

**Dr. Matthal**: I may perhaps point out that, if hon. Members feel that there are matters of importance which they are not able to raise within the limited time at their disposal, as far as I am concerned, I am quite prepared to answer or explain any points relating to these matters which may be raised in connection with the discussions on the Finance Bill, and there are four days at the disposal of the House for that purpose.

**Mr. Deputy-Speaker**: How long is the hon. Minister likely to take today?

**Dr. Matthal**: It all depends upon the discussion, but I am prepared to compress my remarks within about fifteen to twenty minutes.

**Mr. Deputy-Speaker**: Then let him begin at 5-40. There are about one and a quarter hours left.

**Shri T. T. Krishnamachari**: Eight speakers can be accommodated within that time.

**Mr. Deputy-Speaker**: If necessary, the House will sit till 6-15 as we originally allotted two hours for this Ministry.

**Shri B. Das**: I will try to express my thoughts in as few minutes as possible. Of course, I will get a chance to speak on the Finance Bill. I would like to say that I have seen the reports of the Finance Minister last year and also this year, upon the working of his Ministry, and I feel that the reports do not look like the reports of the Chancellor of the Exchequer of India reviewing the position of public finances of India or our national credit position. It is more like a tourist guide into the administrative set up of the Finance Ministry and not the report of the Managing Director of Public Finances of India reviewing the progress of national prosperity for the year. The plea that the Finance Minister reviewed it in his Budget speech is no excuse. Of all the reports we have seen from the various Ministries, the report of the Finance Ministry is the least humane and does not convey anything. The report of the Commerce Ministry or the External Affairs Ministry, for example, is more humane. I do not want to discriminate, but I must say that the report of the Finance Ministry is written in a colourless way. The financial credit of India, the sound position of public finances or otherwise should have to be reviewed in a more comprehensive way.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

I would first touch upon a point which affects me most, coming as I do from Orissa which had been insulted and trounced by the Deshmukh Award. I do want that the Finance Minister should take early steps to form the Finance Commission. Article 280 of the Constitution requires that this Parliament should legislate about the qualifications of the members of the Finance Commission and about the principles that will govern their conduct and action. I do not know if this has been discussed and decided upon by the Cabinet, but the House is willing to assist if the Finance Minister brings forward a Bill before the House. The provinces must start on an even keel. The Meston Award

and the Niemeyer Award were more humane. This Chintaman Deshmukh Adjustment,—it is not an Award, it is a mere adjustment of half a per cent. here and one per cent. there—does not even attempt to face the problem. The policy must be decided by the Cabinet and this House and the Finance Commission must come into existence before we adjourn this Parliamentary Session. The members of the Finance Commission cannot be supermen; but, they must study and have to understand their problems. The Commission must be appointed soon so that poor provinces like Assam and Orissa may get the relief which is their due in accordance with the Preamble of the Constitution under which we are now functioning and which has been long overdue.

Article 273 of the Constitution provides that Orissa will get 5 lakhs of Rupees per annum for ten years as share of Jute export duty and the Finance Minister has followed it up. I argued elsewhere in the Constituent Assembly and I protested against the highhandedness of this provision. The Finance Commission should have made an equitable distribution of the Income Tax shares earlier as the Sarker Committee visualised. Thereafter Article 273 would have come into operation. That has not been done. But, a member of the Planning Commission Sri R. K. Patil had insulted provinces like Assam and Orissa by asking us to grow more jute. May I ask, why we should grow more jute? Because you will get more money into your coffers? What do the provinces gain? All the provinces in the east coast have been asked to grow more jute. That is unfair and unjust. It should not have been done. Special grants must be made to these jute growing provinces.

My next point is about the Planning Commission. I was surprised, I was astounded, amazed and shocked at the terms of reference to the Planning Commission. If one would follow the terms of reference logically, the Planning Commission would never do anything for five years. It was in 1947 that the Leader of the House, our Prime Minister, made a declaration that the Planning Commission would soon be appointed on the lines of the report of the Advisory Planning Board over which my hon. friend Mr. Neogy presided. I am glad to find my hon. friends Mr. Zakir Hussain, Prof. K. T. Shah, and others were members on that Board. Anybody who reads the terms of reference of the Planning Commission will find that it is a dilatory Commission. It would not be able to do anything immediately. There are seven points of terms of reference; five of them will be of no use. That would only give them an opportunity to go on appointing Committees, Sub-Committees and harassing Ministries by collecting statistics and data from Economic Advisors and Statistical officers about whom we had questions this morning. I put a question this morning what would happen to the Economic Secretariat of the Cabinet and how it would co-operate and co-ordinate its work with the Planning Commission. The Planning Commission, in their superior wisdom, might think that they will have a separate set of economists. Economists are going abegging all over India. Our Finance Minister is a great economist. Economists are not realists, barring Dr. Matthai. We do not want the Planning Commission to add to the over-all expenditure of the Government of India without being able to do anything to increase production in the country and increase the wealth of the nation. We do not know what is in the mind of the Planning Commission and what priority they are going to give to the various problems before the country. When I read the report of the Advisory Planning Board early in 1947,—I am speaking from memory,—I was hoping that the Planning Commission would be coming into being at once, as I have been foolishly thinking that the Finance Commission would come at once and give the much needed relief to the provinces to better their standard of living and other social services. I hope the hon. Minister for Finance will make a statement, if necessary, after consultation with the Cabinet.—we will wait till we come to the Finance Bill—about the Planning Commission.

[Shri B. Das]

I was only amused when some of the hon. Members referred to black-market and inflation while discussing the Demands for the Commerce Ministry. I hold the Government of India responsible for this state of affairs. Two years ago we were assured that legislation will be brought forward in this House providing that those who help the black-marketeers and add to the inflation in the country, those tax dodgers would be summarily tried and punished. I would like to know from the hon. Minister for Finance when that piece of enactment is coming in. I know it has not been drafted as yet.

I have to say one word about capital formation and foreign investments. I shall deal with this question again when I speak on the Finance Bill. I am not enamoured of my Government of India running after America to get money at 4½ per cent. and 4 per cent. I am not going to be a cat's paw in the hands of America. Perhaps, the solution lies in a different way, which perhaps the Planning Commission, will find out. Our Finance Minister told us the other day that there were two systems of economy: one the Gandhian self-sufficiency in the rural areas which I hope Sjt. Gulzarilal Nanda and Sjt. R. K. Patil will think of. If we do not achieve that, if we think of getting money from America at 4½ per cent., mortgaging not only our national credit, but our souls to America, it is not going to bring salvation to our country. Only, America will try to squeeze us more and more.

I am afraid I have taken more time, and I shall speak on this subject again when the Finance Bill comes.

**Shri B. R. Bhagat (Bihar):** I feel it would have been much better if more time had been allotted to these Demands so that all the specific details could be discussed fully. I know that a discussion of a general nature would take place when the Finance Bill comes before the House. However, it would have helped Members to put forward their viewpoints if more time had been allotted now. In view of the short time at my disposal, I would like to confine my remarks to one subject, that is the Planning Commission and the segment of a new economy that is being ushered into our country. I shall briefly refer to the purpose, the technique, the objective and the machinery of the Planning Commission or other points that arise in connection with it.

The terms of reference to the Planning Commission, recently published, give us a picture of what we are going to do. The objective that it prescribes is in consonance with the Fundamental Rights that are conferred on the individual citizen in our Constitution and the Directive Principles of State policy. In the very nature of things, that is a very negative approach to the Planning Commission. What we want is a positive approach. The whole national movement that has led us to independence and the present phase, has its economic content. We must place this Economic content of the people's freedom before the Planning Commission as its objective. The positive picture that we should have is a decentralised, regional and self-sufficient economy. We must have in the objective of that Commission a picture of the full and suitable employment of the people. The other thing necessary is that we must determine the priority of the increased production of the articles that we want. In the terms of reference that has been published I know there is a reference to this priority as well as other subjects have been put in a workable and satisfactory manner. But I take this opportunity of pointing out to the hon. the Finance Minister, who is the chief architect of the Finance and economic policy, that the planning Commission must have a positive approach and a more positive objective. The details of that objective must be based on the establishment of a just social order and an adequate and expanding volume of production and the prescription of a national minimum to be realized within a very reasonable period of

time. The other positive aspect of that objective should be that, as far as possible, there should be a just utilisation of our national resources. All these should be there in this picture of the objective. I do not mean that we must go far away from the present economic structure and the economic forces that are working. We must have the picture of an industrial policy in which both the heavy industries and the small cottage industries will be balanced in a proportion which is subject of course to the prescription of an adequate standard of living and the requirements of our national security. Thus we must have a very comprehensive picture of our objective and a positive plan. I take this opportunity of emphasising the need for having a positive picture of our planning.

Now, I come to the second point in the Planning Commission, and that is its machinery. It is a very difficult question, but it is a very important question, because the objective which will not be buttressed by a suitable and adequate machinery will not realise its goal. We have had in the past some talk of planning. Just after the war there were several plans. All those plans were based on a rosy picture of our finances. They required about 1,000 crores of rupees for capital investment. The planners thought that that sum would be easily available. But their dreams could not be realised. The result is that everything that they planned remained on paper. What we want today is that we must have a real background. Our planning should not be a groundless project-mongering attempt. It should not be an imaginative thing. Our calculations must be based on a very suitable technical, statistical and financial understanding of the problems. For that we should have a central statistical organisation. I am glad that, under the auspices of the Finance Ministry, such a suitable organisation is being built up. But what I want is that this organisation must be adequately co-ordinated with the Planning Commission. If we want to draw a picture of the machinery of planning, we must see the types of planning that have been developed in other countries. I think the machinery will, to a certain extent, be conditioned by the objectives. In Russia, where the planning is most comprehensive and where it leads to a very rigid economy, they have taken control of the economic life of the whole country from the bottom to the top of society. There is no difference there between the Government and the Planning Department. The Planning Commission is an over-all controlling body, having complete control of the entire economic life of the country. In the Fascist Planning, though the objective is different, you have the same picture. Here the goal is not that of regimenting the economy of the Country. Our goal is a democratic planning. India is a big country and, if we succeed in evolving a suitable machinery of democratic planning, we will usher in an era of new type of planning in this world equally as Russia did of Socialist planned Economy. In England we have a three-tier type: The Cabinet, the Chancellor of the Exchequer and the inter-departmental Committees. All planning is in charge of the Chancellor of the Exchequer and his Department is in touch with the Planning Board. The Planning Commission there is not an executive body. It is not also a Statutory Board. It is an advisory body attached to the Government. What we want in India is not an advisory board. Our problems are different. We want a statutory executive body which must not be concerned only with making recommendations part of which will not be accepted and the other part will then become useless. We must give the Planning Commission executive functions. It must have the right to sanction its expenses. To that extent it must be supplied with a sort of economic civil service.

The last point that I want to emphasize is that the entire planning must be done in association with the people. What I mean by this is that planning must be inspired by mass enthusiasm. Pandit Nehru is the Chairman of the Planning Commission. This gives the Commission a very high status. The entire scheme has raised high hopes in the minds of the people. Pandit Nehru

[Shri B. R. Bhagat]

stressed the same thing. In the course of an introduction to a publication on "Provincial Development Plans", where he said: "It is not enough to work for the people. It is necessary to work with the people and make them realise that it is their work". What we want is that people must feel that it is their work and that the plan is their plan. Unless we create that feeling in the people, the goal cannot be realised.

Here I shall conclude with a quotation from Stalin. I know that we do not want that type of regimentation. But the spirit may be the same. He said: "What makes our plan real is the living people. It is you and I who will plan. The masses will have to work the plan. Our readiness to work in the new way and our determination to carry out the plan should also be there". Under the dynamic leadership of our Prime Minister Pandit Nehru I hope we will achieve that mass enthusiasm and peoples' co-operation, which alone can take us to the goal of plenty and prosperity.

**Shri Dwivedi (Vindhya Pradesh):** It is not possible within the short space of a few minutes to deal with the details of any single item. I will confine myself to making some observations on the general policy only.

I had criticised the Railway Budget inasmuch as it did not contain anything for the Indian States and observed that no schemes of development were given attention to there, although the Indian States had given a capital-at-charge of considerable sums. I was then under the impression that the financial proposals for the coming year would contain something for the people. But I have to express my disappointment and frustration here also.

The Budget proposals as they have been put forward by the hon. the Finance Minister go in a direction contrary to the Congress policy. The Congress stands for equality of opportunity, and for equality of rights in every field whether political, economic or social.

But the Budget proposals of the Finance Minister are entirely devoid of that. On the other hand the proposals are a direct challenge to the Congress ideology and principles. Although the Finance Minister says that he has been keeping in mind the great ideal of the Father of the Nation, but I find that it is simply false. These proposals will be detrimental to the goodwill of the Congress and the bulk of the population is being deluded by these proposals.

Leaving aside the general features of the Budget, even the directive principles of State policy as enunciated in the Constitution have not been taken into consideration. The Finance Minister has complained that his jeep was ten years old, and that he was "trying to ride it in a narrow mountain road on a steep precipice in a moonless night". But I tell him that it is not ten years old. The jeep to which he was referring is that of State which is only three years old and it has been remodelled and rebuilt into a Republican saloon. He could have well avoided driving in a moonless night. It only shows the inability of the Minister to have proceeded on such a journey neither in the morning nor during the day, but rather on a moonless night, particularly when the accelerator of the car was in his own hand.

Why should hypocrisy be confounded with the imperial dignity of Gandhian idealism. *Poojya Mahatmaji's* spirit today is in disappointment and agony, not because of some of the short comings of his own followers, but to know a revelation that an apostle of Jesus from beyond the seas imposes and displays a hue of Jesus of this land in an otherwise skin.

Gandhiji stood for village self-sufficiency, decentralisation of wealth and uplift of the down-trodden masses. He advocated immediate decontrol and



laid great stress on indigenous production on lines India has always been known for. He had set his heart on building up a classless society with balanced distribution of wealth. May I ask the hon. Finance Minister if there is anything during his ministership to lead the country towards Gandhian economy? Is there anything in the present Budget proposals to justify his remark: "I have fully kept before my mind the great ideal, the Father of the Nation stood for"? No. Not an inch. Keeping before the mind is quite different from putting into practice. I say we are doing to the immortal remains of Poojya Mahatma Gandhi, his philosophy, his economy and the very way of his life, something, which has happened to his physical embodiment.

The reliefs which he intends to give to the rich and the uppermost middle classes are of no promise to the man who gives us bread, or cloth or coal and the like. From the beginning to the end the proposals are a betrayal of our hopes and aspirations. I have had a frank talk with the hon. Minister but he failed to convince me. His only defence was the defence of the country. I say this is not only the case with India. Defence is the foremost concern of every nation in the present day world. Still they are carrying on their programmes of emancipation of the people from economic degradation, social inequality and ignorance. Why then cannot we also do the same?

We have stepped into a Republican status with all our Fundamental Rights and Directive Principles of State Policy. But what do we intend to do in practice in what we have laid down in black and white? Hon. Thakkar Bapa has aptly remarked:

"Why should Dr. Matthai be so merciless as to cut down the expenditure even on social or adult education? As an absent Member from Parliament I have to regretfully write this from my sick bed that the interests of the masses of the country are being woefully neglected and that there is not a word of regret from the Government except from the Education Minister. Mass literacy should have preceded the introduction of adult franchise, but there are no signs of mass literacy following adult franchise even by a few years. The masses are thirsting for learning the art of reading and writing, but it is mercifully refused to them."

The hon. Finance Minister has described Pandit Kunzru as platitudinous. Acharya Kripalani has been described as getting ripe for a Government job; Shrimati Durgabai has been hard hit, more than humoured. There is not a single Congressman in this Assembly who has been spared a remark of this nature. But on the other hand, the Finance Minister has been eulogising himself by placing himself at par with any Finance Minister in any country in the world.

There are Members in this House who can be counted on finger-ends who agree with him in the appreciation of his Budget proposals. There is no one outside this House who, except the Tatas, Dalmias or Birlas and even perhaps none of them, agrees with him in appraising the Budget proposals. The Finance Minister himself has described that it will cause no more than "negative satisfaction", but I do not find any satisfaction, even negative one in his proposals.

Let me tell the hon. Finance Minister some bitter truths. He complains of his old jeep. There is another Minister who has assembled the two wheels of the state chariot, namely Vindhya Pradesh and Saurashtra. He got together the body of the chariot, namely, Indore, Gwalior, Bhopal and other States; and by the time the Minister-engineer was putting the broken bumper of Rajasthan into order, the luggage carrier of Hyderabad Deccan was going to be left away but for timely action.

**Shri Raj Bahadur:** Why broken bumper of Rajasthan?

**Shri Dwivedi:** There were so many States in Rajasthan. He put them together. Rajasthan is on the Pakistan border line and that is why it is compared to the bumper of a car.

[Shri Dwivedi]

Look at the dexterity of this grand old man. He has not only assembled the broken parts into a serviceable chariot but he has also succeeded in yoking the oxen of Kashmir and Jammu and now this chariot is passing through the same precipitous narrow mountain road under similar circumstances, at ease, along with what has been described as the ten year old jeep. A good workman seldom quarrels with his tools.

The Finance Ministry as constituted today does not keep in mind the views of the people: it does not fully associate with the views of the Government: it does hold its own so far as the views of the Parliament are concerned. It is therefore high time that this Ministry is put on the alert not only at the top but in its entire framework and is so constituted as to have respect for the Directive Principles of State Policy and also to have enough enthusiasm to put them into practice. That is the only way to save India from the cataclysm that is threatening other parts of the Asian Continent. I hope that our leader in the person of Pandit Jawaharlal Nehru who has his hand on the pulse of the nation will act before anything wrong happens.

**Shri Buragohain (Assam):** In the first place I propose to refer to the financial assistance to the States, Part A States, to which reference has been made by my hon. friend, Shri B. Das. The relevant provisions relating to financial assistance to the States are to be found in Part 12, Chapter I of the Constitution. My hon. friend Mr. Das has already referred to the provisions of Articles 270 and 273, namely, those relating to the allocation of income-tax and the jute export duty. I do not propose to take the time of the House by referring to those provisions. I would prefer to wait to fight out the cases of our respective provinces before the Finance Commission, which I believe will soon be constituted. But what I propose to do is to refer to another Article of the Constitution, namely, Article 272 where provision is made for extending assistance to such of the Provinces which are in need of it, by allocating Union duties of excise. The total excise duties collected by the country is somewhere round about Rs. 70 crores. Out of this tea alone accounts for about Rs. 10 crores. If under this article Government sponsors a measure whereby the entire proceeds or a part of this duty can be allocated to the producing Provinces, as many as six of the former Provinces will be benefited. Madras, West Bengal and Assam will be substantially benefited and Bihar, U. P. and the Punjab also will be benefited to a considerable extent. Therefore, I would urge on the Government to examine the question of allocating Union duties of excise to the Provinces.

There are other cases which might deserve consideration, namely, the question of oil and oil products. The Union Government derives revenue to the tune of about Rs. 1½ crores from petroleum and kerosene. Of course, in this respect Assam alone will be benefited, but still I hope the House will not grudge it, because that State has been labouring under certain patent difficulties. Perhaps it will be news to this House that two-thirds of that State are what are known as Tribal Areas and they are typically deficit areas.

There is another provision in the Constitution, namely, the second proviso to Article 275 whereby an arrangement has been prescribed to make good the deficit over revenue of those areas, and I can tell the House that so far as the State of Assam is concerned it has spent a considerable sum during the past two years in connection with the administration of these areas. I would like to know from the Finance Minister—as I have not been able to find it out from the Demands for Grants or from the details that have been given—what is the extent of assistance that will be given to that State.

In this connection I would like also to refer to one other matter which may or may not be quite relevant. I believe there is a proposal before the United

Nations Economic and Social Council where there is a plan to collect a sum of about Rs. 10 crores from the member nations with a view to give technical or other assistance to the under-developed areas. I hope the Government will take up the question of the Tribal Areas to bring it within the scope of that scheme of the United Nations. And I understand that a sum of Rs. 12 lakhs will have to be contributed by this country also.

I would next refer to the Opium Department of the Finance Ministry. It will perhaps be news to this House that Assam is the only State which has totally prohibited opium. It has been doing so for the past eleven years, and at what cost? It has cost the Assam Government one-fourth of its revenue. As the nationalist element in the country was fighting ever since 1921 to put a stop to this opium traffic, which ruined that part of our country, the first task taken up by the Congress Coalition Government in 1938 when they came into power was to totally prohibit opium. Even in 1950, we find that that is the only State in this country which has totally prohibited opium. Prohibition of a deleterious drug like opium is not only the concern of this country, but it is also the concern of the United Nations. They have got the Narcotics Commission which particularly deals with the prohibition of these deleterious drugs. Even before the United Nations came into existence, the former League of Nations used to have a department to deal with this matter. Therefore, the measures one finds in the Budget paper, namely, "of taking up a scheme of prohibition of opium within the next ten years" is not satisfactory. I, however, welcome that the Government is contemplating to appoint a Commissioner and also to set up a Narcotics Board. If I may offer a suggestion, I would say that a Central Narcotics Intelligence Bureau should be set up with the object of tracing to their source the large quantities of smuggled opium that have ruined our people, in the next place to pursue and to prosecute the drug traffickers, and also in the third place to present the real facts to the nation and, if necessary, to place them before the world. Merely appointing a Commissioner will not be able to achieve anything very much. Something of the nature of the machinery to which I have referred is necessary for achieving good results.

**Shri Ramalingam Othttlar (Madras):** I will confine my remarks today to one or two administrative matters. The Income-tax Department is the Department which gives us the largest income at the present time, along with Super Tax and Corporation Tax. The administration of this Department cannot be said to be as satisfactory as it should be. The assessments that are made are only a percentage of what ought to be made every year. It is only some sixty per cent. of the cases that are assessed and the remainder is held over for future assessment. If you go to collection, it is much worse. The collection is actually less than even the extent of assessment. We find, for instance, in the report that was supplied to us that up to the 1st of April 1949 there were 841,000 cases not assessed and the hon. the Finance Minister takes credit that 175,000 of them have been assessed by the 1st of April 1949. What about the rest? Not only that. What about the large number of cases which have become due for assessment and which have not been assessed during the interval? On the 1st of April a large number would have been added to the old list. Well, the result of this is we do not get the money at the proper time. In many cases money is actually lost. The hon. the Finance Minister himself admitted this morning that there has been depreciation in the value of properties and so he has not been able to collect some of the assessments made. That is not a new story at all. I know of cases even in the past which were in the same position. I know a particular case in which a man was assessed to the tune of a lakh of rupees. He said he was liable to only about forty or fifty thousand rupees. The matter went on appeal and by the time the appeal was disposed of the man lost his money

[Shri Ramalingam Chettiar]

and he filed an insolvency petition and the Government appeared as one of the parties to whom money was due! That was the result of the negligence of the Department in not making the assessments within the time allowed 5 P. M. and also in not collecting the money within the time they ought to.

If a thing like this happened in the local boards of my State, I think an order superseding the particular local body would have been passed long, long ago. I know the excuse that is always put forward: the income-tax people are very heavily worked, they have no time, they are not able to get through their work. Well, we have seen that the spending Departments have been expanded to such lengths that the cost of administration has increased by three or four hundred per cent. But here is a case of an earning Department, and you fight shy of appointing a sufficient number of people to get through the assessment and to make the collections within the proper time. It is a matter which will have to be looked into.

Not only that. I am sorry I have not got the latest report that was sent to us by the Finance Ministry but I found from that report that the accumulated arrears of the tax to be collected come to something like Rs. 130 crores—I speak subject to correction. What is the use of showing such a large figure as arrears? Is it really money that is going to come in? In any commercial undertaking they would assess which amount is collectable and which not and they will write off those cases which are not recoverable. No such thing is done in the Income-tax Department—only huge figures are shown with no sort of result whatever. I would ask the hon. Finance Minister to look into the matter and see that the whole thing is placed on a proper footing. The arrears will have to be looked into and only those which are recoverable should be kept on as arrears. The assessment should be made every year, within the year. The collections ought to be made within the year itself if possible, if not, within a few months after the year. If more staff is necessary you should not fight shy of it; you should employ the necessary staff and get through the work. The work here is more important. As I said, it is an earning Department it is not a spending Department.

This is a matter which practically leads me to another matter about which I want to say a word or two, namely the Investigation Commission. The Investigation Commission was appointed for a year. I believe the then Finance Minister thought that the work of the Investigation Commission would be over in six or eight months. Well, what has happened? Within the first year even the preliminary work was not done. We have passed through the second year. What do we see? Here is a report; 116 cases have been gone through out of 1300 or so referred to the Commission. I do not think that at the present rate we will be able to close the work of the Commission for another ten or fifteen years.

Another thing about the Commission is this. You say 116 cases have been disposed of. What are those cases? The very object of the establishment of the Commission was to take hold of the bigger persons, the bigger fly. It was thought that they had to pay assessment of crores of rupees. They did not show their accounts, so it was intended that they should be caught. How many of those bigger flies have been caught so far? I am not aware, and I am sure the public is not aware, that any of those bigger men have been brought to book so far. So far only the smaller people have been assessed and the bigger men are yet to be touched. This leaves a very bad impression both in the country as well as in this House. They think that whatever the object with which the legislation might have been passed, the people who are brought to book are not the persons for whom the legislation was passed but the smaller people. That is a matter which the hon. Finance Minister ought to take note

of. He should issue instructions to the Commission that at least some of the bigger assessments should be dealt with first so that the people may be reassured that the Government means business and that they are not simply playing with the matter.

**Shri B. Das:** Let us agree for termination of the Commission.

**Shri Ramalingam Chettiar:** What is the use?

I may also state that this sort of an investigation going on creates some sort of an instability in the whole country with reference to matters relating to income and business and it makes it impossible for the normal state of affairs to be established. So, the sooner this matter is disposed of the better it will be both for the coffers of the Union as well as for the interests of business in the country.

In the past years we were talking about the nationalization of the Imperial Bank. This time I do not find any reference whatsoever to that question in the speech of the hon. Finance Minister. Last year it was said that the matter was being investigated and that steps would be taken very soon for nationalizing the Imperial Bank. The Reserve Bank, no doubt, has been nationalized, but what are the transactions that the Reserve Bank has got directly with either business or with individuals? It is all the Imperial Bank through which everything is done. Even the funds of the Government are with the Imperial Bank and the Imperial Bank is deriving such a lot of benefit out of its connection with the Government that time after time voices were raised both in this House and elsewhere that the Imperial Bank should be made to serve the interests of the nation and should not be allowed to play with the funds as if they were of a few persons.

**Shri B. Das:** Nationalize it.

**Shri Ramalingam Chettiar:** So, I would ask the Finance Minister to tell us what exactly is the position with reference to the nationalization of the Imperial Bank.

Then, I will only refer to one point, that is the work of retrenchment that has been taken up. Again it has gone to the background. Two years back it was a live issue. Everybody was talking about retrenchment. Now, we do not find the same sort of importance being attached to it. The question of retrenchment and what has been gained by it is referred to in a rather secondary manner in the speech of the hon. Finance Minister himself. Well, the whole question remains where it was. We have got duplication of machinery in the different Departments—not only departmental duplication. For instance, in Agriculture you have got duplication and triplication of the same sort of machinery. We have got statistical and publicity departments in the Agriculture Ministry—one in the Department itself, one in the I.C.A.R. and one in the Marketing Organisation that has come into existence. Similar is the position in almost all other Departments. Whether it is necessary to triplicate and quadruplicate this sort of thing is a matter which Government will have to consider.

The only other matter I will now refer to is about the Committees and Delegations. These have grown in number. We find heaps of Committees, and so many Delegations are sent. What is the result of all these the man in the street does not know. He is rather confused and confounded. Nothing comes out of these big schemes of Committees and Delegations.

I do not want to take any more time of the House.

**Kanwar Jaswant Singh:** The internal customs duties used to be levied by the former Indian States as they wanted to supplement their meagre income. Then they had an independent existence and therefore they were in a position

[Kanwar Jaswant Singh]

to do so, though it worked hardly on the inhabitants. There had always been agitation on this point against the States and when the Republic was established, the Indian States people had hoped that these internal customs duties which fell heavily on them would be removed. Therefore, it is an anomalous position that there should be this disparity in the incidence of taxation on the citizens living in different parts of Republican India where every citizen is guaranteed equal rights.

So far as the rulers of the former Indian States are concerned, they have only lost the political power but their financial position is as sound as ever. But the lot of the peoples of the Indian States has not been improved at all, because in former Indian States—at least in some of the bigger ones and I am speaking for Bikaner from which I come—there was free education right up to the Post Graduate standard. Now fees are being charged. Then there was free medical treatment in our up-to-date modern hospitals equipped with specialised Departments. All those facilities have, because of this merger, been removed now. Then we had our own High Court and litigation did not cost much. Now people have to go for this purpose to long distances and on top of that, when the people had expected that with the establishment of the Republic at least the internal taxation will be removed, this has not been done so far. The argument may be advanced that this is of a temporary nature; all the same, the ignorant and the illiterate people do not understand the long-term programme—they would be satisfied only with immediate benefit. Therefore, in order to create enthusiasm in the people for their own Government which has come into existence, it is necessary that a good atmosphere should be created. If the Rajasthan Government or any other Union of States which levies internal customs duties cannot find other sources of revenue, it is in my opinion the duty and the responsibility of the Central Government to give financial assistance, because—so far as Rajasthan is concerned—the Central Government has got from the federal sources of revenue a very large amount. In regard to Railways alone, something like Rs. 11 crores of capital outlay have been received by them and annually they will be getting a net revenue of over Rs. 2 crores.

Further, from the 1st of April next, income-tax will be levied in the Indian States also. So far they were not levied at all. Our submission is that in view of the fact that people have not kept up to date accounts and they are not conversant with income-tax rules, the assessment should be made from the next year and not from this year. If they are charged for the past year, it will be hard on the people, especially in view of the fact that they have not kept the accounts in the way required by income-tax authorities.

**Prof. Ranga:** I wish to confine myself this evening to a few points concerning the manner in which funds have to be found for implementing whatever recommendations the National Planning Commission may come to make. Therefore, I am in wholehearted agreement with my hon. friend Mr. Ramalingam Chettiar in his demand that the Imperial Bank should be nationalised. If for any reason my hon. friend the Finance Minister is not able to meet the idea of nationalisation under the present circumstances which are largely of his own making, then I would like to suggest to him the possibility of creating a State-controlled Corporation in which the Imperial Bank may be merged, so that the Central Government may have sufficient control over the manner in which the funds are mobilised by this Bank and are also utilised and distributed all over the country as between different industries and concerns.

Secondly, if the Finance Minister does not take sufficient steps—early steps—to bring into existence the long promised Agricultural Finance Corporation and the proposed Cottage Industries Development and Finance Corporation, it will

not be possible for the National Planning Commission to give any satisfaction at all to our people. It may make plans, but in order that those plans may be implemented by the Ministry here as well as in the States there must be sufficient funds and those funds can be utilised—and will have to be utilised properly also—only if such institutions are brought into existence.

My hon. friend said that he expects to gather as large money as he did last year through the sale of National Savings Certificates. I made one or two suggestions the other day. One was that the Post Offices should also be made use of in order to collect these funds. Secondly, various popular organisations, especially of the toiling masses who are the peasants and the workers who are in trade unions and *Kisan Samitis* should be used in order to collect these funds. I have already sent a scheme that was suggested by one of our friends from Mysore some time ago to the Finance Minister and I sincerely hope that it would be possible for him to adopt some of those ideas.

It is also necessary for the Central Government to institute the scheme of collecting what are known as compulsory loans from the producers of commercial crops, who today are able to get a little more money than the producers of food crops who are obliged to produce more and more food and supply the foodgrains. It would not be unreasonable.....

**Shri T. T. Krishnamachari:** The Centre has now powers in that respect.

**Prof. Ranga:** It would not be unreasonable to expect the Centre in Co-operation with the States to do it, or to provide the necessary leadership to the State Governments themselves or the necessary assistance in order to see that these people are made to lend a certain proportion of the money that they receive for their commercial crops out of their own harvest. In fact, there is a precedent for this. In U.P. and Bihar, I think some time ago the Local Governments were able to collect or keep back a portion of their sugarcane money for the development of their own States more as a matter of loan than as a matter of tax. Then there are the persons who are to benefit under many of these developmental schemes of the Government of India as well as the States who are thinking of development. It is only reasonable to expect these people to the extent that they possibly can to lend money to the State Governments or to the Central Government, whichever authority may be in charge of these schemes, and in addition to that, I would like the Finance Minister to explore the possibilities of levying what are known as developmental or improvement taxes upon the owners of those lands who are to be benefited, specially by the development schemes.

I am extremely sorry that this Government has not been able to do much in the way of raising government loans by negotiating with other countries and also so speeding up their own developmental schemes of this country as to satisfy the International Bank and get as much international loans as possible. I have in mind not only the ordinary industrial plans, but also river valley and power projects. I am glad that there is a committee now appointed to develop banking facilities in rural areas. I do not know what recommendations it is going to make, but I do hope my hon. friend will take early steps to develop banking facilities in rural areas more especially through co-operative societies, because we do not want the tentacles of commercial banking to spread over rural areas also, sponge upon that money, put it into the industries of the towns and leave the villagers completely devoid of money.

**Shri Ramalingam Chettiar:** That is the purpose of the Committee.

**Prof. Ranga:** That is why I question that.

[Prof. Ranga]

I think it is time that the hon. the Finance Minister also comes to the conclusion, as the Indian economists have done at their last conference, that it is no longer possible through fiscal means to bring about what is known as 'disinflation'. The present level of prices have come to stay. The Government have tried for the past three years to bring down the level of prices, but have not succeeded. It is as well for us to appreciate that a particular level of prices comes to stay after a period of time of vacillation. Therefore, it is proper that he should now concentrate upon those steps which will help him to take advantage of the present stabilisation of prices in order to develop the economy of our country.

I am extremely sorry that he has found it necessary to have a sort of a balanced Budget for his own purposes. I am not going into details, but he has cut down developmental grants which the Central Government was making to the provinces to the tune of Rs. 60 to 80 crores. Mahatma Gandhi once said that the Central and Provincial Governments in this country were balancing their Budget at the cost of the unbalanced budgets of the ordinary masses of this country. So also my hon. friend was able to balance the Central Budget at the cost of the unbalanced budgets of the provinces. I am not afraid of unbalanced budgets and my hon. friend is also not afraid of it, because last year he was faced with an unbalanced budget. I am not going into the reasons that induced him to balance his budget. But surely it should have been possible for him to spare more money for the Provincial Governments. What is happening today is not even inflation or deflation: there is a regular deflation going on and the rate of interest is going up. The rate of interest that you see as the bank rate is not the interest that is governing the economic conditions of the great majority of the masses. The only way you can counteract these developments is by Government undertaking a number of developmental schemes. The Provincial Governments have been starved in that direction. Therefore there is unemployment. Therefore I want my hon. friend to use his very powerful machinery of Finance Ministry in order to develop such financial arrangements as exist between the Centre and Provinces, between all these Governments on one side and private parties on the other, as between the Government of India and Governments abroad and between our Government and the International Bank so that it would be possible to pump more money into our national economy and thus help our people to stand on their own legs and that at least within the next ten years it might be possible for this country to attain self-sufficiency in food, clothing and the other necessities of life.

**Dr. Matthal:** The discussion has centred round a few important and fundamental matters. So, I propose to confine my replies also to these important points.

One of the matters relating to governmental work as far as the Finance Ministry is concerned which has obviously excited a great deal of interest is the appointment of the Planning Commission and the scope of its work and the lines on which the Commission is expected to do its work. In my Budget speech I made a brief reference to the origin of the Planning Commission. What I said then was that since the National Planning Committee did its work and since the Planning Advisory Board which was appointed in 1946 did its work, there have been some important changes in the set-up of the country which necessitated a re-examination of the whole position. The geographical set-up of the country has changed. Necessarily, therefore, the economic set-up of the country also has changed and the estimated financial resources on which the original planning committees did their work also no longer hold good.



Therefore, if we regard the work of the Planning Commission with any sense of reality, it is most important that these big changes that have occurred in the country should be taken into account.

I am not in a position today to tell the House precisely how the Planning Commission would do its work, because it is a high-powered body composed of Members who have a high standing in the public life of the country. But, as far as I am able to judge, what the Planning Commission would do first would be to make a re-appraisal of the economic factors which underlie planning. Having done that, having taken into full account the changes in the material and financial resources of the country, I expect they will naturally turn their attention to the many plans upon which the Government of India are at present engaged and examine how many of these plans we are in a position to put through in view of the limited resources both material and financial now available to Government. That obviously means that one of the first tasks which the Planning Commission would undertake would be to determine an order of priorities in which the plans which are now in execution or under consideration would be taken in hand and carried out.

There is another objective that the Planning Commission has, on which, I believe, the Prime Minister himself is extremely keen, and that is however much you may limit the scope of planning because of the limited resources available to Government, it is necessary, particularly if you want to enlist on your side the energy and enthusiasm of the people on whose behalf all planning is ultimately undertaken, that Government should be in a position to present to people an overall picture which would be sufficiently attractive to evoke the enthusiasm and energy of the people which is so essential to the successful execution of plans.

Therefore, the Planning Commission would necessarily have to consider what is the sort of overall picture not merely of the economic but the social organization of the country which they ought to set before themselves. How exactly they are going to view that problem, is more than I can explain at the present moment. But certainly some of the more important questions which necessarily they would have to consider in the formulation of an overall picture would be these. We have been considering, ever since we assumed office, what is to be the place of the State in the economic development of the country and the functioning of the country's economy. The industrial policy which Government announced some time ago, contemplates what in popular language is called 'a mixed economy', the principle underlying that policy briefly being that basic industries, industries which are essential to the whole developmental work of the country, should to the largest possible extent be undertaken by the State, should be under the control, direction and ownership of the State. But other industries, at any rate for the time being or for as long a period as we can foresee at present, should be left to private enterprises. The idea of a mixed economy is the central thesis of the Policy Resolution issued by the Government. That is one aspect of this overall picture which the Planning Commission would have to consider. There is another aspect and that is this. It has to be not merely a mixed economy under present conditions with sufficient insistence upon the proper direction of basic industries, it has got also to be a balanced economy. In the first place, there is the big question of balancing industry and agriculture. There is further the question of balancing large-scale industry with small-scale industry. There are various factors of this kind in regard to which a nice balancing would have to be attempted.

A great deal has been said about the policy which the National Congress has made its own for a long period of years and as far as Mahatma Gandhi was responsible for enunciating the economic policy of the National Congress, there is not the slightest doubt that one of the ideas to which he gave an important

[Dr. Matthai]

place was the decentralization of industries, that is to say, the promotion of small scale industries which with the minimum employment of machinery, would be able to provide employment on the widest scale. That of course is one of the central ideas which I take it underlie the policy of the Congress. It is for the Planning Commission to consider what measures we can take in order to promote the idea of decentralized industrialization. If I may express my own personal reaction to that problem, I feel and I have felt for a long time that if the problem of unemployment and under-employment in this country is to find a satisfactory solution within a measurable period of time, it could be found only on the basis of a decentralized industrial system functioning through cottage and small industries and I have no doubt that any Planning Commission working for the welfare of this country would have to give a great deal of attention to this problem. In connection with that, I may again try to set out my personal opinion. The fact that we have in hand to-day a large number of multiple-purpose projects, river valley projects, an essential feature of which is the production on a large scale of hydro-electricity, necessarily raises the question, whether in the evolution of a decentralized industrial system, use might not be made of the increasing amount of electric power likely to be produced within a few years. Cottage industries could be placed on a much healthier basis, and rendered socially more valuable if they could be run with the aid of electric power. Also, if the industries are to pay their way, one of the most important matters to be considered is marketing. So far as marketing of cottage industry products is concerned, there is no problem which is of greater importance than standardization. If we are able to find electric power placed increasing at the disposal of cottage industries and if we can see to it that their products are subjected to central standardization, it seems to me that we should be able to find an effective answer to this difficult problem.

A question has been raised by my hon. friend Mr. Bhagat to whose speech I listened with great interest—it is a question which I know is also troubling other hon. Members' minds. He asked—'Is this Planning Commission likely to be of any use if it is to be simply a planning body not having the power of putting into execution the plans that they formulate?' As the terms of reference announced by Government indicate, the Planning Commission is to be primarily an advisory body. It would work in very close touch with the relevant Ministries of the Government of India. The Commission would work under the direction of the Prime Minister which would automatically co-ordinate its work with the rest of the work of Government. But ultimately when plans emerge from their discussions, these plans would be in the nature of recommendations to the Government of India. No Government, no Cabinet, could divest itself of its ultimate responsibility for putting proposals of this kind through; but I have not the slightest doubt that although their position technically is that of an advisory body, the Planning Commission would necessarily carry a great deal of weight with the Government of India.

The question of foreign capital was raised. Various suggestions have been made about the possibility of foreign capital being obtained from other countries by India. This is a subject to which necessarily I have had to give thought in the course of my work as Minister of Finance during the past eighteen months. May I make this point perfectly clear, that I consider that if this country can obtain foreign capital in sufficient amount on satisfactory terms and conditions it is a thing which the country should welcome not merely because it will supplement our own resources but also because it will inspire more confidence generally among investors in this country. When considering the question of the source from which foreign capital may be obtained on the sort of basis on which we can reasonably expect foreign capital, it seems to me there are

certain important considerations which should come to the forefront and which we cannot possibly overlook. Because of the powerful financial position that the United States of America is holding in world economy today, we are all in the habit of turning our eyes in the direction of the United States of America whenever we think of foreign capital for India. I want to tell the House for what it is worth my own personal views based on an examination of the recent trends in this matter. I think I said in my Budget speech that probably the most desirable and the most feasible way of obtaining foreign capital would be to get it on the basis of joint participation and on the basis of equity capital. The only foreign capital that we have been able to get during recent months and recent years is the loan that we have received from the International Bank. As the House knows, that loan bears a fixed interest, and the terms on which the loan is granted are that within a short period of the receipt of the loan, payment of interest and principal has got to be made by stages. If you are to receive capital on that basis, you will be up against a serious practical difficulty. Take for example the loan that we have got from the International Bank. If equated payments are to begin within a period of, say, two or three years of the receipt of assistance, then not merely have you to raise the necessary rupee finance for making these payments which you can raise only in the case of those schemes which are productive schemes, that is to say, schemes which will come into production sufficiently early, but having found the rupee finance, you have also to find the foreign exchange for remitting the rupee finance to America, so that the question of rupee finance and the question of foreign exchange would both act as severe limiting conditions. Therefore it looks to me that, if we are to obtain capital, it would have to come on the basis of ordinary share capital on which return is made when the undertaking is in a position to pay. Looking at the problem from that point of view, all the reports that I have been able to see and the talks that I have had with American businessmen who happen to pass through this country have given me this impression that, if the most fruitful source of foreign capital is equity capital by joint participation, it is not possible for us in the present circumstances to get much from the United States of America. One reason is that, although America has a large amount of surplus funds, the internal demand for capital for replacement purposes within the United States of America is now so large that unless extremely attractive terms both in point of return and in point of security are offered, it is not likely that private investors would be interested. I will perhaps go further that if there was capital to spare, even taking into account the replacement needs within the U.S.A., I think countries near about, with whose economic conditions American investors are familiar, would of course have priority over remote countries like India with whose economic conditions the U.S.A. is not so familiar. I am therefore inclined to think that the amount of private investment that we may expect from America within the next few years is very limited. Then the question arises, if it is not worth while building our hopes in respect of large development projects on fixed interest-bearing loans or bonds or private investment from the United States of America, if that is the position and if our own capital market continues to be stagnant, from where exactly we can expect capital assistance. The United Kingdom is in a difficult position today, but it looks to me that such spare capital as may be in existence in the United Kingdom—I am speaking of private capital again—would, I think, be more ready to take part in undertakings in this country than private capital in the United States of America for the simple reason that as a result of past contacts, the economic conditions in this country are more familiar to them and they are in a better position to take a realistic view of the incidence of risk that is involved in putting their money in Indian concerns. Whether you would be able to obtain capital from the U.K. to any considerable extent is a different matter, but on the whole today I am more hopeful of obtaining

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capital assistance from the United Kingdom than from the United States of America.

The question has been raised, what about our own capital market? I explained the other day the basis on which I have built the structure of my own Budget. I know there are many hon. Members who regard with very great scepticism the soundness of the basis upon which my Budget proposals have been based, but I want to say frankly to the House how I have been viewing this question from the start. I was one of those who three years ago talked incessantly of nationalisation and giving the State a much bigger and more important place in the economy of the country. I have not done so recently. It is because I have now come to feel that the kind of control, direction, compulsion and so on, which is involved in the problem of nationalisation is such that the machinery, and instruments through which we have got to perform this work, I am afraid, are unable to cope with it.

**Shri Sidha:** Quite right.

**Dr. Matthai:** We are all complaining about controls. It is necessary to retain controls, I believe, in regard to the more important spheres in which they are operating today. Controls, if I may say so, are a necessary evil, but I am conscious of it deep down in me that the instruments through which we are exercising these controls today are failing us.

**Prof. Ranga:** That is so.

**Dr. Matthai:** The sanctions that we had behind the administration, those sanctions to some extent are breaking down. We have not yet been able to replace the sanctions provided by an external authority by the sanction of national service and duty. To the extent that the old sanction has disappeared, and no new sanction has taken its place, the instruments through which we have to exercise control will continue to fail.

**Shri Sidha:** What is the remedy?

**Dr. Matthai:** Therefore, the remedy is that you have got to educate those who are responsible for the immediate administration of the controls. But, in the meantime, since the production machinery is rapidly breaking up, you have to piece them together; you have to get the wheels of production moving again before you can take in hand on a large scale the great task of reconstruction. To-day, we are passing through a difficult and most uncomfortable period of transition. Supposing the basis on which I have built my budget proposals, as a result of experience in three, four or five years, fails in practice, that is to say, if all this attempt to provide a wider sphere, for free enterprise, for private initiative and so on, results in nothing, I am speaking entirely for myself, once you reach that stage, there is no half-way house between economic democracy and economic dictatorship.

**Prof. Ranga:** May I remind the hon. Minister that three years ago, his predecessor was saying almost the same thing?

**Dr. Matthai:** Therefore, it seems to me, if we believe in democracy and giving the individual as much scope as possible for the exercise of his initiative, consistent with the basic amount of compulsion which any State must be prepared to enforce, and if we fail on that basis, then we can take it that democracy in the economic sphere has failed. Therefore, it is worth while for us, in view of that prospect, to give a fair trial for a reasonable period of time for a system of mixed economy of the kind we are trying to work today. So far as those industries which are vital to the general economic interests of the country are concerned, keep them under control and keep them under State ownership. As far as the rest of the industrial sphere is concerned, if you want to get practical results within the next few years, try and give them a fair trial.

My hon. friend from Assam and I think Mr. B. Das also raised several questions about their respective provinces. I think it is unfair to blame Mr. Deshmukh in the way in which Mr. B. Das has done. As far as Mr. Deshmukh is concerned, he did his work on the basis of the very circumscribed terms of reference which Government gave him. If we had set up a Finance Commission, it would have had much greater freedom to deal with this question. I was saying that necessarily Mr. Deshmukh had to do his work within the very limited terms of reference. It is not Mr. Deshmukh's fault that the award was made on that basis. It is the fault, if anybody's fault it is, of the terms of reference which Government issued to him. I want to say in fairness to Mr. Deshmukh, since various criticisms have been made about Mr. Deshmukh's Award, that it was a very thankless job that Mr. Deshmukh accepted. When I invited him to undertake this job, I knew that anybody who undertook it will, in the end, meet with criticism. I think it is a tribute to Mr. Deshmukh's public spirit and patriotism that he was prepared to undertake what he knew from the beginning would be an extremely thankless job. The only assurance that I can give to Mr. B. Das and Mr. Borooah is.....

**Shri T. T. Krishnamachari:** May I ask, Sir, if the disapproval of Mr. Deshmukh's award is sufficiently general all over the provinces?

**Dr. Matthal:** I was speaking of the criticisms which have been made particularly in this House. I think the representatives of Orissa have expressed probably stronger criticisms than anybody else.

**Shri Biswanath Das (Orissa):** May I, in this connection, Sir, request the hon. Minister for Finance to state whether the Central Board of Revenue stated that the basis of collection which is accepted practically by the Otto Niemeyer Enquiry benefits only the three Presidencies as against the other provinces? Necessarily, therefore, people representing the three Presidencies cannot join the other provinces in the protest.

**Dr. Matthal:** I am not trying to discuss whether the criticism from Orissa is justified or not. I am looking at it from the point of view of the terms of reference within which Mr. Deshmukh had to work. He is not responsible for the terms of reference. If anybody is, it is the Government. As I have said more than once in this House, it is our intention to set up the Finance Commission as early as possible and I hope the Finance Commission would start its work before the end of the current calendar year. I have not the slightest doubt that many of these matters about which provinces like Orissa and Assam are so dissatisfied at present, would receive a satisfactory solution at the hands of the Finance Commission.

Mr. Ramalingam Chettiar spoke about the Income-tax Department. As far as the Income-tax Department is concerned, I am aware that there has been a great deal of delay in the assessment and in the collection of Income-tax. I have looked into this question with great care and I am convinced in my own mind that what stands in the way of prompter assessment and collection is the inadequacy of the staff. I have already taken steps for a considerable expansion of the staff and I hope the House will give me support if, in spite of all the demands for economy, I try to increase the expenditure on the tax collection organisation.

Mr. Ramalingam Chettiar raised the question of the Imperial Bank. When this question came up for discussion last time in this House, as far as I can remember, it was during the debate on the Banking Companies Bill, various references were made to the Imperial Bank, particularly, I think by my hon. friend Mr. B. Das. What I said then was that I would look into the question of revising the structure and set up of the Bank under the Imperial Bank of India Act to see whether the objectives that the hon. Members had in mind could be secured. I am very reluctant to undertake this radical change at

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present for this reason that at present, our monetary and credit structure is in a very unsettled condition. I said some hard things about the Imperial Bank, I think, in my reply to the debate on the Banking Companies Bill. But, I think in fairness to the Imperial Bank, I must bring to the notice of the House my own experience last year. We were faced in the course of 1949 with an acute crisis in regard to certain banks in the country. It gave me a very anxious fortnight and in the end, what enabled me to find the assistance required for stopping the run that had taken place in respect of certain Banks, was the prompt assistance that I was able to secure through the Reserve Bank from the Imperial Bank of India.

**Prof. Ranga:** Would it have been impossible if it belonged to yourself, under your own control?

**Dr. Matthai:** As far as controls in respect of food and cloth are concerned, we are having a very difficult time. If the State is going to control credit, the difficulty would be enormous. Now, that does not necessarily settle the question. The Imperial Bank stands today as the most important Joint Stock Bank in the country. The banking and credit structure of the country today is in an unsettled position because the financial situation in the country itself is in such an unsettled condition. Therefore, while the position is like that, it is not a wise thing to attempt any big radical change at present. That is the view that I hold and I personally think that it would be in the interests of this country to postpone this question of nationalisation of the Imperial Bank, for a while.

**Shri B. Das:** Will you bring it up before the *ad hoc* Devaluation Committee?

**Dr. Matthai:** As a matter of fact the House would have sufficient opportunity of discussing the question of banking in the country when the report of Purushottamdas Thakurdas Committee will be placed before the House. Although it does not refer to the whole field of banking in the country.

**M.** that report would provide a basis for discussion. The Imperial Bank comes under the consideration of that committee a great deal and the House would have an opportunity of examining the position afresh in the light of the findings of that committee.

**An Hon. Member:** When will it come?

**Dr. Matthai:** I expect the report in a couple of months

**Prof. Ranga:** Why are you in a hurry?

**Dr. Matthai:** The question of retrenchment and economy was raised. This is a question which we have debated here so often. All that I can say at present is that the best that we could do last year, we did on the basis of the proposals made by the Economy Committee. But I personally think that if there is going to be any effective influence exerted over public expenditure in the country, it would more appropriately be done by the kind of committee which we propose to set up here—the Estimates Committee

The question of States was raised as regards their internal customs and administration. These are matters with which the Finance Ministry of the Central Government are not concerned. I take it that these are matters which should perhaps more conveniently be raised when the Demand of the States Ministry is under examination.

I think the hon. Member who spoke for the States raised certain matters with regard to the assessment year and with regard to the deficiencies in accounts. These are matters which I am prepared to consider as sympathetically as possible. I am quite aware that as far as small assesses are concerned in the States which are being newly brought.....

**Shri T. T. Krishnamachari:** May I ask a question? Is it possible for the Finance Minister to put in a clause in the agreement with the States that there may be some kind of supervision by the Finance Department in the matter of the customs levy?

**Dr. Matthal:** These are internal customs as the hon. Member knows. I think it is a wrong description. What it really amounts to is Octroi duty. I do not think it is reasonable for the Central Government to interfere in the administration of what are really Octroi duties.

But, as regards the question of the assessment year, the income-tax would become applicable from 1st April, 1950, that is to say, the year beginning on April 1st, 1950 would be the assessment year. That assessment would be based necessarily on the income of the previous year, e.g., the previous year ending the 31st March 1949 but before the 1st April 1950. Since some of the States had different financial years from the Indian financial year it is possible that income of several assesseees for their previous year ending after the 31st March 1949 might have already been assessed in these States during their financial year. In such a case the assessment as far as we are concerned will take place in 1951-52 and not in 1950-51. In any case, as far as the State which my hon. friend represents is concerned, I think in the first two years the rate of income-tax that is likely to be applied is the lowest that prevails in any of the integrated States. The rate will be the Saurashtra rate which is very low and if it is *Deepavali* year on which the assessment has already been made the question of assessment does not arise till 1951-52. As far as deficiencies in accounts are concerned, I have already instructed the Central Board of Revenue to give directions to the income-tax officers to view with sympathy the deficiencies that must necessarily occur in accounts kept by some people and make their assessment of income based upon those accounts as considerably as possible. I am going to see that those instructions are carried out.

Prof. Ranga dealt really with most of the issues which the other speakers raised; only he put them more vividly and made his points effectively. Now, in the case of inflation which I think is the real problem, the fresh point that he raised—he has always taken that line—related to the question of the level of prices.

**Prof. Ranga:** Economists are taking that line today.

**Dr. Matthal:** He has always cautioned us, while everybody is shouting for a reduction. To some extent I stand between those who should for a radical reduction in prices and others who advise to the contrary, and ask for stabilisation. It is difficult to say what the concrete result of the suggestion would be. I believe that if we are going to stabilise prices we should stabilise prices at a level where we can establish equilibrium between costs and prices. Where that equilibrium can be established is a little more than one can say at present. It cannot be the pre-war level or the present level, but somewhere in between the two.

I am grateful to the House for the consideration shown to me.

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 2,05,50,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Customs'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 4,90,94,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Union Excise Duties'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 2,68,48,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Taxes on Income including Corporation Tax'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,21,08,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Opium'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,12,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Stamps'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,18,88,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Ministry of Finance'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 16,62,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Payments to other Governments, Departments, etc., on account of the administration of Agency Subjects and management of Treasuries'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 3,74,54,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Audit'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,73,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous Departments'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 85,68,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Currency'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 87,80,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Mint'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 28,43,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Territorial and Political Pensions'."

*The motion was adopted.*



**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 2,65,40,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Superannuation Allowances and Pensions'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 22,86,39,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 11,56,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Grants-in-aid to States'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,01,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Miscellaneous Adjustments between the Union and State Governments'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 3,31,68,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Resettlement and Development'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 2,00,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Pre-Partition Payments'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 12,56,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Capital Outlay on the India Security Press'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 9,63,00,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Capital Outlay on Industrial Development'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,84,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Capital Outlay on Currency'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 49,60,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Capital Outlay on Mints'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 42,75,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Commuted Value of Pensions'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 1,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Payments to Retrenched Personnel'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 7,37,22,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Capital Outlay on Schemes of State Trading'."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That a sum not exceeding Rs. 8,39,08,000 be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1951, in respect of 'Interest-free and Interest-bearing Advances'."

*The motion was adopted.*

*The House then adjourned till a Quarter to Eleven of the Clock on Tuesday, the 21st March, 1950.*